

**KINGSTOWN GO-OPERATIVE CREDIT UNION LIMITED**

**KCCU**

**56TH ANNUAL GENERAL MEETING**  
*REPORTS AND ACCOUNTS FOR 2017*



**Peace Memorial Hall,  
Monday 25th June, 2018 at 4:30 PM**

**“60 and beyond”**



**THE PRESIDENT'S MESSAGE TO MARK THE 60<sup>TH</sup> ANNIVERSARY OF  
KINGSTOWN CO-OPERATIVE CREDIT UNION**



On April 12, 2018 the Kingstown Co-operative Credit Union Limited (KCCU) celebrated its 60<sup>th</sup> Anniversary under the theme “**60 and Beyond**”, the first credit union in St. Vincent and the Grenadines to achieve such a milestone; and for this we at KCCU and the entire credit union movement in St. Vincent and the Grenadines are very proud. I feel honoured, humbled and privileged to be the president at this time. This is indeed a time for commemoration, celebration and thanksgiving as we give thanks to God and to all who have worked tirelessly to bring KCCU to the place of excellence it is today.

As we look back on our very modest beginnings, the journey that was started 60 years ago, we are grateful to the people that had a tremendous impact on KCCU's achievements hitherto. We stand in awe of the dedication and forward thinking of all contributors 60 years ago. When this foundation was laid, nobody knew for certain where we would be today. A lot has changed in the last 60 years, but our focus has remained steadfast, service to our members! Our commitment to better service is the same today as it was in 1958.

The late Bro. Thomas Saunders pioneered the credit union movement in St. Vincent and the Grenadines. In his booklet entitled “Reflections on the Beginning of the Co-operative Movement in St Vincent and the Grenadines” he states that “the Kingstown Co-operative Credit Union was organised and was duly registered on the 12<sup>th</sup> April 1958 with a small share capital of \$573.00 and a deposit of \$7.00”. He further stated that “at the first meeting held on 3<sup>rd</sup> October, 1957 the following persons were elected to serve as members of the Board of Directors: T.M. Saunders; Jerome Burke (Sr); Sir David Jack; Charles Anderson; Bertram Arthur; and Reynold Rose.”

At a later date when the members met the executive officers chosen were:

- |                  |   |                           |
|------------------|---|---------------------------|
| Jerome Burke Sr. | - | President                 |
| Thomas Saunders  | - | Vice President            |
| Sir David Jack   | - | Secretary/Treasurer       |
| Charles Anderson | - | Asst. Secretary/Treasurer |
| Bertram Arthur   | - | Director                  |
| Reynold Rose     | - | Director                  |

The period 1958-1979 saw the society making continual progress and by the end of 1983, KCCU had 700 members, a share capital of EC\$104,211.83, and loans of EC\$61,844.38. However, KCCU had a very challenging first 25 years and towards the end of that period, in 1984, special efforts were required to ensure the sustainability of the credit union. In July, 1984, nine persons (Jerome Burke Jr, Joseph Duncan, Cadman Lewis, Maurice Edwards, Ralby Hadaway, Sharon Fairbain, Cornelia Durham, Jean Walker and Sylvia Browne ) volunteered to a management committee that was established with the purpose of improving the awareness and commitment of the membership. Henceforth, from these watershed years in the early 1980's, the credit union grew from strength to strength.

Providing exceptional services requires knowledgeable staff who share our vision and as a result, training and development remain a critical component of our human capacity building.

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Our goal is to improve the living standards of our members. That was the purpose for which KCCU was started in 1958 and is just as relevant today. We accomplished this by providing a full range of competitively priced products and services.

Today, KCCU has a share capital of \$2.5M, total assets EC\$98M, a membership of 20,000, loans to members \$68M and growth in investment securities of \$M3.3. There are branch offices in Mesopotamia, Bequia, Union Island and Canouan. Properties in Kingstown Park and Bequia and lands in Brighton, and our financial centre at Granby street, Kingstown is our head office.

Significant anniversaries are a time for reflection when we honour and respect the leaders and all contributors who came before and who set the foundation for KCCU's prosperity. Our members are of paramount importance and we thank them for their unwavering confidence evidenced by their continuous support, financial involvement and reliance on the organisation to guide and assist in the achievement of their lifelong goals. The continued success of KCCU rests on the loyalty of our members and we thank you for your support. We look forward to serving you with excellence for many years to come.

On behalf of the Board of Directors extend sincere thanks to the management committees, for their commitment to duty and vision; the management teams for their strong leadership and innovativeness; to the entire staff we say thank you for your results orientation focus and team spiritedness. Together we have grown our credit union into a sustainable organisation that is one of the noteworthy pillars of the financial services sector. We have overcome the numerous challenges brought about due to significant changes in economic, political and social infrastructures, globally and at home by focusing our strategy on sustainability, service and growth through good governance practices, implementing sound up to date policies, the use of modern technology to deliver services and products, providing member's education, upholding community responsibilities by supporting culture, sport and youth education, compliance with regulatory and legislative requirements and the development of people to create the future for sustainable success.

KCCU has a proud history of great success and moreover in our quest to remain relevant to our members now and in the future, we will continue to intensify our efforts to provide excellent service to members by: fierce commitment to our vision and mission; building exceptional leadership skills and team work through training; and strategically adapting to the economic and demographic landscape. The strength of our Board, Committees, Management and staff, provides optimism for the future, but we need to remain vigilant in our efforts to earn the continued confidence, trust and patronage of our members. The future is unknown the past is reassuring and the present is encouraging we will succeed together. "KCCU 60 and Beyond".

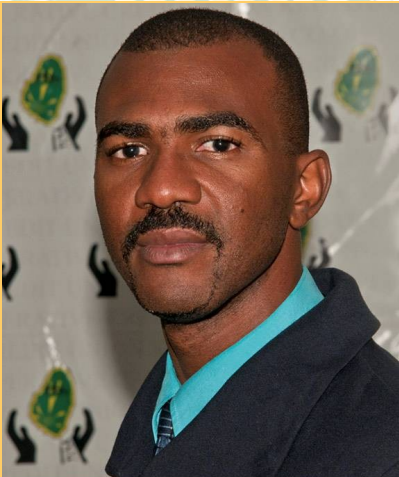
*C Hope-Browne*

Cynthia Hope-Browne  
President

## BOARD OF DIRECTORS



Cynthia Hope-Browne,  
President



Gillon Frederick, Treasurer



Angelita Miller, Secretary



Jerome De Shong,  
Vice President



Dominic White, Director



Terral Mapp, Director



Elsworth Abbott, Director

### **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 56TH ANNUAL GENERAL MEETING**

Notice is hereby given that the 56th Annual General Meeting of the Kingstown Co-operative Credit Union Limited is scheduled to be held on Monday, June 25, 2018, 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 55th 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. Resolution
8. Adjournment

Co-operatively yours



Sis. Angelita Miller

**Secretary**

CREDIT UNION PRAYER

LORD, Make me an instrument of thy peace  
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.

**Refrain**

**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**

Sis. Cynthia Hope-Browne	-	President
Bro. Jerome De Shong	-	Vice President
Sis. Angelita Miller	-	Secretary
Bro. Gillon Frederick	-	Treasurer
Bro. Elsworth Abbott	-	Director
Bro. Dominic White	-	Director
Bro. Terral Mapp	-	Director

**CREDIT COMMITTEE**

Bro. Bernard John	-	Chairman
Bro. Timothy Scott	-	Secretary
Bro. Osneth Cato	-	Member
Sis. Kolene Thomas	-	Member
Sis. Juanika Joseph	-	Member

**SUPERVISORY COMMITTEE**

Bro. Steve Millington	-	Chairman
Sis. Gale Thorpe	-	Secretary
Bro. Alain Weekes	-	Member
Sis. Marlyn Isaacs	-	Member
Bro. Elvis Dublin	-	Member

**EDUCATION COMMITTEE**

Sis. Joselle Joslyn-White	-	Chairman
Sis. Arlette Maloney	-	Secretary
Sis. Wendie Edwards-Wilson	-	Member
Sis. Iyanna Trimmingham	-	Member
Sis. Kathy-Ann Tommy-Samuel	-	Member

**BANKERS**

Bank of St. Vincent & the Grenadines

**AUDITOR**

B.D.O

**SOLICITORS**

Saunders & Huggins

**STAFF PROFILE**

Mr. Clement Lynch - Chief Executive Officer  
Mrs. Alice Adams/Francois - C.E.O. Secretary  
Ms. Hadasha Butcher - Compliance Officer

**CUSTOMER SERVICES AND ADMIN DEPARTMENT**

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

**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  
Ms. Makeda Frederick/Smith - Recoveries Officer  
Mr. Devorn Walker - Recoveries Officer

**ACCOUNTS DEPARTMENT**

Ms. Jonella Hanson - Chief Accountant  
Ms. Allisa Barnum - Senior Accounts Clerk  
Ms. Koriene Chance - Accounts Clerk  
Mr. Troy Bullock - Accounts Clerk  
Mrs. Monique Springer-Cupid - Head Teller  
Ms. Shana Cunningham - Teller  
Ms. Makini St. Hilaire - Teller  
Ms. Zada Stephens - Teller

**BRANCH OFFICES**

**MARRIAQUA**

Ms. Cara Hunter  
Mrs. Shaunda Bruce  
Ms. Jasmine Woods  
Ms. Rhonelle John  
Mr. Carlos Ryan  
Mr. Alex Caine

**BEQUIA**

Ms. Shemica Hazell  
Mr. Jared James

**UNION ISLAND**

Ms. Rachel Phillips

**CANOUAN**

Ms. Shirlon Ashton

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**MINUTES OF THE 55th ANNUAL GENERAL MEETING (AGM) OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED (KCCU), HELD AT THE PEACE MEMORIAL HALL ON 8<sup>TH</sup> MAY, 2017 BEGINNING AT 5:00 PM.**

**OPENING SESSION**

**1. ASCERTAINMENT OF THE QUORUM**

Bro. Jimmy Black from the Financial Services Authority (FSA) ascertained that there was a quorum.

**2. CALL TO ORDER AND WELCOME**

The meeting was called to order by Sis. Phyllis Allen-James, President of the Board of Directors of KCCU and chairman of the Annual General Meeting proceedings.

**3. PRAYER**

The Credit Union prayer was recited by all present.

**4. NATIONAL ANTHEM AND CREDIT UNION SONG**

The National Anthem of St. Vincent and the Grenadines was played and the Credit Union Song was rendered by Sis. Judith Seaman.

**5. APOLOGIES FOR ABSENCE**

No apologies for absences were given.

**6. SILENT TRIBUTE**

In memory of the following members who died, a one-minute silence was observed: -

Leroy A. Peters	Leoline Grant-Jones	Judy S. Richards
Cornelius I. Delpheche	Nellie Williams	Phillip L. Francis
Elizabeth M. Nanton	Anesta Victory	Evrod R. Cordice
Avis R. Israel	Augustus Noel	Maureen Joseph
Thessil Durham	James Wilson	Conroy L. Providence
Leonard C. Edwards	William Peters	Cecelia Thomas
Shirley Wilson	Vanda P. King	Hetty Charles
James Pilgrim	Ava-Nell B. Sam	Oswald Archibald
Lucinda Quashie	Liston R. Williams	Mastus Augustine Harry
Cleon T. Gaymes	Jillian S. Peters	Jomo R. Williams
Helen C. Laidlow	Kenny Baker	Orell I. Samuel
Peter M. Phillips	Evette M. Bailey	Rupert L. Phillips
Reuben Fergus	Mary Homer	Carlos Veira
Simeon M. Simmons	Arnos C. Durrant	Clive A. Cain
Calvin H. James	Hilary Campbell	Alfred Jacobs
Brian C. Mayers	Joyce Bobb	Sandra C. Nichols
Jacquelyn P. Howe	Samiesha Browne	Keon Samuel
Turff M. Pierre	Zeita Olliver	Stanley R. Bonadie
Admarie V. John	Angella C. Franklyn	Carmina V. Browne-Welcome
Errol Mc Millan	Colville Caesar	Kori Chance

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**7. GREETINGS**

Greetings were received from the following organizations in attendance who commended KCCU on the excellent performance and wished for a successful meeting: -

- SVG Co-operative Credit Union League;
- General Employees Co-operative Credit Union Ltd.;
- St. Vincent and the Grenadines Teachers Co-operative Credit Union Ltd.;
- Financial Services Authority; and
- Police Co-operative Credit Union Ltd.

In the spirit of "Innovation" (the AGM theme), digital greetings were received via social media from the following: -

- Grenville Credit Union – Sis. Hilvar Caliste (Operations Manager);
- COPOS Credit Union (Trinidad) – Bro. David Marques (CEO);
- COPOS Credit Union (Tobago) – Sis. Sheena Edwards (Marketing Officer);
- The Grenada Credit Union League – Sis. Michelle Alexis (Technical Officer); and
- WOCCU / CCCU – Bro. Melville Edwards (Former Head of WOCCU).

## **BUSINESS SESSION**

### **8. CALL TO ORDER**

The president, Sis. Phyllis Allen-James, called the business session to order.

### **9. MINUTES OF THE 55<sup>th</sup> ANNUAL GENERAL MEETING**

#### ***Amendment and Confirmation***

Bro. Rohan Providence noted an amendment on page 16, that "Discussion on Treasurer and Auditors Report" be changed to "Discussion on Credit Committee Report"

#### ***Matters Arising***

Bro. Reuben John requested updated information on the fraud at the Union Island branch. The president indicated the matter was still under investigation and the alleged perpetrator's lawyer had recently put forward a proposal that was being looked at by KCCU's lawyers. Bro. John further asked whether the fraud committed had been quantified to which Sis James confirmed that the amount was about seventy-five to ninety-five thousand (k).

Bro. Reuben John inquired whether the Byelaws were updated and available. The President answered that they were with a solicitor who later indicated that she was unable to continue. Another lawyer was contracted to carry out the work but asked for more time due to pregnancy.

The President noted that whilst legal professionals were available, the time consuming nature of the work was hindering its expeditious completion. However, work will continue in order to bring the matter to a close. Bro. Reuben John voiced that the Byelaws update, as a governance document, should not be held up by the circumstances of the practitioner or by cost but be done speedily.

Bro. Cools Vanloo asked whether the KCCU Marriqua Branch operation was consolidated in the financial statements. Treasurer, Bro. Gillon Frederick, responded in the affirmative stating that the accounts were merged and further indicated that measures were implemented to facilitate improved efficiency at the branch by real-time networking of data transactions, upgrading of the physical infrastructure and staff training. He noted that significant improvements had been achieved.

Bro. Cools Vanloo asked for an update of KCCU's financial involvement with COMFI. The Treasurer replied that the shareholders (the Credit Unions) decided to voluntarily liquidate the organization and KCCU was awaiting the completion of the process.

A motion was moved by Bro. Peter Campbell and seconded by Bro. Colin John for the adoption of the minutes. The motion was carried.

### **10. REPORTS – PRESENTATION AND ADOPTION**

#### **10.1 BOARD OF DIRECTORS REPORT**

Sis. Phyllis Allen-James, President of the Board of Directors of KCCU addressed several areas that the Board believed were very important to the sustainability of the organization namely: Membership Involvement, Human Capacity Building, Corporate Governance and Compliance, Products and Services, Community Development, Branches, the Co-operative

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The President highlighted that the full implementation of the Foreign Accounts Tax Compliance Act of the USA (FATCA) and The Organization for Economic Co-operation and Development, both being member information disclosure initiatives for tax purposes, as one of two major international matters that affected KCCU. The other was the de-risking strategy of international financial institutions to cease relationships with local and regional financial institutions in an effort to eliminate risks such as money laundering and terrorist financing.

Notable points of our 2016 financial year were expressed by reference to total revenue (loan interest and investment income) growth up by 4.2% to EC\$6 million (M). Returns to members in the form of interest, rebates and dividends totaled EC\$1.85M, an increase of 13% over the previous year.

Total assets grew by 9.1% to EC\$91.8 M. The main contributors to the asset growth were loans, particularly Mortgages up by 10%, and cash resources up by 49%. Delinquency of 3.2% was achieved. Comprehensive income decreased by 43.8% due to increased member payments, expenses and COMFI loss write-off. There was also growth of 5.1% in the membership to 20,044

Dividend payout was proposed as 5%, 1.75% and 4.25% for permanent shares, redeemable shares and rebates on loan interest respectively.

The completion and service offering of the KCCU-Go mobile app was a key aspect of our 2016 performance that was also mentioned. However, there were still challenges relating to the provision of ATM services.

The President thanked the membership for allowing her to serve as president for the year and invited discussion of the report.

**Discussion on BOD Report**

Bro. Reuben John commended the comprehensiveness of the BOD report and suggested the dividend and interest rebate rates be illustrated comparatively.

Bro. John further commented on the increase in loans growth being larger than the increase in interest income as a result of the shift to Mortgage loans. He noted that because mortgage interest rates were comparatively lower KCCU should not overlook the potentially higher income that can be received from other loan products. He suggested that feedback surveys be done to assess the member satisfaction noted in the report.

Bro. Kazon Simmons inquired about the availability of loan financing by sector and whether or not derisking had impacted KCCU. Additionally, he asked for the trend with dormancy mentioned on page 26.

The CEO Bro. Clement Lynch made reference to the loan disbursement chart on page 67 but stated it was not an exact match with the economic sectors identified in the national accounts.

He directed the membership to the graph on page 63, which illustrated a proportion of the dormancy. He expressed that some of the dormancy consisted of persons who did not have the minimum permanent shares required for full membership.

Bro. Cools Vanloo congratulated the BOD on its report and the progress made by the Credit Union then further sought clarity as to whether all of the 4404 members in our branches had accessed loans. Bro. Lynch clarified that it was a percentage of branch members.

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Several members gave suggestions on the exploration of various investment opportunities in geothermal development and other national economic initiatives, in addition to T-Bills and Bonds.

Sis. Christiana Richards indicated that she was previously a member of the KCCU Mesopotamia Branch and withdrew her regular shares after paying off her loan. She inquired how she could recover her permanent shares. The Treasurer replied that the byelaws provided for recovery of permanent shares in circumstances of death or the transfer to another member. Bro. Lynch expressed that from a position of insolvency and almost zero share value, Marriqua members now owned a significant proportion of the merged organization's assets.

Bro. Reuben John suggested that the procedure be revisited to allow members who wished to leave the organization, the option to redeem their permanent shares. Bro. Frederick noted the comment, stating that to do so would require the passing of a resolution but until such time, permanent share retrieval was bound to the provisions of the byelaws.

Mr. Floyd Patterson advised that the permanent shares were an investment into the union as capital and capital investment was not normally redeemable, to avoid jeopardizing the Credit Union. He further explained that capital was linked to the solvency and sustainability and consequently permanent shares redemption could lead to financial difficulties.

Bro. Vanloo asked whether the ATM platform could be shared with another Credit Union to aid in its completion. Bro. Lynch conceded that the option was not explored however, in spite of it being technically possible, he elaborated that the licensing arrangements for the use of third party software and the contracts with the bank, might make this solution difficult.

A motion was moved by Bro. Anthony Stewart to accept the Board of Directors report and seconded by Bro. Peter Campbell. The motion was carried.

**10.2 TREASURER AND AUDITOR'S REPORT**

The Treasurer invited the Auditor, Mr. Floyd Patterson to present the Auditor's Report.

Mr. Patterson addressed several matters in his presentation. He encouraged the establishment of a dividend payout policy to foster organic growth. He stated that one of the best ways to strengthen capital adequacy was through the retention of earnings. He encouraged sound and diverse investments and affirmed that they should be done in accordance with policy that took risk into consideration.

He stated that the financial statements presented fairly in all material respects, the financial position of KCCU as at 31<sup>st</sup> December, 2016 and its financial performance and cash flows for the year ended in accordance with international financial reporting standards.

Bro. Rohan Providence inquired about the audit report being issued in the name of Patterson and Co when in fact the elected auditor was BDO. Mr. Patterson explained that there were affiliation and franchise changes in the accounting industry and his relationship with BDO ended before the audit report was issued.

***Discussion on Treasurer and Auditors Report***

A motion was moved by Bro. Rohan Providence and seconded by Bro. Phillip Waldron to accept the Treasurer's report as read. The motion was carried. Bro. Gillon Frederick highlighted asset growth of 9% to EC \$92k. Loans increased by 7%, cash resources by 49% and a decrease in investment securities by 32%.



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There were positive movements in Share Capital up by EC \$0.2 M, Members' Share Savings increased by EC \$2.4 M and Deposits up by EC \$4.3 M. Operating performance showed that loans and investment income increased by 4% however this was offset by increases in interest expense, dividends and rebates, impairment allowance and general admin and selling expenses. The resultant comprehensive income was EC \$0.7M. The dividends and rebate proposed were 5%, 1.75% and 4.25% for permanent shares, redeemable shares and loan interest rebates respectively.

Bro. Frederick thanked the membership for their steadfast support of the institution and welcomed questions. Bro. Peter Campbell asked what measures were put in place to offset the 32% decrease in investment securities. Bro. Frederick outlined that more loans to members and the exploration of other investment opportunities were likely remedies to ensure steady income.

Sis. Euna Thompson moved a motion for the adoption of the Treasurer's Report which was seconded by Bro Colin John. The motion was carried.

A motion was moved and seconded by Bro. Alphonso Myers and Bro Rohan Providence respectively for the acceptance of the proposed dividends and interest rebates. The motion was carried.

**10.3 CREDIT COMMITTEE REPORT**

A motion was moved by Bro. Peter Campbell and seconded by Sis. Juanika Joseph to accept the report as read. The motion was carried.

Bro. Bernard John, chairman of the Credit Committee, addressed an issue previously raised in the meeting about the decrease in demand for loans. He explained that the "pay day" loan providers were strong competitors albeit at significantly higher rates. Moreover, he suggested that KCCU was not tolerant to the higher risks that some loans carried and consequently those applicants were not converted to loans.

***Discussion on Credit Committee Report***

No further questions were asked and a motion to adopt the Credit Committee report was moved by Bro Rohan Providence and seconded by Bro. Kazon Simmons. The motion was carried.

**10.4 SUPERVISORY AND COMPLIANCE COMMITTEE REPORT**

Bro. Rohan Providence stated that he was retiring at the meeting.

A motion was moved by Bro. Cools Vanloo and seconded by Bro. Carlos Gustin to accept the Supervisory and Compliance report as read. The motion was carried.

***Discussion on Supervisory and Compliance Report***

No questions were asked. Bro. Colin John moved a motion to adopt the Supervisory and Compliance report which was seconded by Bro. Clement Lynch. The motion was carried.

**10.5 EDUCATION COMMITTEE REPORT**

A motion was moved by Sis. Arlette Maloney and seconded by Bro. Colin John to accept the report as read. The motion was carried.

**Discussion on Education Report**

Sis. Juanika Joseph invited questions from the membership. There was none.

A motion for the adoption of the report was moved and seconded by Bro. Phillips Waldron and Bro. Cools Vanloo respectively. The motion was carried.

**10.6 ELECTIONS and NOMINATIONS**

The agenda was amended through a motion moved by Bro. Rohan Providence and seconded by Bro. Timothy Scott to have the elections done after the conclusion of the Treasurer's and Auditor's report. The motion was carried. The elections were conducted by Bro. Jimmy Black, representative of the Financial Services Authority.

**Nomination Committee Members were:**

Sis. Denise Prescott  
Sis. Euna Thompson - Chairman  
Bro. Jerome De Shong  
Bro. Jules Anthony

**10.6.1 Board of Directors**

Sis. Phyllis Allen-James, Bro. Gillon Frederick and Bro. Dominic White retired. Three positions were vacant. Bro. Gillon Frederick and Bro. Dominic White were eligible for re-election.

**Members nominated by the Nominations Committee:**

Bro. Terral Mapp  
Bro. Dominic White  
Bro. Gillon Frederick

Bro. Peter Campbell was nominated by from the floor Bro. Colin John and seconded by Bro. Alain Weekes.

A motion was moved by Bro. Phillip Waldron and seconded by Bro. Timothy Scott to close nominations. The motion was carried.

**The votes were as follows:**

Bro. Terral Mapp- 46  
Bro. Dominic White - 54  
Bro. Gillon Frederick - 57  
Bro. Peter Campbell -37

**Elected:**

**Bros. Terral Mapp, Dominic White and Gillon Frederick** were elected to serve on the Board of Directors.

**10.6.2 Credit Committee**

Retiring was Sis. Marcelle Burgin who was eligible for re-election.

**Members nominated by the Nominations Committee:**

Sis. Marcelle Burgin  
Sis. Juanika Joseph

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There were no nominations from the floor

A motion was moved Bro. Cools Vanloo and seconded by Bro. Timothy Scott to close nominations. The motion was carried.

**The votes were as follows:**

Sis. Marcelle Burgin - 23  
Sis. Juanika Joseph - 34

**Elected:**

**Sis. Juanika Joseph** was elected to serve on the Credit Committee.

**10.6.3 Auditors**

Mr. Jimmy Black of the Financial Services Authority referenced the Co-operatives Societies Act no. 12 of 2012, quoting that the auditor could serve for not more than 5 consecutive years. BDO, under partner Mr. Floyd Patterson, had served all 5 years.

BDO, headed by new partner Mr. Reuben John, was nominated by Sis. Euna Thompson and seconded by Bro. Timothy Scott.

A motion was moved and seconded to close nominations. The motion was carried.

**Elected:**

**BDO** was elected to serve as auditors.

**10.6.4 Supervisory Committee**

Retiring from the committee were Bro. Rohan Providence and Bro. Franklyn Linley and they were not eligible for re-election.

**Member nominated by the Nominations Committee:**

Sis. Marilyn Issacs  
Bro. Elvis Dublin

Bro. Kazon Simmons who was nominated from the floor by Bro. Alex Caine and seconded by Sis. Desiree Lewis.

A motion was moved by Bro. Jerome De Shong and seconded by Bro. Clement Lynch to close nominations. The motion was carried.

**The votes were as follows:**

Sis. Marilyn Isaacs - 39  
Bro. Elvis Dublin - 30  
Bro. Kazon Simmons - 25

**Elected:**

**Sis. Marilyn Isaacs** and **Bro. Elvis Dublin** were elected to serve on the supervisory committee.

**11. OTHER BUSINESS**

Bro. Cools Vanloo opined that the essential skills and heavy responsibilities of Directors and Committees required a commensurate remuneration notwithstanding that such services were voluntary. The President, Sis. Phyllis Allen-James quoted from the section of the Co-operatives Societies Act of 2012 which prohibited remuneration.

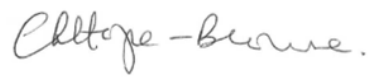
Bro. Jules Anthony congratulated the president, the vice president and secretary on their tenure on the board occupying prominent positions. He further commended KCCU on its move towards focusing on the Health and Safety issues and he encouraged more training in the field. He wished continued growth for the Credit Union. He encouraged the continued participation of members in the AGM meeting and congratulated staff on their efficient work

Bro. Floyd Patterson took the opportunity to thank KCCU for electing him to serve as auditor for many years. He reflected on our humble beginnings and congratulated the organization on its success.

Bro. Phillip Waldron offered his congratulations.

**12. ADJOURNMENT OF MEETING**

The meeting was adjourned by the President Sis. Phyllis Allen-James who thanked the AGM Planning Committee and Staff for their tireless work. The motion to adjourn was moved by Bro. Phillip Waldron and seconded by Bro. Anthony Stewart. The motion was carried.



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Sis. Cynthia Hope-Browne  
**President**



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Sis. Angelita Miller  
**Secretary**

**13. BOARD OF DIRECTORS REPORT TO THE 56<sup>TH</sup> ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

**13.1 BACKGROUND AND INTRODUCTION**

The Board of Directors of the Kingstown Co-operative Credit Union (KCCU) counts it a privilege, and is pleased to present to you, our members, the annual report on the operations and performance of the Credit Union for the period under review.

The Board of Directors is responsible for the financial health, growth and the strategic direction of the Credit Union establishing policies and procedures for the operations of the business and therefore we are responsible for making sure it is operating well, delivering benefits to members, and growing in accordance with the Credit Union's core values.

The Board is also the way that members control and direct KCCU. Every Board Member is a volunteer. The hours required can be long, and the work that many Board Members contribute to the Credit Union is significant. On this note, I want to thank my fellow Board Members for their time, energy, dedication and hard work over the past year.

The Board meets as often as necessary to discharge its responsibilities and continually keeps under review the principal risks and challenges identified, namely: loan default, technological change, low returns on investment, the resulting decline in margins and economic uncertainties.

On behalf of the Board, I am happy to report a satisfactory set of results for the year with continued growth in membership, savings and loans and improvement in the quality and range of services provided. These increases clearly indicate the confidence placed in KCCU as a trusted financial service provider by our members.

KCCU has performed well in a challenging environment, delivering strong results while laying the foundation to ensure long term sustainability for our members.

In order for KCCU to position itself for growth and sustainability, it is critical to understand the local, regional and international environment in which we operate and the impact of competitive forces, demographic changes and customer expectations so that we tailor our level and appropriateness of response to mitigate risks and grasp opportunities.

**13.2 ECONOMIC OVERVIEW**

The global economy is gaining momentum. Global growth rose by 3.8 percent in 2017, led by increased activity in advanced economies, mainly Canada (3.0%), United States (2.3%), and the Euro Area (2.3%). Meanwhile, rising inflation, prompted by a weak pound since the Brexit vote resulted in the pace of expansion of the U.K. economy decelerating for the fourth consecutive year to 1.7 percent.

In most Caribbean economies, growth has been virtually non-existent since the global financial crisis. While lower commodity prices have hurt the major commodity exporters, like Trinidad and Tobago, its expected benefits to the commodity importers through, among other things, lower importation costs, have been curtailed by their high debt levels and increased occurrence of natural disasters. St. Vincent and the Grenadines is no exception. The output growth remains flat, averaging 0.6 percent since 2010. In 2017, growth was further suppressed by a slowdown in construction activity related to the completion of the Argyle International Airport (AIA) and the substantial completion of the South Leeward Highway and the Glossy Bay Marina in Canouan. On the bright side, our country enjoyed a relatively good tourist season last year, with air passengers' arrivals increasing by 11.0 percent and the cruise industry amassing an impressive 75.0 percent growth to a record-high 174,236 passengers.

The outlook for St Vincent and the Grenadines (SVG) is hinged on the anticipated benefits and opportunities associated with the Argyle International Airport (AIA), which opened February 2017. Indeed, for the first time in our history, we are enjoying weekly International flights of Air Canada out of Toronto, supplemented by regular flights on Sunwing Airlines and of Caribbean Airlines out of New York. KCCU must transition itself to support and capitalize on this new and exciting developmental thrust. We have started the process by:

(1) investing in the AIA wall advertising, with a LED lighted billboard that promotes KCCU's Mobile App; (2) being the first to participate in the AIA "Maintain a Plot" initiative, where, in addition to maintaining the landscape that immediately surrounds the area of the commemorative plaque, we have installed two mini-billboards that mark our 60<sup>th</sup> anniversary; (3) sponsoring the AIA Love-to-Learn school campaign; and (4) hosting a marketing drive at the AIA, which enabled us to tap into the large workforce of this new organisation.

### **13.3 STRATEGIC AGENDA (2017-2019)**

2017 marked the start of another three-year strategic plan; and much success was gained through targets and goals. Our strategic mission of promoting and providing affordable high quality financial services that are geared principally to the development of members is our ideal and the guiding light that we strive to achieve. Our vision "*To be the leading financial institution, providing high quality affordable financial and related services*", was developed to complement our mission statement. This defined our purpose to express the heart and soul of who we are as a people.

The strategic goals are:

- Provide excellent member services (service delivery and technological enablement).
- Provide high quality products and services.
- Achieve financial performance above industry average.
- Human Resources Development to meet the challenges of providing excellent service.
- Citizenry: Co-operation with co-operatives' community development.

### **13.4 FINANCIAL PERFORMANCE**

Total assets grew by EC\$7.1M or 7.7% in 2017 when compared with 2016. This growth arose mainly as a result of an increase of 5.3% or EC\$3.4M in net loans, an increase of 17.5% or EC\$2.2M in cash; and 77% or EC\$1.4M in investment securities. The loan growth was driven primarily by Mortgages, Consumer Credit and Vehicles.

The increase in cash resources contributed significantly to the strengthening of our liquidity position. Members continue to show confidence in doing business with KCCU. The imposition of fees on savings accounts held at some banking institutions led to a migration of customers' savings deposits to KCCU. The returns of 2.25% on these demand deposits are competitively higher than that of some banking and other financial institutions.

The 77% increase in Investment Securities resulted from a strategic move by KCCU to diversify its income base, given the increased liquidity and investment opportunities in bonds and treasury bills both locally and regionally.

Total comprehensive income for the year was EC\$0.8M and reflected a growth of 43% on the previous year. The rate of delinquency at the end of 2017 stood at 7.55%.

In determining the dividend proposal, the Board of Directors considered members expectations of a reasonable return on their investments, compliance with the legislative requirement for capital reserves and the financial requirements of KCCU. The Board proposes a dividend rate of:

Permanent Shares	6.00%
Redeemable Shares	1.85%
Interest Rebate	4.50%

The proposed interest rebate is intended as a reward to borrowing members for their support and loyalty and is expected to be an incentive for members to increase their borrowings at the Credit Union.

The proposed dividends have increased from last year reflecting an increase in permanent shares of 1%, redeemable shares up by 0.10% and rebates up by 0.25%.

**13.5 BOARD OF DIRECTORS ELECTIONS AND MEETINGS**

The 55<sup>th</sup> Annual General Meeting elected one new member to the Board of Directors in the person of Bro. Terral Mapp. The Board of Directors held its inaugural meeting on the 8<sup>th</sup> May, 2017 to elect the executive positions. The full Board of Directors comprised:

Sis. Cynthia Hope-Browne	-	President
Bro. Jerome Deshong	-	Vice President
Bro. Gillon Frederick	-	Treasurer
Sis. Angelita Miller	-	Secretary
Bro. Terral Mapp	-	Director
Bro. Elsworth Abbott	-	Director
Bro. Dominic White	-	Director

The Board held a total of 23 meetings during its tenure. There were 13 scheduled Board meetings and 10 additional special meetings. The attendance was as follows:

Member	Scheduled	Special	Total
Cynthia Hope-Browne	13	10	23
Jerome Deshong	13	10	23
Gillon Frederick	13	10	23
Angelita Miller	13	10	23
Terral Mapp	13	10	23
Elsworth Abbott	13	10	23
Dominic White	13	10	23

**13.6 MEMBERSHIP**

KCCU continued to attract new members and our total membership at 2017 was 21,098. That number grew by 1,054, for the year, an increase of 5.25%. The growth was primarily reflected in the thirty and under age range in whom our products and services have resonated. The new members comprised:

Age Group	New Members
Below 20 years	457
21-25 years	115
26-30 years	207
31-40 years	136
41-50 years	117
Over 50 years	22

Membership drives were conducted at the Argyle International Airport, on the Islands of Mustique, Canouan and Bequia. We welcomed these new members to the KCCU family as we work together to build good connectivity with each and every member.

The matter of dormant accounts is being addressed by the Board and a policy decision will be made in regard to dormant accounts.

We thank the members for their continued support and for the confidence placed in us as we shape the future, growth and direction of KCCU. We will continue to provide excellent products and services to meet your evolving financial needs.

**13.7 HUMAN RESOURCE AND HUMAN CAPACITY BUILDING**

The strength of any organisation lies in its human resource and this has to be managed properly to ensure maximum institutional value added. In order to assist the Board with the development and oversight of KCCU's human resource, policies and practices, A Human Resource Committee was established. The Committee's purpose is to review, create and recommend policies and strategies with respect to salaries, benefits, incentive compensation, succession planning and physical working conditions. The Committee was instrumental in recruiting a Chief Accountant following the resignation of the previous Accountant.

KCCU recognises that people are the most valued asset and the importance of trained staff, management committees and members working in partnership to create a sound organisation. We continue to invest in our employees in order to expand their knowledge and skills. Because of the continuous commitment to training, our employees are more productive and motivated to provide outstanding service experience to our members.

Employee Sharol-Rose Gregg-Abbott successfully completed the Certified Residential Under Writer's Programme through the Real Estate Institute of Canada and facilitated by the East Caribbean Home Mortgage Bank. Congratulations to Mrs. Gregg-Abbott on her successful achievement.

In-house One-Stop Employee training continued in: conflict resolution; legal appreciation for deeds and similar instruments; effective communication in the workplace; general purpose application training; and the new Occupational Safety and Health Act.

The annual performance and long service staff awards ceremony was held and the following awardees were recognized:-

**Employees of the year performance award**

Hadasha Butcher – Compliance  
 Sharol-Rose Gregg-Abbott and Sherry-Ann Parsons – Loan Sales  
 Koriene Chance – Finance.

**Academic Award**

Sharol-Rose Gregg-Abbott

<b>Long Service Awards</b>		
<b>Over 20 years</b>	<b>15-19 years</b>	<b>10-14 years</b>
Jasmine Woods	Judith Seaman	Makeda Frederick-Smith
Alonso Munroe	Alice Adams-Francois	Michka Charles
Theresa John	Marcelle Alexander	Clement Lynch
		Clairiesa Anderson-Pierre
		Sharol-Rose Gregg-Abbott
		Sherry-Ann Parsons
		Rhonel John
		Sharlene Antoine

The Education Committee is responsible for public relations and member education and played a vital role in inducting our new members by way of the orientation sessions and other workshops. This year a Development Workshop was held and the objective was to help members acquire the knowledge, attitude and skills necessary to effectively manage their career on a long term basis. The target group was for members between the ages of 18-40.



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The committee organised the KCCU's Annual Primary School Quiz. This competition has been a training ground for our young primary school students who were quizzed and trained in Credit Union knowledge as well as general education. This year saw an increase in the number of schools compared with the previous year. Participation this year increased to 35, up by fifteen schools. This speaks well for the future of our young learners and reflected our firm commitment to this flagship event.

The Kingstown Co-operative Youth Club (KCYC) is the youth arm of the Credit Union and our intent is to provide a pool of young members from which the general membership can be sustained. The usual KCYC summer camp for children between the ages of 8 and 16 was held this year at Kingstown at the Financial Centre, Arnos Vale playing field and in the Marriacqua Valley at Farm Mountain.

Board and management committee training was normally provided through the annual Caribbean Confederation of Credit Unions Convention (CCCU) and the Organisation of Eastern Caribbean States (OECS) Credit Union summit. It must be noted that the OECS summit was not held this year due to challenges from the adverse hurricane season.

The CCCU Convention was held in Cuba for the first time. This convention created the opportunity for networking as well as creating an awareness for the challenges facing the Credit Union movement not only in the Caribbean, but worldwide, and finding solutions together.

Training was also conducted by CaribErisk on IFRS 9, a new accounting standard which specifies how financial entities should classify and measure financial assets. This standard is effective from 1<sup>st</sup> January 2018 and requires a clear understanding, not only by the staff but also by management and the Board as policy makers.

**13.8 INVESTMENT AND LENDING**

An Investment/Building Committee was established during the year and this committee assisted the Board in fulfilling its responsibilities relating to oversight of all existing and potential investment. The Committee's purpose is to review, create and recommend policies and strategies with respect to investments and major projects.

The Investment Portfolio grew from EC\$1.9M in December, 2016 to EC\$3.4M in 2017, an increase of 79%. Investments were made in Treasury Bills and Bonds of the Government of St. Vincent and the Grenadines, St. Lucia and Antigua and Barbuda. These are relatively safe securities and provide the added benefit of higher returns when compared to average rate on the existing portfolio. This investment strategy across different islands also reflects diversification to mitigate risks.

Plans are afoot to transform KCCU's investment properties from non-earning assets to income-generating ventures, so that their true potential can be unlocked and benefits be distributed to members.

In relation to lending, the loan Portfolio grew by EC\$3.4M or 5.3% moving from EC\$64.0M in 2016 to EC\$67.4M in 2017. The loan portfolio mix was dominated by mortgages, a trend that continued from previous years.

**13.9 CUSTOMER SERVICE AND MARKETING**

KCCU continued its commitment to provide high quality financial services to its members as we stay true to our vision "To be the leading financial institution providing high quality affordable financial and related services". KCCU recognizes the importance of excellent customer service to our members and we understand that trained staff, as detailed in our human capacity building section above, provides a platform for continuous service improvements.

As far as marketing is concerned, to be competitive, members need to have knowledge of the various products and services as well as service delivery channels. The process has started in reviewing the organizational structure to include a Marketing Officer which is now critical in promoting KCCU.

In addition to the promotion initiatives mentioned in the "Economic Overview" section 13.2, the other marketing work targeted the following:-

- The marketing of the KCCU Mobile application through a television commercial.
- Conducted a marketing drive in the islands of Mustique and Bequia.
- The utilization of the LED signage at KCCU headquarter to market products and services.

**13.10 PRODUCTS AND SERVICES**

The core business of KCCU is embodied in the product and service offerings to members and we have to constantly improve them. A review of the loan products by the Credit Committee was conducted to ensure that we remain relevant and competitive.

The deposit requirement for vehicle loans was reduced from 50% to 25% to increase product penetration. However in our attempts at generating more revenue we will continue to carry out periodic reviews to balance the risk of delinquency.

Two additional products were developed and launched: "The Diamond Wheels" product which is a vehicle loan to mark the 60th anniversary; and the "KCCU protect" loan product geared towards the preparation of property to protect against the effects of natural disasters.

The Automated Teller Machine (ATM) and debit card services are being demanded by our members and we are unwavering in our commitment to make this a reality. We have intensified our pressure with our banking partner and we have been assured that the product will be ready for service by the end of the second quarter in 2018. We have been and will continue to be steadfast in our resolve to bring this service to fruition in the best interest of our members.

**13.11 BRANCH OFFICES**

KCCU operates offices in Marriagua, Bequia, Union Island and Canouan.

The facility in Marriagua was extensively renovated to better serve members of that community and it was officially opened on 13<sup>th</sup> April, 2018. KCCU in keeping with its social responsibility will be embarking on a project in collaboration with the P'tani Development Committee to construct a bus stop in Mesopotamia and we anticipate completion by the fourth quarter of 2018. In the area of culture, and in order to further penetrate the KCCU brand in the vast Marriagua Valley of sixteen villages and surrounding areas – Greiggs, Biabou, Peruvian Vale, sponsorship and marketing were done for the Queen Show with the P'Tani Development Committee. This year 2017 the annual and successful KCYC Summer Camp was expanded to include other scenic locations at Arnos Vale Playing Field and the lush mountains of Farm in the Marriagua Valley. It was a very fruitful change with the youth 8-16 years enjoying their credit union education and peer to peer interaction in a variety of settings.

At the branch office in Canouan there was a misappropriation of funds amounting to EC\$43.9K, allegedly by the Security Officer. An arrest was made by the Police and the matter is before the court.

A marketing and promotion drive was done on the island of Bequia.

The Board took the opportunity to visit the branch offices in Bequia and Canouan to get a first-hand look at the facilities and to learn of the operations there.

The branch full membership is as follows:

	<b>2016 Restated</b>	<b>2017</b>
Marriagua	1700	1766
Bequia	338	407
Union Island	254	288
Canouan	153	159
<b>Total</b>	<b>2444</b>	<b>2620</b>

**13.12 COMMUNITY DEVELOPMENT**

KCCU takes its social responsibilities very seriously and one of our corporate commitments is to improve the quality of life in the communities we serve.

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We have funded causes that make a difference in the lives of our members in areas such as healthcare, youth and education, environment, sports and culture and community support and development.

In education the KCCU Secondary School Scholarship Award Program presented three (3) academic awards, and three (3) socio-economic awards in 2017. This was an increase from 4 to 6 awards. In addition, two (2) bursaries were granted, one academic and one socio-economic. The scholarship award was increased from EC\$1100 to EC\$1500 annually. Sixty five (65) students each received EC\$150 as a general contribution.

The annual primary school quiz was held and was won by the Stubbs Government School.

In sport, KCCU continued to support the St. Vincent Grammar School and the Girls High School Road relays and expanded it to include greater visibility of the KCCU brand at the inter secondary school sports. Assistance was also given to Thomas Saunders Secondary School to help in their preparation and participation in the Penn State Games.

In the area of culture, KCCU extended its penetration in the Marriaqua and peripheral areas as outlined above in the section "Branch offices" partnering with the P'tani Development Committee in the Queen show.

KCCU also supported small groups, organisations, schools and churches with financial assistance for humanitarian and social causes.

**13.13 CO-OPERATIVE MOVEMENT**

The Credit Union Sector in SVG comprised of four Credit Unions, and KCCU continued to be a trailblazer among Co-operatives, signalled by a commitment to enhance the well-being of its members.

At the local level, KCCU supported the work and activities of the St. Vincent and the Grenadines Co-operative League, the Co-operative Department and the Financial Services Authority (FSA) at the local level. Regionally, we embraced the opportunity and participated in the CCCU Convention in Cuba. The CCCU forum afforded discussions and sensitization on the New Accounting Standard IFRS 9 which all Credit Unions will have to implement by 2018.

The SVG Small Business and Micro Finance Co-operative Limited (COMFI) went into voluntary liquidation, under the control of KPMG, who is in the process of finalizing the exercise. The total Equity investment into COMFI amounted to EC\$634,311. Loans were allocated to KCCU with carrying values totalling EC\$288,791. The liquidator purposed an interim contribution of EC\$100,000 from KCCU in settlement.

**13.14 CORPORATE GOVERNANCE**

The Board of Directors is committed to good governance and is dedicated to compliance with policies, legislation, regulation and Bye-Laws. These policies were being reviewed with the commitment to update them in accordance with best practices and strategic focus.

Compliance continues to form part of our day to day operations and the supervisory and compliance committee along with the Compliance Officer work very closely in ensuring that KCCU's operations are in keeping with legislative and regulatory requirements.

IFRS 9 Compliance comes into effect January 2018, and KCCU has started work on the implementation of this new accounting standard. CaribErisk has been contracted to provide training and to conduct a GAP analysis to ascertain the impact on the organisation. The Board of Directors, management committees, management and staff have been exposed to the initial training and familiarization of this standard.

KCCU continued to use the PEARLS standard as a benchmark for assessing its performance. Please see report captioned "PEARLS Ratio". This report compares KCCU's financial performance with those standards.

The Occupational Safety and Health Bill has been passed in the House of Parliament and is now Law. KCCU has fully developed a policy and procedural manual and has implemented the provisions of the legislature to secure compliance. The staff has been trained in both the practical and theoretical aspects of the legislation.

**13.15 CONDOLENCES**

It is with great sadness that we acknowledged the passing of some of our members, and KCCU extends heartfelt sympathies and condolences to all bereaved members and their families whose loved ones passed away. May their souls rest in peace.

**13.16 ACKNOWLEDGEMENTS**

The Board of Directors takes this opportunity to extend thanks and appreciation to the general membership, for their unwavering support and standing together through 60 years as we continue to build on the foundation of our predecessors.

To the various management committees, management and staff, thank you for your support, contributions and dedication. To the Registrar and staff of the Financial Services Authority our profound appreciation for your guidance and oversight; to the Credit Union League, the Co-operative Department, Fellow Credit Unions, Co-operatives, the Auditors, thanks for your support and partnership through the years and this year in particular.

To all past Board of Directors, Committee members, management and staff, volunteers and well wishers of KCCU, Thank you for your investment of time, talent and treasure.

The Board of Directors thanks you for choosing KCCU as your financial partner. We are grateful for the opportunity to serve you and for the integral role you have played in our 60 year history. We are proud of our past, prepared for the future, 60 years and beyond.

Thank you and may God bless us all.

Presented by and on behalf of the Board of Directors.



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Cynthia Hope-Browne  
President

**14. TREASURER'S REPORT TO THE 56<sup>TH</sup> ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

**14.1 INTRODUCTION**

This year the Kingstown Co-operative Credit Union celebrates 60 years of existence we reflect on the past challenges and we are thankful for the achievement of this milestone. Therefore, I present this the treasurer's report for financial year ended December 31,2017 in celebration, enveloped in the spirit of co-operation.

The Kingstown Co-operative Credit Union Limited continues to achieve growth despite the challenges that remain in the financial sector. We celebrate, as from a humble beginning in 1958, the Credit Union remains relevant to the needs of members and continue to experience growth in assets which has now 100 Million in 2018. This achievement is cause to celebrate.

**14.2 FINANCIAL RESULTS - SUMMARY**

Kingstown Co-operative Credit Union limited continues to perform remarkably well financially giving the challenges that continues in the financial sector. Hence, the financial year 2017 was a profitable one.

The following are Key financial performance indicators for the financial year ended December 31, 2017 with comparison to the 2016 financial year.

**Assets**

		2017	2016	Difference	Change
		\$ 000,s	\$ 000,s	\$ 000,s	%
1	Total Assets	99,082	91,959	7,123	8%
2	Loans (Net )	67,376	63,970	3,406	5%
3	Cash Resources	14,804	12,600	2,204	17%
4	Investment Securities	3,380	1,913	1,467	77%

There was an increase of 8% in the total assets in 2017 which was driven largely by growth in the following; investment securities up 77%; cash resources up 17% ; loans up 5%. Members demand for loans continue to grow to the level where the net loan portfolio is EC\$67 Million of which the majority of the portfolio consist of mortgage loans. In addition, members continue to show confidence in KCCU with a significant increase in cash resources driven by shares and term deposits increases during the period. There was also a greater effort made during the period to seek alternative investment in securities as increase liquidity and competitive downward pressure on interest rates were common element within the financial sector in 2017. Thus, the net increase in securities by some EC\$1.4Million over that of 2016.

**Statement of Income**

There was growth in total comprehensive income EC\$0.239M created largely by upward movement in the following;

Income death benefit	\$ 184 k	- 217%
Increase in property fair value	\$ 239 k	- 100 %
Investment income	\$ 53 k	- 16 %
Interest on loan	\$169 k	- 3 %

These positive gains in income were offset mainly by the following;

Allowance for impairment	\$ 510 k	- 138 %
General & Administrative expense	\$ 47 k	- 1 %

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The financial sector continues to experience competitive pressure to lower interest rates on loans; therefore placing downward pressure on interest income from loans. Moreover the implementation of IFRS 9 may continue to keep allowance for impairment on loans significantly higher when compared to previous years. As a result, greater effort would be made to diversify the revenue stream and minimize credit risk in light of the current trend in the industry regarding interest rate and rigorous accounting standard for loans impairment.

**Dividends and Rebates**

The following dividends and rebates rates are being proposed for the financial year:

- *Permanent Shares* : 6.00 %
- *Redeemable Shares* : 1.85 %
- *Rebates on loan interest* : 4.50 %

	<b>Share Capital and Members Deposits</b>	\$	\$	\$	%
		2017	2016	Difference	Change
1	Share Capital	2,499,893	2,416,885	83,008	3%
2	Members` Share Savings	46,981,013	44,218,870	2,762,143	6%
3	Members Deposits	31,749,400	28,437,269	3,312,131	12%

The credit Union continues to see growth in all major areas of financing. There were increases in both members share savings of 6% and members deposits of 12%. The combined contribution of members to these accounts amounted to EC\$6.074Million. A reflection of members continued confidence in the Kingstown Co-operative Credit Union Ltd. We will seek to ensure that this confidence in the Credit Union is maintained by safeguarding member's investments in the most prudent way, through strong investments and creative loan products.

**14.3 IFRS 9**

It is important to highlight the coming changes in the accounting standard that may have a significant impact on the way the Credit Union reports and record loan loss provision. The implementation of IFRS 9 which replaces IAS 39 may create such changes. This standard would require more stringent provisioning of loan loss impairment which would likely have a significant impact on comprehensive income within the year of implementation which would be 2018.

We have taken steps to safeguard against any such impacts by seeking to identify the gaps and progress the necessary training for staff that would allow for a smooth transition to this standard before its full implementation.

**14.4 CONCLUSION**

The Kingstown Co-operative Credit Union limited performed well financially during the year 2017 as is shown in the financial statements presented.

As we celebrate this diamond jubilee, we take the time to reflect on the past and bring into focus our current task to maintain a strong and vibrant Credit Union. Hence, the Board of Directors, the many committees, supported by management and staff of this Credit Union has shown their willingness to do just that, in the spirit and commitment of good cooperate governance.

The results of which are illustrated in the strong financial performance for 2017. This remarkable performance would not have been possible without the unweaving support of the many patriotic members. We thank you and ask for your continued contribution to this Credit Union for the next 60 years and beyond. Thank you!



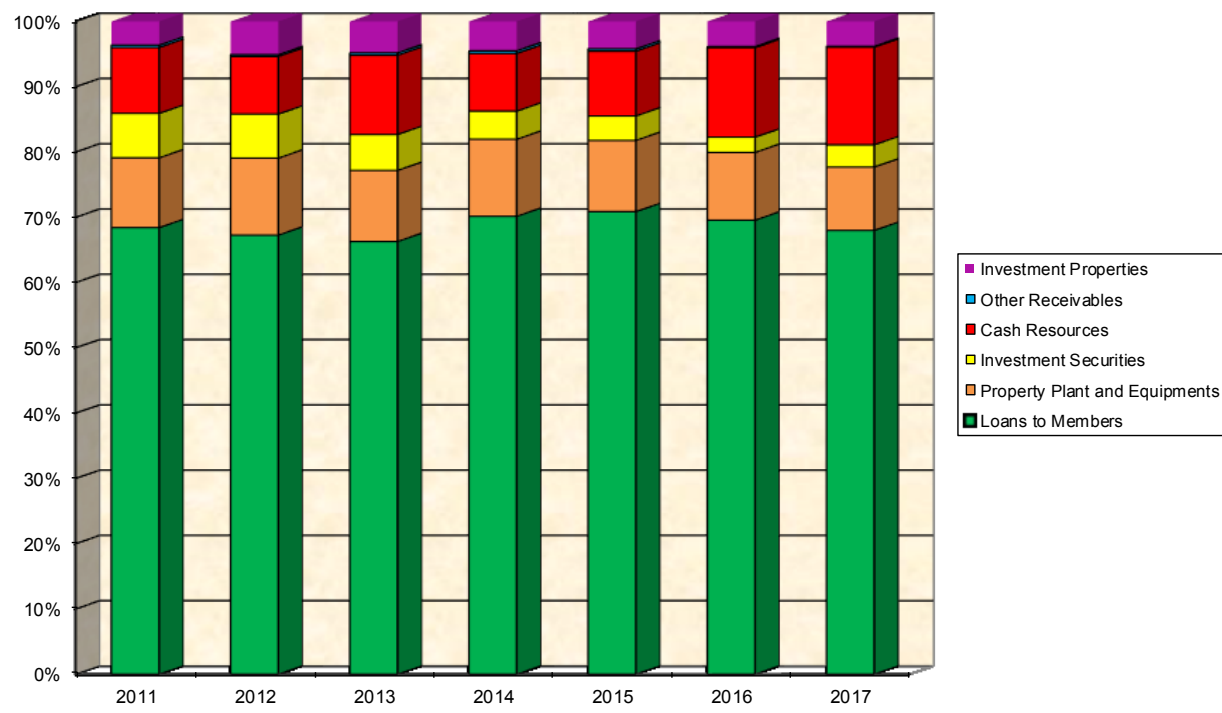
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Gillon Frederick  
Treasurer

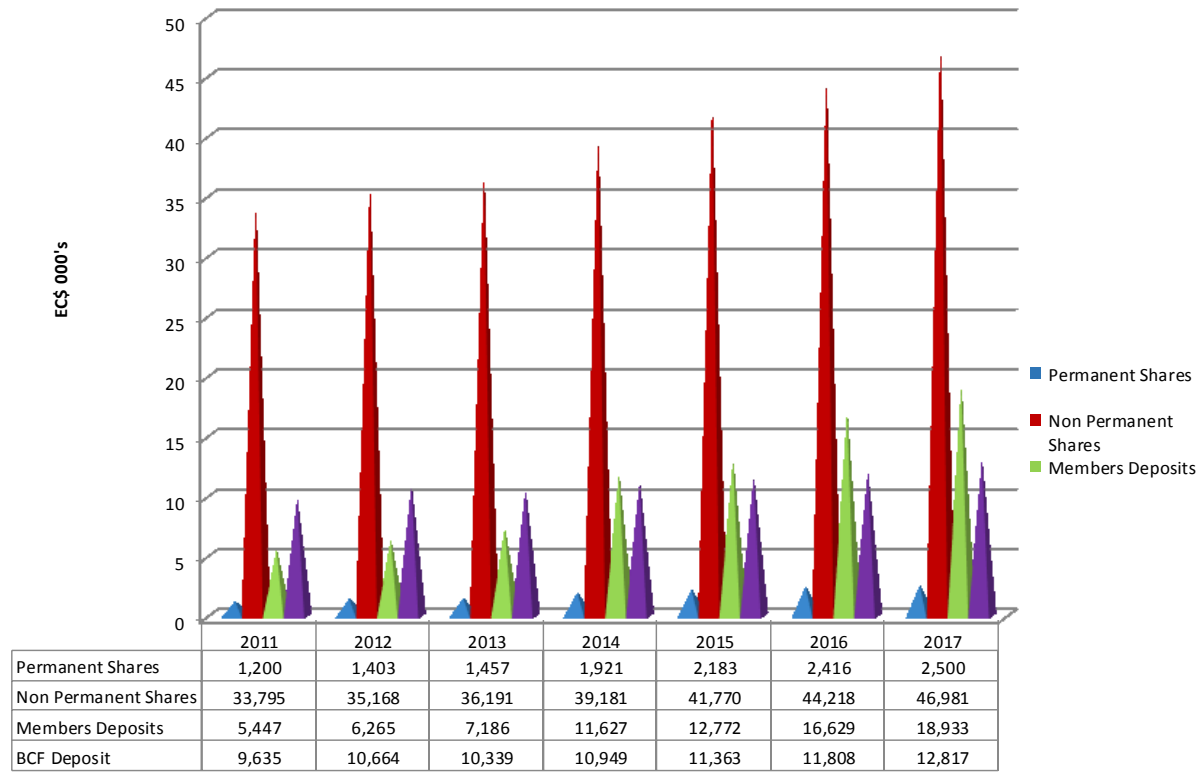
PEARLS RATIO				
	Financial Ratios	Actual 2016	Actual 2017	Standard
P1	<u>Allowance for loan Losses</u> Delinquency >12mths	130%	102%	100%
E1	<u>Net Loan</u> Total Assets	70%	68%	70-80%
E3	<u>Financial Investment</u> Total Assets	2%	3%	<10%
A1	<u>Total Loan Delinquency</u> Total Loan Portfolio	3.2%	7.55%	<=5%
A2	<u>Non Earning Assets</u> Total Assets	3.7%	3.6%	<=5%
R1	<u>Net Loan Income</u> Average Net Loan Portfolio	8.5%	8.9%	10%
R9	<u>Operating Expense</u> Average Total Assets	4%	3.5%	5.0%
L1	<u>Net Liquidity</u> Savings	13%	17%	>15%
S9	<u>Increase in Loans</u> Total Loan portfolio of Previous Year	6%	4%	Not Specified
S10	<u>Increase in Total Assets</u> Total Assets of Previous year	9%	8%	Not Specified

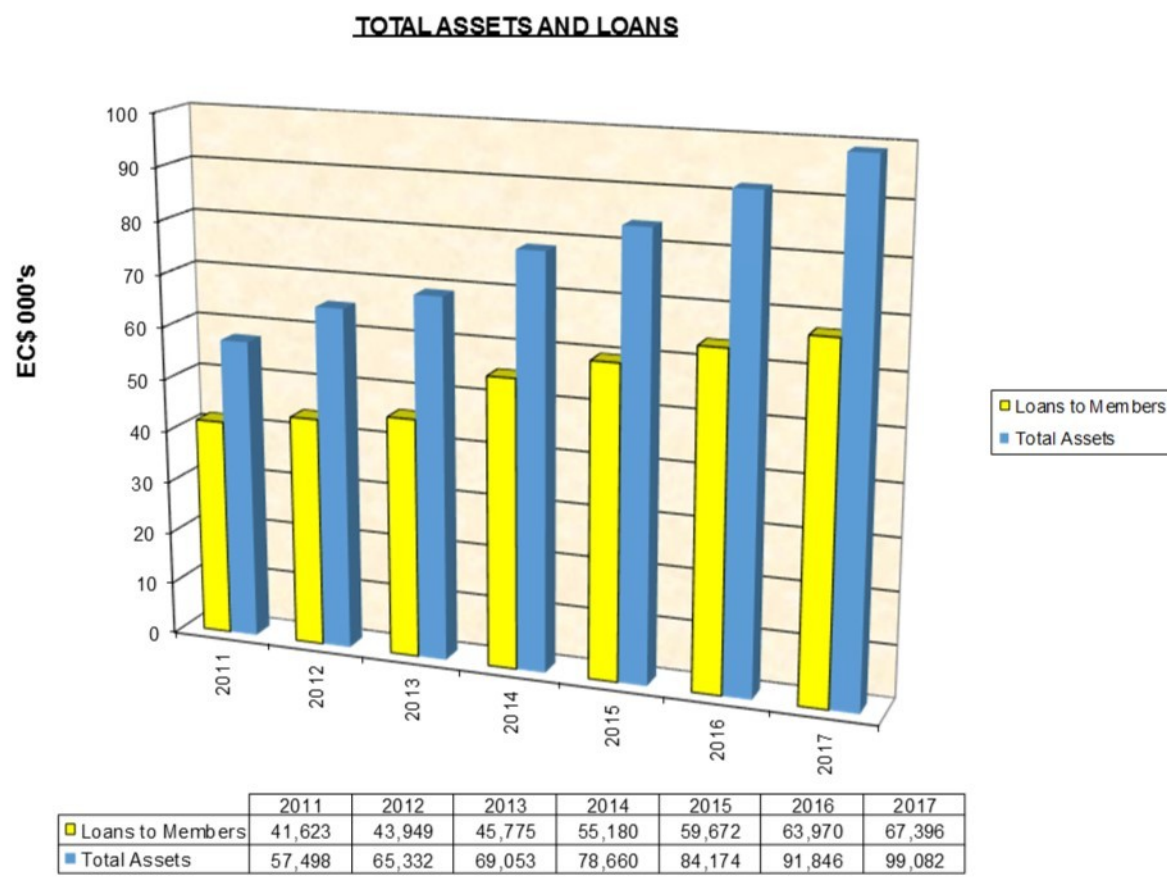
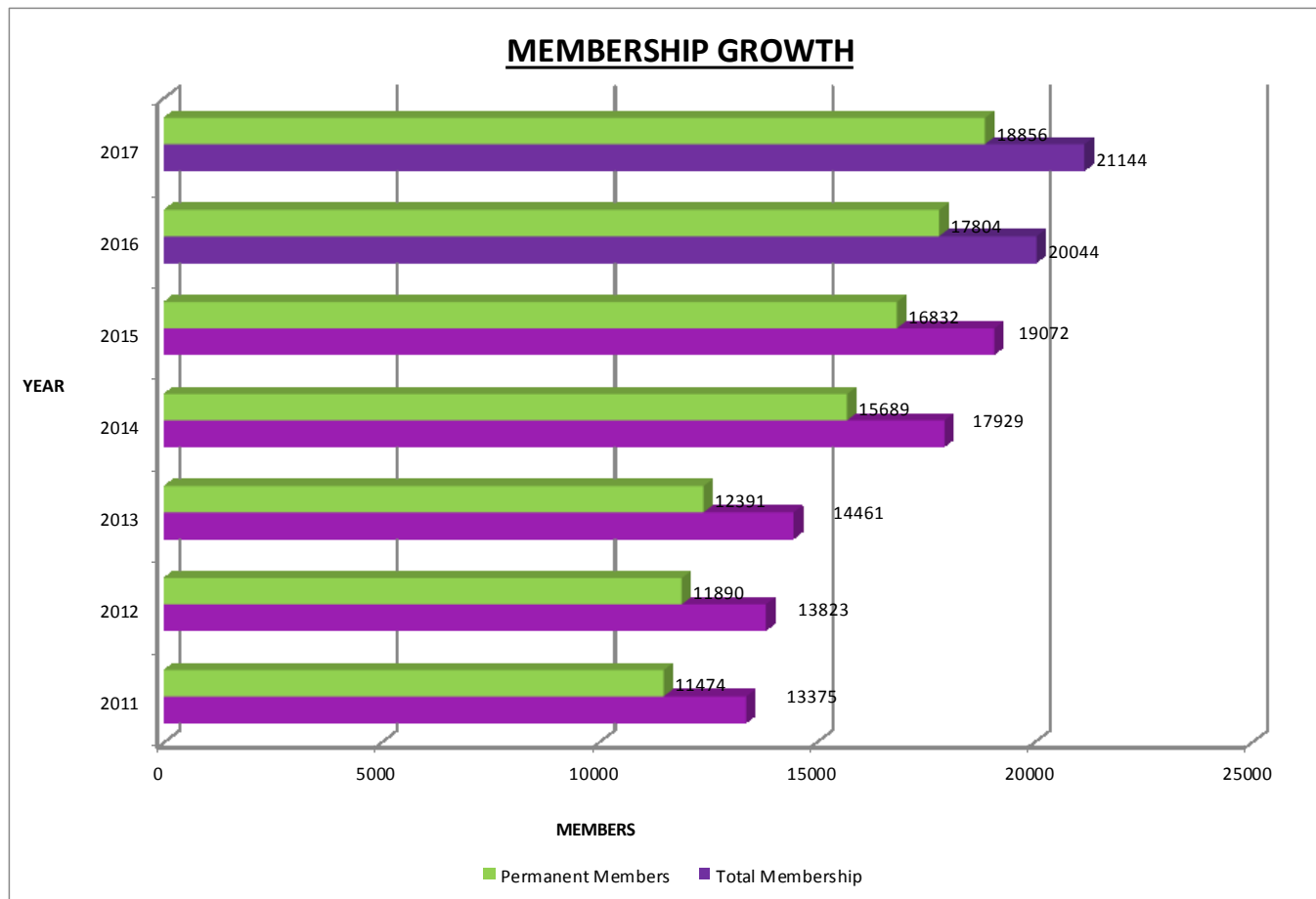


**ASSETS**

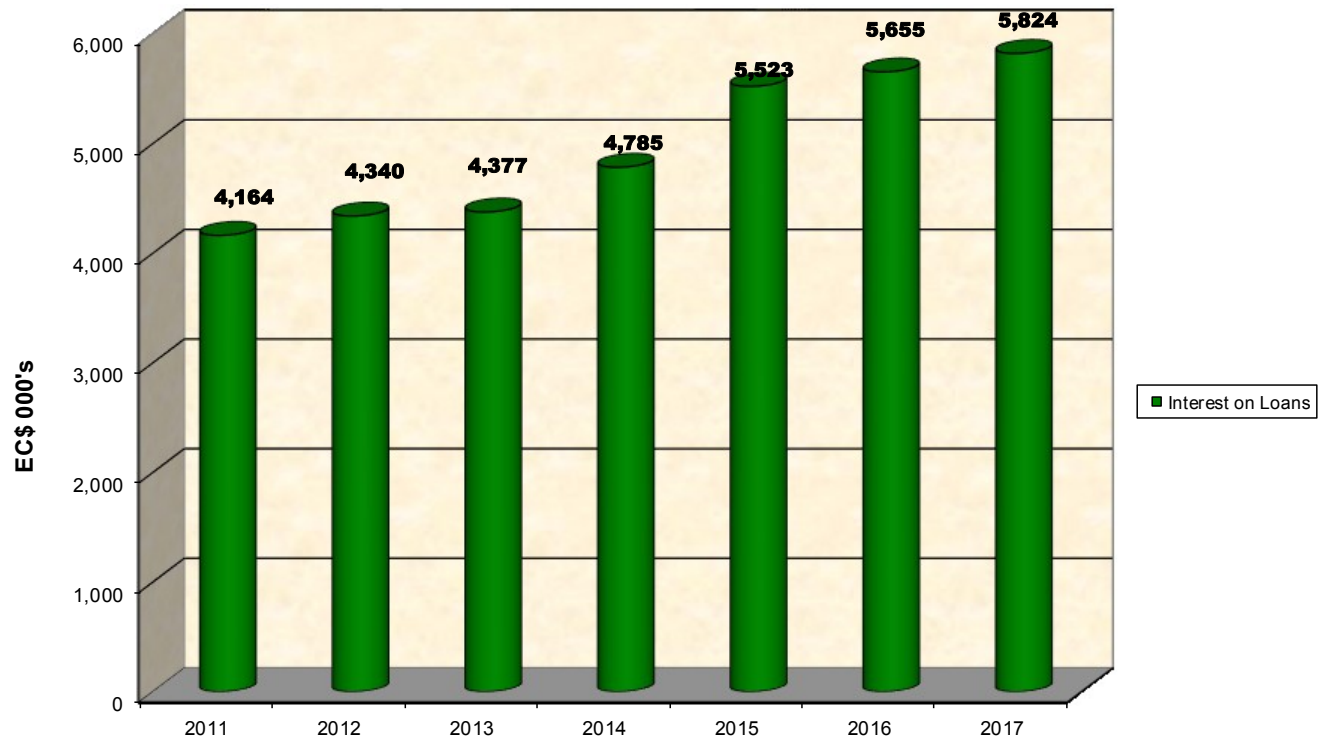


**SHARE CAPITAL AND MEMBERS' DEPOSIT**





**INTEREST INCOME ON LOANS**



**Kingstown Co-operative Credit Union  
Limited**

Financial Statements

Year ended December 31, 2017

**Kingstown Co-operative Credit Union Limited**

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Statement of Changes in Equity	7
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**Kingstown Co-operative Credit Union Limited**

**Corporate Information**

**REGISTERED OFFICE**

Granby Street  
Kingstown  
St. Vincent and the Grenadines

**BOARD OF DIRECTORS**

Cynthia Hope-Browne - President  
Jerome De Shong- Vice President  
Gillon Frederick - Treasurer  
Dominic White  
Elsworth Abbott  
Terral Mapp

**SECRETARY**

Angelitha Miller

**SOLICITORS**

Saunders & Huggins

**BANKERS**

Bank of St. Vincent and the Grenadines Limited

**AUDITORS**

BDO Eastern Caribbean  
Chartered Accountants  
The Financial Services Centre  
Kingstown Park  
St. Vincent and the Grenadines



Tel: 784-456-2669  
Tel: 784-456-1644  
Fax: 784-456-1576  
www.bdoecc.com

The Financial Services Centre  
P.O. Box 561  
Kingstown Park  
St. Vincent and the Grenadines

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Kingstown Co-operative Credit Union Limited  
St. Vincent and the Grenadines

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Kingstown Co-operative Credit Union Limited ("the Credit Union"), set out on pages 5 to 42, which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code together with the ethical requirement that are relevant to our audit of the financial statements in St. Vincent and the Grenadines. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Matters*

The financial statements of the Credit Union for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated April 19, 2017.

## INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Members of  
Kingstown Co-operative Credit Union Limited  
St. Vincent and the Grenadines

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



BDO Eastern Caribbean  
Kingstown, St. Vincent and the Grenadines  
June 6, 2018




**KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**  
**Statement of Financial Position**  
**As at December 31, 2017**  
**(Expressed in Eastern Caribbean dollars)**

	Notes	2017 \$	Restated 2016 \$	Restated 2015 \$
<b>Assets</b>				
Cash and cash equivalents	11	14,804,427	12,600,596	8,359,730
Investment securities	12	3,380,398	1,913,570	2,827,883
Investment in associate	13	-	235,277	324,880
Loans to members	14	67,376,721	63,970,393	59,671,530
Other receivables	15	136,598	164,819	297,068
Investment properties	16	3,772,714	3,533,254	3,533,254
Property, plant and equipment	17	9,611,450	9,541,382	9,179,735
<b>Total assets</b>		<b>99,082,308</b>	<b>91,959,291</b>	<b>84,194,080</b>
<b>Liabilities and members' equity</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	18	1,069,771	715,661	621,557
Bank overdraft	11	143,298	112,789	-
Interest payable	19	469,033	489,258	465,428
Deposits	20	31,749,400	28,437,269	24,135,232
Dividend and rebates payable		1,034,711	1,225,440	1,066,618
Redeemable member shares	21	46,981,013	44,218,870	41,769,790
<b>Total liabilities</b>		<b>81,447,226</b>	<b>75,199,287</b>	<b>68,058,625</b>
<b>Members' equity</b>				
Share capital	21	2,499,893	2,416,885	2,183,153
Statutory reserve	22	4,677,061	4,254,614	3,765,858
Development fund	23	15,359	15,359	15,359
Unrealised gain		470,126	475,106	475,106
Revaluation surplus		5,480,157	5,480,157	5,480,157
Retained earnings		4,492,486	4,117,883	4,215,822
<b>Total members' equity</b>		<b>17,635,082</b>	<b>16,760,004</b>	<b>16,135,455</b>
<b>Total liabilities and members' equity</b>		<b>99,082,308</b>	<b>91,959,291</b>	<b>84,194,080</b>

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

APPROVED ON BEHALF OF THE BOARD: -

  
Cynthia Hope-Browne  
President

  
Gillon Frederick  
Treasurer

**KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended December 31, 2017**  
**(Expressed in Eastern Caribbean dollars)**

	Notes	2017 \$	Restated 2016 \$
<b>Income</b>			
Interest on loans	25	5,824,238	5,654,987
Investment income	26	380,787	327,584
		6,205,025	5,982,571
<b>Interest expense</b>		(886,143)	(863,432)
<b>Rebates and interest to members</b>		(876,655)	(989,885)
<b>Net interest income</b>		4,442,227	4,129,254
Allowance for impairment on loans	14.2	(1,002,215)	(270,000)
Allowance for impairment on interest receivable	14.3	121,278	(99,999)
		3,561,290	3,759,255
Rental income		246,219	244,425
		3,807,509	4,003,680
<b>Selling expenses</b>	27	(303,276)	(296,125)
<b>General and administrative expenses</b>	28	(3,386,407)	(3,338,662)
		117,826	368,893
<b>Other income</b>			
Income on death benefit plan - net	29	269,400	84,677
Commissions and miscellaneous income		292,664	295,244
Increase in fair value of investment property		239,460	-
		801,524	379,921
Share of loss in associated company accounted for using the equity method		(56,730)	-
Impairment loss on COMFI investment	13	(64,265)	(189,603)
<b>Net profit for the year, being total comprehensive income</b>		798,355	559,211

The accompanying notes on pages are integral part of these financial statements.

**KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2017**  
**(Expressed in Eastern Caribbean dollars)**

	Note	Share Capital	Statutory Reserve Fund	Development Fund	Unrealised gain/loss on investment	Revaluation Surplus	Retained Earnings	Total
		\$	\$	\$	\$	\$	\$	\$
<b>Balance as of December 31, 2015 as previously stated</b>		2,183,153	3,765,858	15,359	475,106	5,480,157	4,573,463	16,493,096
Correction of prior period errors	6	-	-	-	-	-	(357,641)	(357,641)
Restated balance at December 31, 2015		2,183,153	3,765,858	15,359	475,106	5,480,157	4,215,822	16,135,455
Net income, being total comprehensive income for the year		-	-	-	-	-	559,211	559,211
Dividends declared		-	-	-	-	-	(171,954)	(171,954)
Issuance of shares		233,732	-	-	-	-	-	233,732
Appropriation of development fund		-	-	5,000	-	-	(5,000)	-
Statutory development contribution funds paid		-	-	(5,000)	-	-	5,000	-
Appropriation of statutory reserve	22	-	485,196	-	-	-	(485,196)	-
Entrance fees		-	3,560	-	-	-	-	3,560
<b>Restated balance as of December 31, 2016</b>		2,416,885	4,254,614	15,359	475,106	5,480,157	4,117,883	16,760,004
Net income, being total comprehensive income for the year		-	-	-	-	-	798,355	798,355
Issuance of shares		83,008	-	-	-	-	-	83,008
Appropriation of development fund		-	-	5,000	-	-	(5,000)	-
Statutory development contribution funds paid		-	-	(5,000)	-	-	-	(5,000)
Appropriation of statutory reserve	22	-	418,752	-	-	-	(418,752)	-
Entrance fees		-	3,695	-	-	-	-	3,695
Unrealised loss on investment		-	-	-	(4,980)	-	-	(4,980)
<b>Balance as of December 31, 2017</b>		2,499,893	4,677,061	15,359	470,126	5,480,157	4,492,486	17,635,082

The accompanying notes are integral part of these financial statements.

**KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**  
**Statement of Cash Flows**  
**For the year ended December 31, 2017**  
**(Expressed in Eastern Caribbean dollars)**

	2017	2016
	Note	
		\$
<b>Operating activities</b>		
Net profit being total comprehensive income for the year		798,355
		559,211
<b>Adjustments for</b>		
Depreciation		354,141
Appreciation in investments		-
Interest capitalized on investments		(17,933)
Increase in fair value investment property		(239,460)
Impairment of investment in associated company		64,265
Adjustment to retained earnings		-
Impairment on loans		971,203
<b>Net profit before changes in operating assets and liabilities</b>		1,930,571
Decrease in other receivables		28,242
Increase in loans to members		(4,377,552)
Increase in accounts payable and accrued liabilities		354,110
(Decrease) increase in interest payable		(20,225)
Increase in deposits		3,312,131
(Decrease) increase in dividends and rebates payable		(190,729)
<b>Net cash from operating activities</b>		1,036,548
		1,442,259
<b>Investing activities</b>		
Additions to property, plant and equipment		(424,209)
Proceeds from sale of investment securities		161,180
Purchase of investment securities		(1,615,055)
Proceeds from (Purchase of) investment in associated company		171,012
<b>Net cash (used in) from investing activities</b>		(1,707,072)
		171,398
<b>Financing activities</b>		
Proceeds from issuance of shares		83,008
Net increase in redeemable member shares		2,762,143
Dividends declared		-
Entrance fees received		3,695
Development fund contributions paid		(5,000)
<b>Net cash from financing activities</b>		2,843,846
		2,514,420
<b>Increase in cash and cash equivalent</b>		2,173,322
<b>Cash and cash equivalent - beginning of year</b>		12,487,807
<b>Cash and cash equivalent - end of year</b>	11	14,661,129
		12,487,807

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

**KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Expressed in Eastern Caribbean dollars)**

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**1. Reporting entity**

The Kingstown Co-operative Credit Union Limited (the "Credit Union") was registered on April 12, 1958, as a Co-operative Society. The Credit Union's operations are subject to the Co-operative Societies Act 2012 of St. Vincent and the Grenadines and the supervision of the Financial Services Authority. The Credit Union's principal activities are to promote thrift among its members, to receive the savings of and to provide a source of credit to members.

The Credit Union's registered office is situated on Grandby Street, Kingstown, St. Vincent and the Grenadines.

**2. Basis of accounting**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the international standards board (ISAB) as at December 31, 2017 (the reporting date).

These financial statements were authorised for issue by the Board of Directors on May 24, 2018.

**3. Significant accounting judgments, estimates and assumptions**

The preparation of the Credit Union's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Credit Union's accounting policies, management has made various judgments. Those which management has assessed to have the most significant effect on the amounts recognised in the non-consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Credit Union based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Credit Union. Such changes are reflected in the assumptions when they occur.

The Credit Union carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in Other Comprehensive Income (OCI). The Credit Union engaged an independent valuation specialist to assess fair value for investment property.

4. Summary of significant accounting policies

a. **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.

b. **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.

c. **Interest income and expense**

Interest income and expense are recognized in the comprehensive income 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.

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.

d. **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.

4. Summary of significant accounting policies (cont'd)

e. **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.

f. **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.

g. **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 comprehensive income over the period of the borrowings using the effective interest method.

h. **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.

4. Summary of significant accounting policies (cont'd)

i. **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 or 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.

j. **Financial liabilities**

Accounts payable and accrued liabilities, interest payable, deposits, dividend and rebates payable, and redeemable member shares are measured at amortised cost.

During the ordinary course of business, the Credit Union issues deposit contracts that expose the Credit Union to financial risk. Deposits are recognised initially at fair value and are subsequently stated at amortised cost using the effective interest method.

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.

k. **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.

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.



4. Summary of significant accounting policies (cont'd)

k. Financial assets (cont'd)

a. Classification (cont'd):

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 is 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.

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

4. Summary of significant accounting policies (cont'd)

k. Financial assets (cont'd)

b. Recognition and measurement (cont'd)

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.

l. 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.

4. Summary of significant accounting policies (cont'd)

l. 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.

A provision for restructuring is recognized when the restructuring has commenced.

m. 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.

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4. Summary of significant accounting policies (cont'd)

n. 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.

**Revaluation reserve**

Gains/losses arising on the revaluation of property (other than investment property).

**Retained earnings**

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

5. Correction of errors

In the past, the Credit Union did not record vacation and retirement expense. These errors have been corrected by restating each of the affected financial statement line items for the prior period and an adjustment to retained earnings for prior periods of \$357,641. The following table summarises the impacts on the financial statements.

1 January 2016	Impact of correction of error		
	As previously reported	Adjustment	As restated reported
Accounts payable and accrued liability	(263,916)	(357,641)	(621,557)
Others	(67,437,068)	-	(67,437,068)
<b>Total liabilities</b>	<b>(67,700,984)</b>	<b>(357,641)</b>	<b>(68,058,625)</b>
Retained earnings	(4,573,463)	357,641	(4,215,822)
Others	(11,919,633)	-	(11,919,633)
<b>Total members equity</b>	<b>(16,493,096)</b>	<b>357,641</b>	<b>(16,135,455)</b>

31 December 2016	Impact of correction of error		
	As previously reported	Adjustment	As restated reported
Accounts payable and accrued liability	(255,031)	(460,630)	(715,661)
Others	(74,483,626)	-	(74,483,626)
<b>Total liabilities</b>	<b>(74,738,657)</b>	<b>(460,630)</b>	<b>(75,199,287)</b>
Retained earnings	(4,578,513)	460,630	(4,117,883)
Others	(12,642,121)	-	(12,642,121)
<b>Total equity</b>	<b>(17,220,634)</b>	<b>460,630</b>	<b>(16,760,004)</b>

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5. Correction of errors (cont'd)

Statement of comprehensive income

31 December 2016

	Impact of correction of error		
	As previously reported	Adjustment	As restated
Net income	4,003,680	-	4,003,680
Selling expense	(296,125)	-	(296,125)
General and administrative expenses	(3,235,673)	(102,989)	(3,338,662)
Others	190,318	-	190,318
<b>Net income being, total comprehensive income for the year</b>	<b>662,200</b>	<b>(102,989)</b>	<b>559,211</b>

6. New standards, interpretations and amendments effective during the year

Certain new, revised and amended standards and interpretations are effective for annual periods beginning on or after January 1, 2017. The credit union has not early adopted any standards issued but not yet effective. The nature and impact of each amendment is described below.

**Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses (effective January 1, 2017)**

The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

**Amendments to IAS 7 Statement of Cash Flows (effective January 1, 2017)**

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

**Amendments to IFRS 12 Disclosure of Interest in Other Entities (effective January 1, 2017)**

The amendments clarify that the disclosure requirements in IFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments are effective from 1 January 2017 and must be applied retrospectively.

7. New standards, amendments and interpretations not yet effective and have not been early adopted

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Credit Union's future financial statements which will be effective for the accounting periods beginning on or after 1 January 2018.

7. **New standards, amendments and interpretations not yet effective and have not been early adopted (cont'd)**

**IFRS 9 - Financial instruments**

IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

The Credit Union is in the early stages in preparing for the implementation of IFRS 9.

**IFRS 15 - Revenue from contracts with customers**

IFRS 15, *Revenue from Contracts with Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC-31, *Revenue - Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Credit Union will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Credit Union is assessing the impact that this standard will have on its 2018 financial statements.

**IFRS 16 Leases (effective January 1, 2019)**

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of use asset.

**7. New standards, amendments and interpretations not yet effective and have not been early adopted (cont'd)**

**IFRS 16 Leases (effective January 1, 2019) (cont'd)**

Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The credit union does not anticipate early adopting IFRS 16 and is currently evaluating its impact

**8. Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Credit Union's risk management framework. The Credit Union's risk management policies are established to identify and analyse the risk faced by the Credit Union, to set appropriate risk limits and controls and to monitor risks and adherence to limits and controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Credit Union's activities. The Credit Union, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Supervisory Committee oversees how management monitors compliance with the Credit Union's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Credit Union. The Compliance Officer undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Supervisory Committee and to the Board of Directors.

The Credit Union's activity of accepting funds from members and of investing deposit receipts in loans and other investments exposes the Credit Union to various financial risks. Financial risks include credit, liquidity and market risks. Market risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The effects of these risks are disclosed in the sections below.

**(a) Credit risk**

Credit risk is the risk that the counterparty to a financial instrument is unable to meet their contractual obligation, thereby causing a financial loss to the Credit Union. Credit risk arises mainly from loans and advances to members, investment securities, accounts receivable and cash.

Credit risk from financial assets is minimised through advancing loans only after careful assessment of the borrower, obtaining collateral before advancing loans. The risk accepted in relation to one borrower is restricted to 10% of the shareholder's equity. Exposure to credit risk is also managed in part by obtaining collateral and guarantees for loans receivable. The collateral may consist of real estate, member deposits and shares, equipment or vehicles. The credit quality of each individual investment is internally assessed based on the financial strength, reputation and market position of the issuing company and the ability of that company to service the debt. The Credit Union's balances with banks are held with reputable financial institutions and as a result their credit risk is deemed minimal.

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8. Financial risk management (cont'd)

(a) Credit risk (cont'd)

	2017 \$	2016 \$
Maximum exposure to credit risk: -		
Cash at bank	14,401,995	12,288,924
Loans and advances to members	67,376,721	63,970,393
Investment securities	2,314,787	842,979
Accounts receivable	80,201	120,282
	<u>84,173,704</u>	<u>77,222,578</u>

Credit risk in respect of loans and advances is limited as this balance is shown net of impairment losses on loans and advances. Credit risk exposure on off-balance sheet items is disclosed in Note 33.

A financial asset is past due when a counterparty has failed to make payments when contractually due. The Credit Union is most exposed to the risk of past due assets with respect to its loans and advances to members.

Loans and advances to members are summarized as follows: -

	2017 \$	2016 \$
<b>Loans and advances to members: -</b>		
Neither past due nor impaired	63,272,598	63,575,923
Past due but not impaired	1,100,374	684,017
Impaired	4,146,225	1,370,353
<b>Gross amount</b>	<u>68,519,197</u>	<u>65,630,293</u>
Less: Allowance for loan losses	(1,433,585)	(1,781,697)
Net	<u>67,085,612</u>	<u>63,848,596</u>

(i) Loans and advances neither past due nor impaired  
The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Credit Union.

(ii) Loans and advances past due but not impaired  
Loans and advances to members less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary.

The table below summarises the gross amount of loans and advances to members that were past due but not impaired: -

	2017 \$	2016 \$
Past due up to 30 days	82,503	398,964
Past due 31 - 60 days	43,837	169,610
Past due 61 - 89 days	974,034	115,443
	<u>1,100,374</u>	<u>684,017</u>



8. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iii) Impaired

The total allowance for loan losses is \$1,433,585 (2016: (\$1,781,697)). Interest is not accrued on impaired financial assets. Further information of the allowance for loan losses is provided in Note 14.1.

(iv) Repossessed assets

The Credit Union may foreclose on overdue loans by repossessing the pledged asset. The pledged asset may consist of real estate, equipment or vehicles which the Credit Union will seek to dispose of by sale. In some instances, the Credit Union may provide re-financing.

(v) Geographical concentration

The Credit Union operates primarily in St. Vincent and the Grenadines which is its country of domicile.

(vi) Industry sector

The Credit Union's concentration of loans is given to private households for consumer purposes and mortgage loans. As seen below, the majority of the Credit Union's loan are for personal use and construction and land development. Private households would include personal, vacation and travel, housing, vehicle purchases and medical purposes.

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8. Financial risk management (cont'd)

(a) Credit risk (cont'd)

	Loan Sectors						Total \$
	Private Households \$	Wholesale and Retail Trade \$		Agriculture \$	Education \$	Construction and Land Development \$	
Gross balance as at December 31, 2017	10,982,991	12,236,946	98,513	3,197,873	42,002,874	68,519,197	

(vii) Investment securities

The Credit Union's investments held with the St. Vincent and the Grenadines Cooperative League are not externally rated.

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8. Financial risk management (cont'd)

(b) Liquidity risk

Liquidity risk is the exposure that the Credit Union may encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns.

The contractual maturities of assets and liabilities, and the ability of the Credit Union to meet payment obligations associated with financial liabilities when they fall due and to replace funds when they are withdrawn, are important factors in assessing the liquidity of the Credit Union.

Projections and examination of the Credit Union's asset and liability maturity structure to facilitate the matching of asset and liability maturity dates as far as possible and providing for any shortfall or excess cash situations is a fundamental part of the Credit Union's liquidity risk management.

Management undertakes continuous review of cash inflows and outflows and seeks to maintain a loans-to-savings ratio not exceeding 85%. For the purpose of this ratio savings include deposits from members and shareholder balances.

The table below presents the cash flows payable by the Credit Union for financial liabilities by remaining contractual maturity dates at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	1 year \$	1 and 5 years \$	After 5 years \$	Total \$
<b>As at December 31, 2017</b>				
Accounts payable	1,069,771	-	-	1,069,771
Bank overdraft	143,298	-	-	143,298
Interest payable	469,033	-	-	469,033
Deposits	31,749,400	-	-	31,749,400
Dividends and rebates payable	1,034,711	-	-	1,034,711
Redeemable member shares	46,981,013	-	-	46,981,013
	<u>81,447,226</u>	<u>-</u>	<u>-</u>	<u>81,447,226</u>
	1 year \$	1 and 5 years \$	After 5 years \$	Total \$
<b>As at December 31, 2016</b>				
Accounts payable	715,661	-	-	715,661
Bank overdraft	112,789	-	-	112,789
Interest payable	489,258	-	-	489,258
Deposits	28,437,269	-	-	28,437,269
Dividends and rebates payable	1,225,440	-	-	1,225,440
Redeemable member shares	44,218,870	-	-	44,218,870
	<u>75,199,287</u>	<u>-</u>	<u>-</u>	<u>75,199,287</u>

**8. Financial risk management (cont'd)**

**(b) Liquidity risk (cont'd)**

The Credit Union holds a diverse portfolio of cash and investments to support payment obligation. Assets held for managing liquidity comprises cash and balances with banks, certificates of deposit and government bonds that are readily acceptable. The Credit Union would also be able to meet unexpected cash flows by selling investment.

**(c) Interest rate risk**

The Credit Union is exposed to interest rate risk, which arises when a change in market interest rate affects the current or future yields of financial assets and financial liabilities. The occurrence of an increase in interest rates on financial liabilities may result in financial loss to the Credit Union.

Interest on loans and advances to members and deposits from members is fixed to maturity.

The table below summarises the exposures to interest rate risks of the Credit Union's financial assets and financial liabilities. Amounts are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

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8. Financial risk management (cont'd)

(c) Interest rate risk (cont'd)

	Up to 1 month	1 and 3 months	3 and 12 months	1 and 5 Years	Over 5 years	Non- interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$
<b>As at December 31, 2017</b>							
<b>Financial assets</b>							
Cash	14,545,293	-	-	-	-	259,134	14,804,427
Investment securities	-	-	2,314,784	-	-	1,065,611	3,380,395
Accounts receivable	-	-	-	-	-	136,598	136,598
Loans and advances to members	454,234	2,414,189	14,903,085	48,175,818	1,131,286	-	67,078,612
	14,999,527	2,414,189	17,217,869	48,175,818	1,131,286	1,461,343	85,400,032
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	-	(1,069,771)	(1,069,771)
Bank overdraft	(143,298)	-	-	-	-	-	(143,298)
Interest payable	(469,033)	-	-	-	-	-	(469,033)
Deposits from members	-	-	(31,749,400)	-	-	-	(31,749,400)
Redeemable Members shares	-	-	-	(46,981,013)	-	-	(46,981,013)
Dividends and rebates payable	-	-	-	-	(1,034,711)	-	(1,034,711)
	(612,331)	-	(31,749,400)	(46,981,013)	(1,034,711)	(1,069,771)	(81,447,226)
<b>Total interest sensitivity gap</b>	<b>14,387,196</b>	<b>2,414,189</b>	<b>(14,531,531)</b>	<b>1,194,805</b>	<b>96,575</b>	<b>391,572</b>	<b>3,952,806</b>

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8. Financial risk management (cont'd)

(c) Interest rate risk (cont'd)

As at December 31, 2016	Up to 1 month	1 and 3 months	3 and 12 months	1 and 5 Years	Over 5 years	Non- interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>							
Cash	12,401,712	-	-	-	-	198,883	12,600,595
Investment securities	-	-	842,979	-	-	1,070,591	1,913,570
Accounts receivable	-	-	-	-	-	164,819	164,819
Loans and advances to members	432,361	2,297,939	14,185,461	45,856,022	1,076,812	-	63,848,595
	12,834,073	2,297,939	15,028,440	45,856,022	1,076,812	1,434,293	78,527,579
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	-	(715,661)	(715,661)
Bank overdraft	(112,789)	-	-	-	-	-	(112,789)
Interest payable	(489,258)	-	-	-	-	-	(489,258)
Deposits from members	-	-	(28,437,267)	-	-	-	(28,437,267)
Redeemable members shares	-	-	-	(44,218,870)	-	-	(44,218,870)
Dividends and rebates payable	-	-	-	-	(1,225,440)	-	(1,225,440)
	(602,047)	-	(28,437,267)	(44,218,870)	(1,225,440)	(715,661)	(75,199,285)
<b>Total interest sensitivity gap</b>	12,232,026	2,297,939	(13,408,827)	1,637,152	(148,628)	718,632	3,328,294

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8. Financial risk management (cont'd)

(c) Interest rate risk (cont'd)

At the reporting date, the carrying values of the Credit Union's interest-bearing, fixed-rate financial instruments were: -

	2017 \$	2016 \$
<b>Financial assets</b>		
Cash at bank - savings accounts only	14,804,427	12,600,596
Investment securities	2,314,784	842,979
Loans and advances to members	67,085,612	63,848,596
	<u>84,204,823</u>	<u>77,292,171</u>
<b>Financial liability</b>		
Bank overdraft	143,298	112,789
Deposits from members	31,749,400	28,437,269
	<u>31,892,698</u>	<u>28,550,058</u>

The table below summarises the interest rates on financial assets and liabilities held at the reporting date.

Sensitivity analysis

Cash flow interest rate risk arises from loans and advances to members at variable rates.

	2017 %	2016 %
<b>Financial assets</b>		
Cash	2.00	2.00
Investment securities	2.00 - 7.50	2.00 - 7.95
Loans and advances to members	6.00 - 12.00	6.00 - 12.00
<b>Financial liabilities</b>		
Deposits from members	2.00 - 2.25	2.00 - 2.75

(d) Foreign currency risk

The Credit Union takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Management believes that exposure to currency risk is minimal since transactions in foreign currencies are primarily in United States Dollars (US\$) which has been formally pegged at EC\$2.70 since July 1976.

(e) Fair value risk

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Where an active market exists, market price is used as the best evidence of the fair value of a financial instrument. Where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting date. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used: -

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**8. Financial risk management (cont'd)**

**(e) Fair value risk (cont'd)**

- The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of variable-rate financial instruments is assumed to approximate their carrying amounts.

Fair value risk is the risk that the fair value of a financial instrument may vary in response to changes in interest rates, equity prices, currency exchange rates or other market factors.

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows: -

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The Credit Union's financial assets and financial liabilities as disclosed in the Statement of Financial Position approximate their fair value and are classified as Level 3.

**9. Capital risk management**

The Credit Union's objectives when managing capital are:-

- To comply with the statutory capital requirements of the Co-operative Societies Act of St. Vincent and the Grenadines;
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for members and benefits for other stakeholders; and
- To maintain a strong capital base to maintain members, creditors and other parties' confidence and to sustain future development of the Credit Union.

The Board of Directors monitors the return on capital, which is defined as surplus for the year divided by total shares, as well as the level of dividends to members.

Section 119 of the Co-operative Societies Act Cap 12:06 requires the Credit Union to maintain statutory and other reserves at not less than 10% of its liabilities. The Credit Union is in compliance as at December 31, 2017 (see Note 24).



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10. 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.

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.

11. Cash and cash equivalents

	2017	2016
	\$	\$
Cash on hand	259,134	198,884
Deposits and special savings	14,545,293	12,401,712
<b>Cash and cash equivalents in statement of financial position</b>	<b>14,804,427</b>	<b>12,600,596</b>
Bank overdraft	(143,298)	(112,789)
<b>Cash and cash equivalents in statement of cash flow</b>	<b>14,661,129</b>	<b>12,487,807</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition including: cash on hand, deposits with banks, non-bank financial institutions, and overdraft facilities.

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**12. Investment securities**

	2017 \$	2016 \$
<b>Securities held-to-maturity</b>		
7.5% Government of St. Vincent and the Grenadines amortising bonds, maturing May 2024	928,572	-
Government of St. Lucia Treasury Bills 180-Day	487,968	-
Government of St. Lucia Treasury Bills 91-Day	198,515	-
St. Vincent and the Grenadines Credit Union League Term Deposits 3%	252,838	245,474
St. Vincent and the Grenadines Credit Union League Term Deposits 3%	85,494	83,004
St. Vincent and the Grenadines Credit Union League Term Deposits 3%	297,052	291,200
St. Vincent and the Grenadines Credit Union League 2% Central Finance Facility Deposit	64,348	62,121
St. Vincent Building and Loan Association Special Deposit 3.50%, maturing August 31, 2017	-	161,180
	<u>2,314,787</u>	<u>842,979</u>
<b>Securities available-for-sale</b>		
British American 8.5% Corporate Savings Contract, maturity October 24, 2009	100	100
Eastern Caribbean Co-operative Central Limited	10,000	10,000
First Caribbean International Bank (Barbados) Limited - 70,000 common shares, at fair value	210,017	210,017
Shares in Credit Union League - 20,000 shares, at fair value	607,616	607,616
East Caribbean Home Mortgage Bank Shares - 133 shares, at fair value	13,300	13,300
Bank of St. Vincent and the Grenadines - 4,500 common shares	36,000	40,980
St. Vincent Building and Loan Association, permanent shares	188,578	188,578
	<u>1,065,611</u>	<u>1,070,591</u>
<b>Total investment securities</b>	<u>3,380,398</u>	<u>1,913,570</u>

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

	2017 %	2016 %
Government of St. Vincent & the Grenadines bonds	7.50	7.95
St. Vincent and the Grenadines Credit Union League	3.00	3.34
St. Vincent Building and Loan Association	3.30	3.30

	Available for sale \$	Held to maturity \$	Total \$
<b>At January 1, 2017</b>	1,070,591	842,979	1,913,570
Additions	-	1,615,055	1,615,055
Disposal/redemption	(4,980)	(161,180)	(166,160)
Interest capitalized	-	17,933	17,933
<b>At December 31, 2017</b>	<u>1,065,611</u>	<u>2,314,787</u>	<u>3,380,398</u>
<b>At January 1, 2016</b>	1,028,210	1,799,673	2,827,883
Additions	42,381	-	42,381
Disposal/redemption	-	(978,679)	(978,679)
Interest capitalized	-	21,985	21,985
<b>At December 31, 2016</b>	<u>1,070,591</u>	<u>842,979</u>	<u>1,913,570</u>

On September 1, 2013, the St. Vincent Building and Loan Association implemented a capitalisation plan which aims at improving its solvency and liquidity positions. As of reporting date, the Credit Union held Building & Loan Association certificates of deposits having a nominal value of \$0.00 (2016: \$161,180).

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**12. Investment securities (cont'd)**

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

	2017	2016
	\$	\$
Eastern Caribbean currency	3,170,381	1,703,553
Barbados currency	210,017	210,017
	<u>3,380,398</u>	<u>1,913,570</u>

**13. Investment in associate**

	2017	2016
	\$	\$
Investments at the beginning of the year	235,277	324,880
(Disposals)/Additions	(171,012)	100,000
Impairment loss on COMFI investment	(64,265)	(189,603)
	<u>-</u>	<u>235,277</u>

Initial investment EC\$634,311: 27.6% of the outstanding common share of SVG Small Business and Micro Finance Co-operative Limited (COMFI).

During the year 2016 SVG Small Business and Micro-Finance Co-operative Limited (COMFI) was placed in voluntary liquidation. The liquidation is in the process of determining the value of shareholding to be allocated to the various Credit Unions that currently own shares in the entity. Consequently, the Credit Union has fully provided for impairment losses anticipated on the investment.

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14. Loans to members	2017 \$	2016 \$
Loans partially secured by shares	23,671,299	22,199,452
Micro loans	541,902	248,599
Mortgage loans	42,002,874	41,160,248
Student loans	2,303,122	2,021,994
	<u>68,519,197</u>	<u>65,630,293</u>
Allowance for impairment losses on loan (Note 14.2)	(1,433,585)	(1,781,697)
	<u>67,085,612</u>	<u>63,848,596</u>
Interest receivable on loans:		
Partially secured by shares	307,490	295,225
Micro loans	38,453	21,001
Mortgage loans	377,536	357,418
Student loans	23,151	24,952
	<u>746,630</u>	<u>698,596</u>
Allowance for impairment of interest receivable	(455,521)	(576,799)
	<u>291,109</u>	<u>121,797</u>
Loans to members, net	<u>67,376,721</u>	<u>63,970,393</u>

The effective interest yield during the year on loans to members was 9% (2016: 9%).

**14.1 Loans to members impairment analysis**

Loans and advances are summarised as follows:

	2017 \$	2016 \$
Neither past due nor impaired	63,272,598	63,575,923
Past due but not impaired	1,100,374	684,017
Impaired	4,146,225	1,370,353
Gross	<u>68,519,197</u>	<u>65,630,293</u>
Less: allowance for impairment (Note 14.2)	(1,433,585)	(1,781,697)
	<u>67,085,612</u>	<u>63,848,596</u>
Interest receivable on loans:		
Neither past due nor impaired	291,131	374,407
Past due but not impaired	39,280	2,345
Impaired	416,219	321,844
	<u>746,630</u>	<u>698,596</u>
Less: allowance for impairment (Note 14.2)	(455,521)	(576,799)
	<u>291,109</u>	<u>121,797</u>
Loans to members, net	<u>67,376,721</u>	<u>63,970,393</u>

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14. Loans to members (cont'd)

14.1 Loans to members impairment analysis (cont'd)

**Loans to members past due but not impaired**

Loans and advances less than 180 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:

	2017	2016
	\$	\$
Past due up to 30 days	82,503	398,964
Past due 31 - 60 days	43,837	169,610
Past due 61 - 180 days	974,034	115,443
Total	<u>1,100,374</u>	<u>684,017</u>

	2017	2016
	\$	\$
Interest receivable on loans		
Past due up to 30 days	1,620	3,255
Past due 31-60 days	7,400	2,086
Past due 61-180 days	30,260	6,519
	<u>39,280</u>	<u>11,860</u>

14.2 Allowance for impairment on loans

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

	2017	2016
	\$	\$
Balance at the beginning of the year	1,781,696	2,201,980
Charge for the year	1,002,215	270,000
Write off	(1,350,326)	(690,283)
Balance at end of the year	<u>1,433,585</u>	<u>1,781,697</u>

All loans to members are denominated in Eastern Caribbean currency.

14.3 Allowance for impairment on loan interest receivable

	2017	2016
	\$	\$
Balance at the beginning of the year	576,799	476,800
Charge for the year	(121,278)	99,999
Balance at the end of year	<u>455,521</u>	<u>576,799</u>

15. Other receivables

	2017	2016
	\$	\$
Interest receivable	42,312	64,171
Prepaid expenses	56,397	44,537
Other accounts receivable	37,889	56,111
	<u>136,598</u>	<u>164,819</u>

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## 16. Investment properties

	Land at Canouan \$	Land and building Kingstown Park \$	Land at Bequia \$	Land at Brighton \$	Total \$
December 31, 2016	355,192	611,791	171,671	2,394,600	3,533,254
Increase in fair value	-	-	-	239,460	239,460
December 31, 2017	355,192	611,791	171,671	2,634,060	3,772,714

On May 27, 2015, the Credit Union's investment properties were valued by Edric Lewis and Associates, independent valuers, on an open market basis. The directors adopted the combined appraisal value of \$3,772,714.

## 17. Property, plant and equipment

	Land \$	Building \$	Furniture & Equipment \$	Total \$
<b>At January 1, 2016</b>				
Cost or valuation	2,361,273	6,402,063	1,974,885	10,738,221
Accumulated depreciation	-	(142,022)	(1,416,464)	(1,558,486)
Net book amount	2,361,273	6,260,041	558,421	9,179,735
<b>Year ended December 31, 2016</b>				
Opening net book amount	2,361,273	6,260,041	558,421	9,179,735
Additions	-	392,879	314,402	707,281
Depreciation charge	-	(135,799)	(209,835)	(345,634)
Closing net book amount	2,361,273	6,517,121	662,988	9,541,382
<b>At January 1, 2017</b>				
Cost or valuation	2,361,273	6,794,942	2,289,287	11,445,502
Accumulated depreciation	-	(277,821)	(1,626,299)	(1,904,120)
Net book amount	2,361,273	6,517,121	662,988	9,541,382
<b>Year ended December 31, 2017</b>				
Opening net book amount	2,361,273	6,517,121	662,988	9,541,382
Additions	-	257,251	166,958	424,209
Depreciation charge	-	(135,899)	(218,242)	(354,141)
Closing net book amount	2,361,273	6,638,473	611,704	9,611,450
<b>At December 31, 2017</b>				
Cost or valuation	2,361,273	7,052,193	2,456,245	11,869,711
Accumulated depreciation	-	(413,720)	(1,844,541)	(2,258,261)
Net book amount	2,361,273	6,638,473	611,704	9,611,450

On May 27, 2015, the Credit Union's land and building were valued by Edric Lewis and Associates, independent valuers, on an open market basis; the directors adopted the combined appraisal value of \$8,411,148 in the Credit Union's records in December 2014. The excess of appraised value over cost was credited to revaluation surplus.

Depreciation expense of \$354,141 (2016: \$345,634) was charged to general and administrative expenses.

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**18. Accounts payable and accrued liabilities**

	2017	Restated 2016
	\$	\$
Accounts payable	437,953	192,140
Vacation payable	210,259	184,822
Retirement benefit	307,095	275,808
Other accruals	70,544	62,891
Deposits due to members' accounts	43,920	-
	<u>1,069,771</u>	<u>715,661</u>

**19. Interest payable**

Interest Payable	%	2017	%	2016
Interest payable on BCF	2.95 - 4.00	361,242	3.5 - 4.00	420,884
Interest payable on deposits	2.25	102,180	2.50	64,408
Interest payable on junior savers	2.00	5,611	2.25	3,966
Total		<u>469,033</u>		<u>489,258</u>

**20. Deposits**

	2017	2016
	\$	\$
Members' demand deposits	18,932,731	16,629,059
Building capitalisation fund shares	12,816,669	11,808,210
	<u>31,749,400</u>	<u>28,437,269</u>

The building capitalization fund shares have varying maturity dates.

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

	2017	2016
	%	%
Members' demand deposits	2.84	2.73
Building capitalisation fund shares	3.74	4.08

All deposits are denominated in Eastern Caribbean currency.

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## 21. Share capital

## Issued share capital

	2017 Share Numbers	2016 Share Numbers
Redeemable \$5 par value member shares	9,396,203	8,843,774
Permanent fully paid \$5 par value member shares	499,979	466,070
	2017 \$	2016 \$
<b>Paid-up capital</b>		
<b>Reported as financial liabilities</b>		
Redeemable \$5 par value member shares	46,981,013	44,218,870
<b>Reported as equity</b>		
Permanent fully paid \$5 par value member shares	2,415,894	2,330,350
Subscription for permanent \$5 par value member shares	83,999	86,535
	<u>2,499,893</u>	<u>2,416,885</u>
	<u>49,480,906</u>	<u>46,635,755</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 permanent \$5 par value shares.

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

The Credit Union declared a dividend on permanent shares of \$111,618 on March 1<sup>st</sup>, 2018. The dividends have not been recognized as liabilities.

## 22. 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.

	2017 \$	2016 \$
Balance - beginning of year	4,254,614	3,765,858
Entrance fees	3,695	3,560
Appropriation for year	418,752	485,196
Balance - end of year	<u>4,677,061</u>	<u>4,254,614</u>

## 23. Development fund

	2017 \$	2016 \$
Balance - beginning of year	15,359	15,359
Utilization for the year	(5,000)	(5,000)
Appropriation	5,000	5,000
Balance - end of year	<u>15,359</u>	<u>15,359</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.



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**24. Co-operative Societies Act Compliance Requirements**

**Liquid investments**

	2017	2016
	\$	\$
Fixed deposits	2,314,787	842,979
Cash	14,661,129	12,487,807
	<u>16,975,916</u>	<u>13,330,786</u>
<b>Members' deposits and ordinary shares</b>	<u>78,730,413</u>	<u>72,656,139</u>
<b>Liquid investments to shares and deposits ratio</b>	<b>21%</b>	<b>18%</b>

Section 119 (3) of The Co-operative Societies Act requires that not less than 15% of the Members' shares and deposits be kept in liquid reserve. Liquid reserves of the Credit Union represented 21% (2016 - 18%) of Members' shares and deposits.

	2017	2016
	\$	\$
Statutory and other reserves	10,642,703	10,225,236
Total liabilities	<u>81,447,226</u>	<u>75,199,287</u>
<b>Reserves to liabilities ratio</b>	<b>13%</b>	<b>13%</b>

Section 124 (3) of The Co-operative Societies Act requires that statutory and other reserves at no stage be less than 10% of its total liabilities. Statutory and other reserves of the credit union represented 13% (2016 - 13%) of its total liabilities.

**25. Interest earned on loans**

	2017	2016
	\$	\$
Mortgage loans	3,124,588	3,080,378
Consumer loans	2,147,485	2,031,644
Vehicle loans	360,182	330,197
Education loans	191,983	212,251
Non-productive loans	-	517
	<u>5,824,238</u>	<u>5,654,987</u>

**26. Investment income**

Investment income comprises:

	2017	2016
	\$	\$
Interest earned on bank deposits and fixed deposits	330,117	262,092
Interest earned on held to maturity securities	38,366	2,816
Appreciation in available for sale securities	-	42,381
Dividends	12,304	20,295
	<u>380,787</u>	<u>327,584</u>

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27. Selling expenses	2017	2016
	\$	\$
Bad debts (recoveries)	(12,073)	(9,987)
Donations	35,891	27,321
Publicity, promotions and sponsorship	232,686	236,591
Scholarship funds	46,772	42,200
	<u>303,276</u>	<u>296,125</u>

**28. General and administrative expenses**

The following summarizes the Credit Union's administrative expenses by their nature.

	2017	2016
	\$	\$
Annual general meeting expense	53,376	35,305
Annual licence fee	30,482	42,310
Audit fees - current year	60,000	54,500
- Previous year	9,000	-
Bank charges	4,681	3,366
Board and committee meetings	130,941	129,485
Cash shorts	3,672	3,848
Communication expenses	153,788	179,500
Conventions and summits	50,084	53,894
Deposits due to members' accounts	43,920	-
Depreciation expense	354,141	345,634
Electricity	84,831	90,911
General insurance	58,785	55,394
Health and safety	8,544	29,042
Insurance on loans and shares	381,727	359,152
League dues	68,636	63,120
Other operating expenses	32,814	14,275
Professional fees	7,341	2,543
Rates and taxes	6,138	6,138
Rental expense	59,400	54,900
Repairs and maintenance - building	76,755	58,771
- equipment	77,981	78,373
Security	127,652	99,441
Staff costs	1,355,148	1,424,584
Stationery and office supplies	110,785	121,440
Travel	20,593	13,327
Water	15,192	19,409
	<u>3,386,407</u>	<u>3,338,662</u>

**29. Income on death benefit plan - net**

	2017	2016
	\$	\$
Death benefit contributions	491,900	245,010
Death benefit claims paid	(222,500)	(160,333)
	<u>269,400</u>	<u>84,677</u>

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## 30. Staff cost

	2017	Restated 2016
	\$	\$
Bonus	33,000	44,359
Staff medical insurance	27,290	26,670
National Insurance contributions	51,800	50,421
Salaries and wages	1,139,998	1,069,378
Staff training and education	12,679	38,343
Staff uniform	33,656	29,757
Severance	-	62,667
Retirement benefit	31,288	20,664
Vacation	25,437	82,325
	<u>1,355,148</u>	<u>1,424,584</u>
Number of employees at reporting date	<u>39</u>	<u>35</u>

## 31. Related party transactions

## (a) Definition of related party

A related party is a person or entity that is related to the Credit Union.

- (i) A person or a close member of that person's family is related to the Credit Union if that person:
- 1) has control or joint control of the Credit Union;
  - 2) has significant influence over the Credit Union; or
  - 3) is a member of the key management personnel of the Credit Union or of a parent of the Credit Union.
- (ii) An entity is related to the Credit Union if any of the following conditions applies:
- 1) The entity and the Credit Union are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - 2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - 3) Both entities are joint ventures of the same third party.
  - 4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - 5) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
  - 6) The entity is controlled or jointly controlled by a person identified in (a).
  - 7) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - 8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Credit Union or to the parent of the Credit Union.
- Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:
- that person's children and spouse or domestic partner;
  - children of that person's spouse or domestic partner; and
  - dependents of that person or that person's spouse or domestic partner.

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31. Related party transactions (cont'd)

(b) *Identity of related parties*

The Credit Union has a related party relationship with its Directors, Committee Members and Management Staff.

(c) *Related party transactions and balances*

A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions.

1) Key management compensation

	Transaction values for the year ended December 31	
	2017 \$	2016 \$
Salaries and wages	564,213	556,300
National Insurance contributions	15,983	19,395
Total	580,196	575,695

2) Loans and deposits

Related party relationship	Type of transactions	Transaction values for the year ended December 31	
		2017 \$	2016 \$
Directors and committee members	Deposits to share accounts	20,563	4,542
	Deposits to deposit accounts	25,470	14,645
	Withdrawals from share accounts	5,943	457
	Withdrawals from deposit accounts	136,530	35,983
	Loan repayment	124,859	30,204
Staff members	Deposits to share accounts	40,980	1,325
	Deposits to deposit accounts	431,301	17,149
	Withdrawals from share accounts	8,685	255
	Withdrawals from deposit accounts	649,708	13,627
	Loan repayment	316,137	5,962

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED  
Notes to the Financial Statements  
December 31, 2017  
(Expressed in Eastern Caribbean dollars)

31. Related party transactions (cont'd)

(c) Related party transactions and balances (cont'd)

2) Loans and deposits (cont'd)

a. Loans

	Balance outstanding as at December 31	
	2017	2016
	\$	\$
Directors and committee members	1,603,851	1,066,028
Management staff	1,927,443	1,616,663
Total	3,531,294	2,682,691

b. Deposits

	Balance outstanding as at December 31	
	2017	2016
	\$	\$
Directors and committee members	206,446	210,633
Management staff	656,937	666,897
Total	863,383	877,530

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their relatives at the reporting date.

32. Income tax

Section 25 (1) (n) of the Income Tax Act exempts Co-operative Societies from income tax.

33. Commitments

During prior periods, the Credit Union entered into contractual commitments amounting to \$870,000 for the renovation of the Marriaqua Branch Office Building. These renovations were completed in March 2018. During 2017, actual costs incurred amounted to \$257,250. Additional costs amounting to \$168,967 is expected to be incurred in 2018.

Loans and advances committed but not yet drawn at year end amounted to \$2,244,380.

The Credit Union is committed to a total monthly rental of \$4,950 for premises under an operating lease.

The monthly rental commitment by locations are as follows:

Location	Amount \$
Bequia	2,550
Canouan	1,200
Union Island	1,200
Total	4,950

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED  
Notes to the Financial Statements  
December 31, 2017  
(Expressed in Eastern Caribbean dollars)

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34. Comparative figures

Certain of the comparative amounts have been reclassified to conform with the current year's presentation.

# 2017 STAFF AWARDS

## EMPLOYEES OF THE YEAR PERFORMANCE AWARDS



Loans Department



Finance Department



Compliance



Academic achievement

## LONG SERVICE AWARDS

### 10-14 YEARS



Missing: Clairiesa Anderson-Pierre and Sharlene Antoine



### 15-19 YEARS



### OVER 20 YEARS



Missing: Theresa John and Jasmine Woods

# 2017 IN REVIEW

## KCCU ANNUAL SCHOOL QUIZ 2017



Winners: Stubbs Government School



All Finalists



### KCYC ANNUAL SUMMER CAMP



Presentation by Dr. Kenneth Onu

### SCHOOL OUTREACH



### GRADUATION DONATIONS



Camp at Mesopotamia Farm



### ANNUAL SENIOR CARE DAY



### PILOGUE OF CHAPTER - ANOTHER





# KCCU 60<sup>th</sup> ANNIVERSARY

[ 1958 - 2018 ]



*Highlights of our 60th Anniversary Commemorations*

# 60TH ANNIVERSARY ACTIVITIES

PRESS CONFERENCE



DONATION OF SHOES TO SANDY BAY GOVERNMENT SCHOOL



OPENING OF MARRIAQUA BUILDING



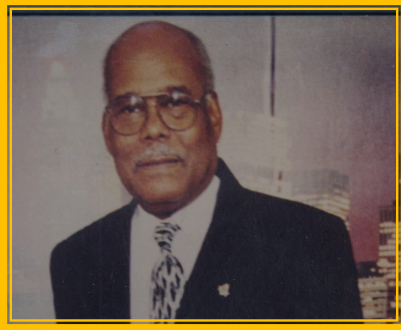
60TH ANNIVERSARY CHURCH SERVICE



TREE PLANTING CEREMONY

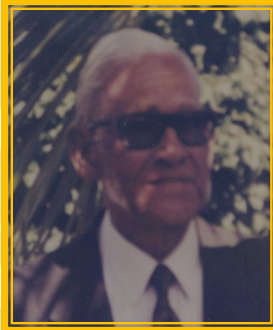


## KCCU PRESIDENTS



Bro. Jerome Burke Sr.

1958 - 1973



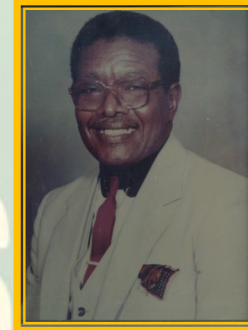
Bro. Thomas Saunders

1973 - 1977



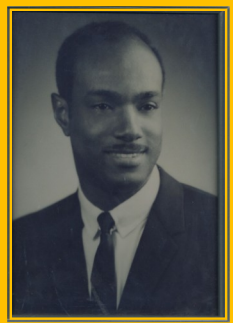
Bro. Jerome Burke Jr.

1977 - 1979, 1981 - 1982, 1984 - 1994



Bro. George Reddock

1979 - 1981



Bro. Clifford Davy

1982 - 1984



Bro. Reuben John

1994 - 2004



Bro. Edmund Jackson

2005 - 2008



Bro. Michael John

2008 - 2010



Sis. Cicyln Joseph

2010 - 2012



Bro. Jerome De Shong

2012 - 2014



Bro. Collin John

2014 - 2016



Sis. Phyllis Allen-James

2016 - 2017



Sis. Cynthia Hope-Browne

2017 - Present

**15. CREDIT COMMITTEE REPORT TO THE 56<sup>TH</sup> ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

**15.1 INTRODUCTION**

It is with great pleasure that the Credit Committee presents this report to the members of the Kingstown Co-operative Credit Union having served you during the year 2017.

Bros. Bernard John, Timothy Scott and Osneith Cato and Sis. Kolene Thomas-Williams continued to serve on the Credit Committee for the year 2017. At the 55<sup>th</sup> Annual General Meeting, Sis. Juanika Joseph was elected to fill a vacancy on the Credit Committee.

The Credit Committee would like to use this opportunity to thank Sis. Marcelle Burgin (who completed a three-year term) for her years of dedicated service to the Committee and KCCU.

**15.2 MEETINGS AND ATTENDANCE**

For the year 2017, a total of 42 regular meetings were held and the Committee's attendance was as follows:

<b>Volunteers</b>	<b>Position</b>	<b>Attendance</b>
Bro. Bernard John	Chairman	41
Bro. Timothy Scott	Secretary	39
Sis. Kolene Thomas-Williams	Member	38
Bro. Osneith Cato	Member	35
Sis. Juanika Joseph	Member	22

**15.3 FUNCTIONS AND OPERATIONS OF THE CREDIT COMMITTEE**

The Credit Committee can be seen as the heart of the Credit Union as it plays a vital role in its operations. As in previous years, meetings of the Committee were held every Tuesday at 5pm to conduct its main duty, which is to review loan applications made by members; the decisions upon such applications are made within the authority/threshold as delegated to the Committee based on the Co-operatives Society Act 2012 and the KCCU Bye-laws. In some instances, the Committee provided financial counseling to members in the wise use of credit and to those experiencing financial difficulties. The Committee also conducted periodic checks on loans granted by internal management to ensure that the loans were in compliance with the lending regulations and the Credit Union's loan policy, as approved by the Board.

The Chairperson presented monthly reports to the Board of Directors. These reports summarized the activities of the Committee for the previous month; it included a thorough breakdown of the number of loans approved/disapproved, the purpose and collateral of each loan presented.

**15.4 TRAINING**

The table below shows the training activities that the committee participated in for 2017.

TRAINING TITLE	PARTICIPANT	DATE	VENUE
SVG Co-operative League Training Session for Board of Directors	Chairman, Credit Committee, Bro. Bernard John, Treasurer, Board of Directors, Bro. Gillon Fredrick Member, Board of Directors, Bro. Terral Mapp	Sept 6, 2017	SVG Co-operative League Conference Room, Co-operative League Center
Credit Committee Training (Effective Credit Management)	All members of the Credit Committee	Nov 29, 2017	SVG Co-operative League Conference Room, Co-operative League Center

**15.5 OVERVIEW**

The Kingstown Cooperative Credit Union remained poised in a market of intense competition among financial institutions; namely, the short term lenders, the banks and other credit unions. For the period under review, the financial sector was characterized by high liquidity, resulting in more cash on hand to generate more business.

The financial institutions, namely the banks, continued on a quest to enhance their competitiveness through the development of new and innovative methods of marketing their products and brand to potential and existing customers. Interestingly, banks continued to reduce the interest rates on their mortgage products, thus attracting more customers to take on their mortgage products. However, with the interest rates moving towards a downward path, banking institutions aimed to maintain their profitability position by developing means to circumvent a diminishing interest spread. In order to combat potential losses from a decreasing interest spread, a few banking institutions have opted to include new or additional charges/fees to customers, namely the cost to hold savings/deposit accounts. Unlike the banks, KCCU did not charge members fees for holding savings/ deposit accounts.

**15.6 LOAN ANALYSIS**

YEAR	NO. REVIEWED	VALUE REVIEWED	NO. APPROVED	VALUE APPROVED	NO. DISBURSED	VALUE DISBURSED
2016	2854	\$22,992,032	2745	\$17,561,851	3503	\$18,850,922
2017	3547	\$37,059,520	3386	\$19,869,615	3749	\$18,365,555
% CHANGE	24.3	61.2	23.4	13.1	7.0	-2.57

**15.7 LOAN APPLICATION AND APPROVALS**

There was a significant improvement in loan activity for the 2017 period. Loans reviewed increased from **2854** in 2016 to **3547** in 2017, which represents an increase in 693 loans or 24.3%. This increase in activity also surpassed the **3310** loans reviewed in 2015.

Of the loans reviewed in 2017, **3386** were approved; a 23.4% improvement when compared to **2745** in 2016.

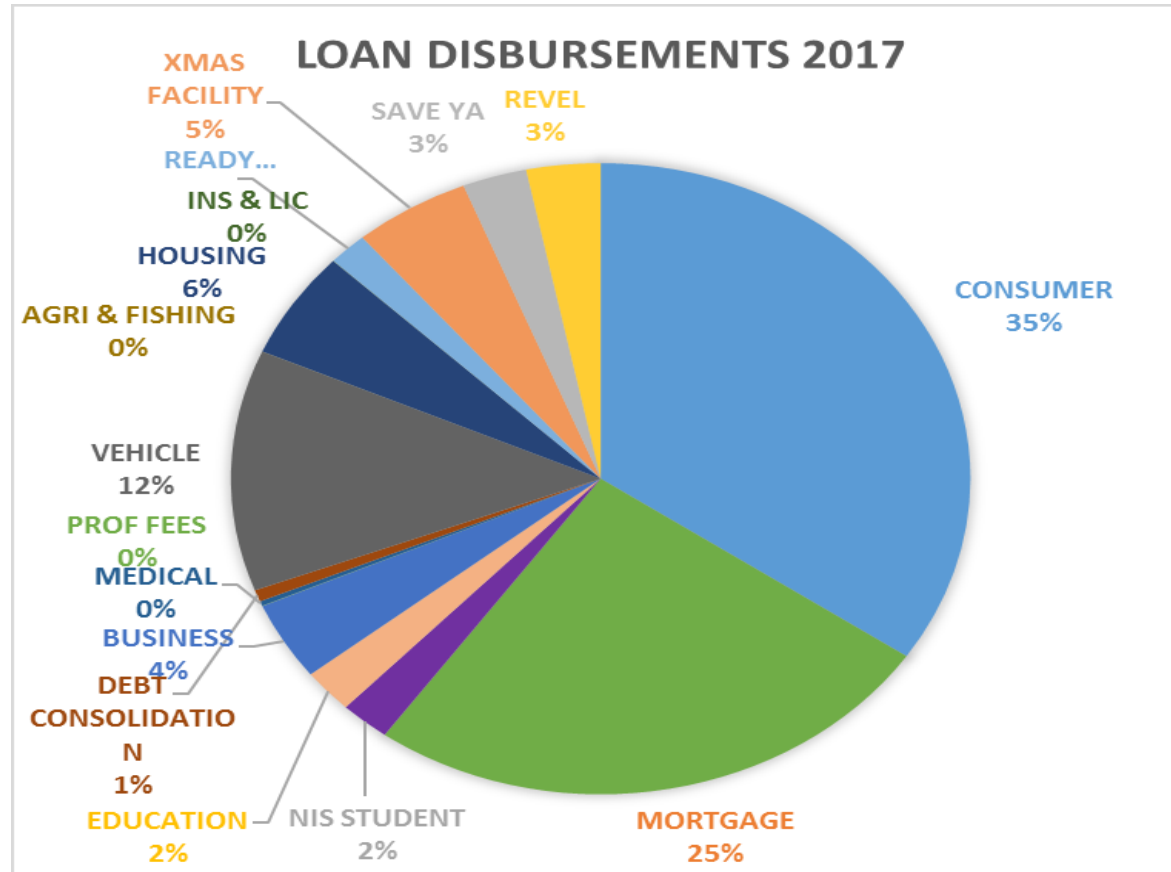
With respect to the value of the loans, loan applications reviewed in 2017 aggregated to \$37.06 million, a 61.02% increase compared to \$22.99 million of 2016. Of the \$37.06 million reviewed in 2017, 53.62% or \$19.87 million was approved.

**15.8 LOAN DISBURSEMENTS**

The table below shows loans disbursed by type.

TOTAL DISBURSEMENT BY TYPE					
LOAN TYPES	2017		2016		% CHANGE VALUE
	AMOUNT (\$)	% of TOTAL LOAN VALUE	AMOUNT (\$)	% OF TOTAL LOAN VALUE	
CONSUMER	6,336,850	35	5,857,109	31	8
MORTGAGE	4,669,906	25	5,660,202	30	-17
NIS STUDENT	400,666	2	106,019	1	277
EDUCATION	411,601	2	337,409	2	21
BUSINESS	740,122	4	1,337,195	7	-44
PROF FEES	3,000	0	510	0	488
MEDICAL	45,110	0	71,205	0	-36
DEBT CONSOLIDATION	110,170	1	136,742	1	-19
VEHICLE	2,267,945	12	1,585,990	8	43
AGRI & FISHING	1,510	0	30,025	0	-94
HOUSING	1,013,124	6	1,191,606	6	-14
INS & LIC	3,720	0	15,578	0	-76
READY CASH	314,061	2	428,330	2	-26
XMAS FACILITY	936,595	5	1,135,698	6	-17
SAVE YA	516,825	3	510,046	3	1
REVEL	594,350	3	447,258	3	32
<b>TOTAL</b>	<b>18,365,555</b>	<b>100.00</b>	<b>18,850,916</b>	<b>100.00</b>	

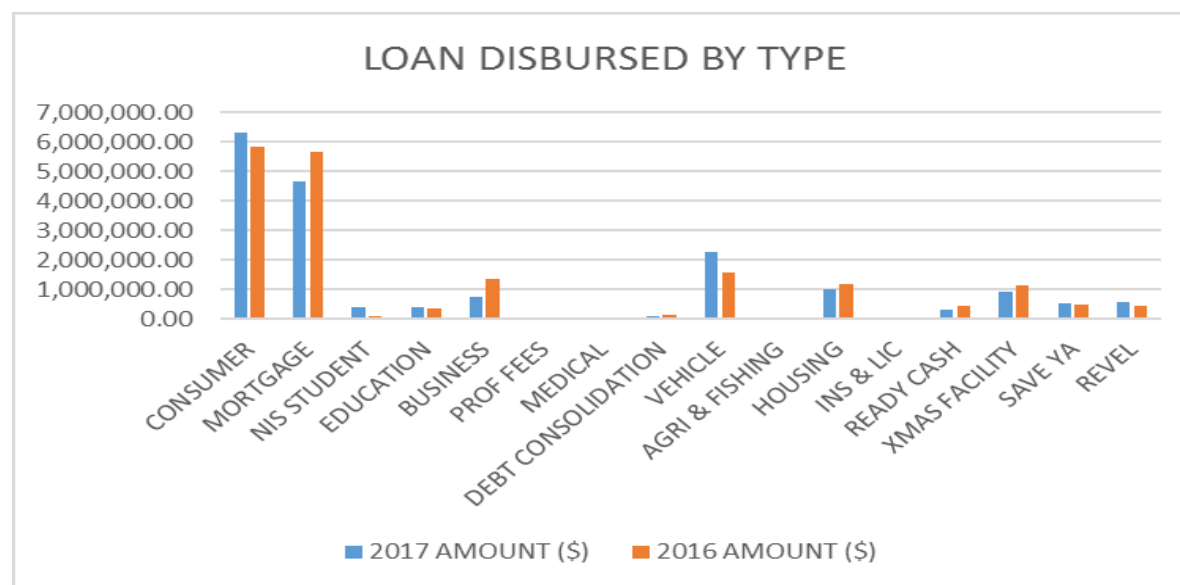
The Pie Chart below shows the percentage of funds disbursed by category of loan in 2017.



Consumer loans and mortgages were the main categories of loans disbursed in 2017, accounting for 35% and 25% respectively. The improvement in the loan activity for year is attributed predominantly to the increased activity in the loan product category of consumer loans.

Vehicle loans accounted for 12%, Housing 6%, and X MAS Facility 5% of total disbursement in 2017.

The Column Chart below shows a comparison of the loans disbursed in 2016 versus 2017.



The bulk of the loans disbursed were concentrated in the consumer and mortgage categories.

**15.9 DELINQUENCY**

The delinquency rate recorded at the end of financial year 2017 was 7.55%, a worsening of the rate when compared to 3.2% in the previous year. This increase in the delinquency rate was as a result of a few members failing to service their loans within the terms of their agreement. The rise in delinquency is concentrated in the Property/Mortgage category of the loan portfolio.

KCCU wishes to encourage all members especially persons with loans that are delinquent to fulfill their obligations. It is in the best interest of all members to ensure scheduled loan payments are kept.

**15.10 ACKNOWLEDGEMENTS**

The Credit Committee would like to take this opportunity to thank all the members for their continued support throughout the year. We are grateful for the contribution you have made to the continual development and sustainability of the credit union by way of your savings and honouring of loan commitments.

We would like to thank the Management and staff for their cooperation in fulfilling their roles and duties to facilitate the smooth and effective functioning of the Credit Committee. Additionally, thanks to the Supervisory Committee, Education Committee, Credit Department and the Board of Directors for their assistance. It is critical that all parties involved in the credit union work harmoniously so that the goals and objectives of the entire organization could be achieved.

KCCU would continue to strive to fulfill its duties effectively by exploring innovative and affordable loan product offerings to the general membership in order to provide a variety of options to suit the interest of all members.

KCCU looks forward to your support in the upcoming year and will continue to provide the high-quality service as manifested in previous years.



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Bernard John  
**Chairperson**



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Timothy Scott  
**Secretary**



**16. REPORT OF THE SUPERVISORY AND COMPLIANCE COMMITTEE TO THE 56<sup>TH</sup> ANNUAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LTD**

**16.1 INTRODUCTION**

This report of the Supervisory and Compliance Committee is submitted to this Annual General Meeting in accordance with the requirements the Co-operative Societies Act 2012, section 66 (1) (f). This report covers the period under review and provides a summary of the activities, reflection of the work done and actions conducted by the Committee.

**16.2 MEMBERSHIP and ATTENDANCE**

The 55<sup>th</sup> Annual General Meeting of the Kingstown Co-Operative Credit Union Ltd held on May 8, 2017, elected two persons, Sis. Marlyn Richards and Bro. Elvis Dublin, to fill the vacant positions on the Committee created by the retiring of Bros. Rohan Providence and Franklyn Linley.

At the Committee's first meeting, held on May 10, 2017 Bro. Steve Millington and Sis. Gale Thorpe were elected Chairperson and Secretary respectively.

The Committee Members were:

Bro. Steve Millington	Chairperson
Sis. Gale Thorpe	Secretary
Bro. Allain Weekes	Member
Bro. Elvis Dublin	Member
Sis. Marlyn Richards	Member

Sister Gale Thorpe submitted her resignation from the committee on February 1, 2018, citing development of unforeseen circumstances and personal difficulties. Mr. Kazon Simmons who was nominated at the 55<sup>th</sup> Annual General Meeting and ranked third in the number of votes received was selected to replace her on the committee.

The Current Committee is as follows:

Bro. Steve Millington	Chairperson
Bro. Kazon Simmons	Member
Bro. Allain Weekes	Member
Bro. Elvis Dublin	Member
Sis. Marlyn Richards	Secretary

The Committee met 41 times for the year under review. The attendance is listed below.

<u>Name</u>	<u>Attendance</u>
Bro. Steve Millington	39/41
Sis. Gale Thorpe	12/34
Bro. Allain Weekes	36/41
Bro. Elvis Dublin	39/41
Sis. Marlyn Richards	36/41
Bro. Kazon Simmons	6/6

**16.2 DUTIES AND FUNCTIONS**

The Co-Operative Societies Act 2012 sets out the duties and functions of the Committee and gives it the mandate to perform those functions, which includes, to ascertain that all decisions and actions of the Board, Committees, Management and Staff relating to the Credit Union are in accordance with the Act, Regulations, Bye-laws and approved Standards and Policies of the Credit Union. These duties include the following;

- Examining the books of the Credit Union
- Monitoring the management of the Credit Union
- Liaising with the Compliance Officer
- Auditing the functions of the Management and Staff;
- Reviewing the policies and operating procedures;
- Confirming cash instruments, property and securities of the Society;
- Auditing the asset-liability management and liquidity of the Credit Union
- Focusing on the risk management of the Credit Union;
- Verifying of the assets of the society to determine whether they were properly protected
- Investigating complaints made by members affecting the proper management of the Credit Union;
- Random verification of a sample of members' records/accounts, shares, deposits and other balances or holdings held at the Credit Union;
- Ensuring that all transactions and decisions involving Directors, Committee members and Employees are in compliance with the Co-operatives Societies Act 2012, Regulations, By-Laws and Policies of the Credit Union

The main areas of focus for the Committee for the period under review are as follows;

- Staff conditions of employment
- Delinquency
- Policy Documents
- Internal Controls
- Functioning of Branches
- Functioning of Committees
- Functioning of the Board
- Liaison with the Compliance Officer

The Committee developed a work plan that would help in the execution of its task and fulfill its responsibilities. This was achieved through;

- Examination of loans disbursements and review of delinquency
- Review of policy documents
- Visits to branches
- Attendance at Board and other committee meetings
- Review of the minutes and reports of the Board of Directors, Compliance Officer, and Other Committees
- Review of Board and Committee members and Employees Files and accounts
- Cash counts, cash controls and review of teller operations
- Review of bank reconciliations

The committee endeavored at all times to comply with the Co-operative Societies Act 2012, regulations and the KCCU byelaws in carrying out its mandate.

**16.3 HIGHLIGHTS**

**16.3.1 TRAINING**

Committee members participated in training sessions organized by the league, on the Roles, Responsibilities and Legal Requirements of the Supervisory and Compliance Committee, the use and application of Emortelle accounting system and IFRS9 and attended meeting with representatives from the FSA. All of these served as enhancement to the functioning of the Committee.

**16.3.2 DELINQUENCY**

At the end of the period under review, the delinquency rate stood at 7.55%, a 4.43% increase over the corresponding period for the last accounting year and a 2.55 percentage points above the PEARLS standard of 5%. The committee expressed to the Board its concern about the number and high value of some of the loans that are delinquent and non-performing and its implication for the Credit Union and recommended that a more concerted effort be made to recover outstanding funds. We would like to compliment the department on their efforts to complete the delinquency manual and note that the Board has began taking steps to address this situation.

**16.3.3 BRANCHES**

The Committee conducted visits to the various Branches of KCCU. These site visits were conducted to ensure the levels of adherence to the policies was evident and level of controls in place and the working environment was conducive for the officers, which would help them to attain job satisfaction and maximum output and performance. The committee is pleased to inform that all Branches are functional and internal audit controls are in place. The Committee had some Human Resource, security and work place environmental concerns. Also insufficient regular visits and review by Management. The committee recommends; more direct attention needs to be paid to these facilities, to address the human resource issues, adherence to policies by officers, security concerns, working environment and implement tighter control measures at these branches. In addition, to provide relevant, continuous training to the officers at these Branches.

**16.3.4 INTERNAL AUDITS AND CONTROLS**

During the period under review, the committee performed regular investigations and observations and worked closely with the Compliance officer. Several meetings were held, which reviewed the work plan, follow up on test completed to ensure the systems of internal controls are fully functional and the policies adhered to and ensure that the recommendations made to Management and the Board were addressed. The need for continued training in compliance for the Officer was recommended and in order to achieve effective control and compliance the Compliance office need to be staffed by more than one officer. Some key areas audited were; Cashier operations and cash security, Bank reconciliations, loans and delinquency, scholarship awards and staff and committee member's accounts. Board minutes were reviewed to assess whether, or what actions were taken in respect of the recommendations presented by the Compliance Officer and the Committee. We are pleased to report that the Board and Management has been making an effort to implement the recommendations and taking the necessary actions to improve the internal controls, performance of the Credit Union and working space for the Compliance Officer.

**16.3.5 NEW COMMITTEE**

During the past year the Board established two new Committees namely the Investment and Building Committee and the Human Resources Committee. This was borne out of the fact that there is not a Human Resource department or personnel within the organization and the non-implementation of the Investment policy. In order to address the HR issues presented to the Board and the need for prudence in the investment of the Credit Union's assets, these committees were developed. The Committee recommends the speedy adoption of the Asset/Liability and, Investment Policies which will give guidance and direction to the operations of this Committee.

**16.3.6 POLICIES**

A review of the Policy documents of the Credit Union was completed. The Policies reviewed were; the Asset/Liability Policy, Investment Policy, Loan Policy and Scholarship award Policy. It was brought to the Board's attention that the Investment and the Asset/Liability Policies that were developed, were not approved or signed off by the Board; and the Loan Policy has expired last year and is scheduled for a review. The Scholarship award Policy was reviewed in conjunction with the Education Committee. Recommendations that would enhance these documents were submitted to the board. The Committee was assured the Board will have this situation addressed promptly.

**16.4 ACKNOWLEDGEMENTS**

The Supervisory and Compliance Committee wishes to express thanks to you, the general membership, for having the confidence in entrusting us with the responsibility of being the guardians of our beloved Credit Union. The Committee also wishes to express our gratitude to the members of the Board of Directors, Education and Credit Committees, Management and Staff of the Credit Union for the support and co-operation given throughout the year in the execution of its task. It was greatly appreciated. We look forward to your continued support as we endeavor to continue to build our Credit Union.



Steve Millington  
**Chairperson**



Marlyn Isaacs-Richards  
**Secretary**

**17. EDUCATION COMMITTEE REPORT FOR THE 56<sup>TH</sup> ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

**17.1 INTRODUCTION**

The Education Committee is pleased to present its report to the members of the Kingstown Co-operative Credit Union Limited for the 56<sup>th</sup> Annual General Meeting in the year 2017.

**17.2 MEMBERSHIP**

The following members were appointed by the Board of Directors to serve on the Education Committee following the 55<sup>th</sup> Annual General Meeting:

Sis. Joselle White	-Chairperson
Sis. Kathy-Ann Tommy-Samuel	-Secretary
Sis. Arlette Maloney	-Member
Sis. Lyanna Trimmingham	-Member
Sis. Wendie Wilson	-Member

**17.3 MEETING ATTENDANCE**

A total of 31 meetings were held for the year and the attendance was as follows:

<b>Names</b>	<b>Attendance</b>
Sis. Joselle White	30
Sis. Kathy-Ann Tommy-Samuel	28
Sis. Arlette Maloney	30
Sis. Lyanna Trimmingham	28
Sis. Wendie Wilson	27

**17.4 THE ROLE OF EDUCATION COMMITTEE**

The Education Committee is responsible for publicity and education to our members in conjunction with management and staff of Kingstown Co-operative Credit Union.

**17.5 YEAR IN REVIEW**

For the year in review, the KCCU's Education Committee has completed another fulfilling year of service to the members of the organisation. Several activities were crafted and achieved during the year, for which the committee tried its utmost best to facilitate and connect the members and public, thereby ensuring that all activities were completed.

These activities included: Secondary School Scholarship Award Ceremony, Annual Primary School Quiz, Senior Care Day, Newsletter and Orientation Sessions, Development Workshop and, Production of a Commercial to market the KCCU Mobile App.

**17.5.1 SECONDARY SCHOOL SCHOLARSHIP AWARD CEREMONY**

The annual KCCU scholarship award ceremony was held at the Peace Memorial Hall on Thursday July 27<sup>th</sup> 2017 under the theme "Focus". Students were awarded for their excellence and success at the Caribbean Primary Exit Assessment.

The Committee is pleased to report that there has been an increase in the value of scholarships awarded, moving from \$1,100.00 to \$1,500.00; with the number of scholarships awarded increasing from four (4) to six (6). In addition, there were approximately sixty-five (65) students receiving \$150.00 in general contributions.

Seventy-three (73) applications were received from the general public. They were appraised and the results were as follows:

<b>Academic Scholarship Recipients:</b>	<b>School Attended</b>
Ashlyn Francis G-3 <sup>rd</sup> O-4 <sup>th</sup>	St. Mary's Roman Catholic School
Gbriella Hillocks G-16 <sup>th</sup> O-23 <sup>rd</sup>	Kingstown Preparatory School
Nicholan John B-23 <sup>rd</sup> O-60 <sup>th</sup>	Layou Government School
<b>Socio-Economic Scholarship Recipients:</b>	
Daequan Lynch B-22 <sup>nd</sup> O-58 <sup>th</sup>	Richland Park Government School
Lyndisha Cruickshank G-33 <sup>rd</sup> O-54 <sup>th</sup>	Clare Valley Government
Karen Providence G-63 <sup>rd</sup> O-100 <sup>th</sup>	C.W. Prescod Primary School
<b>Bursaries:</b>	
Academic: Vonique Samuel G-44 <sup>th</sup> O-71 <sup>st</sup>	Kingstown Preparatory School
Socio-Economic: Ciara Richards G-166 <sup>th</sup> O – 279 <sup>th</sup>	Kingstown Preparatory School

*56th Annual General Meeting..... '60 and beyond'*

---

The Committee continued to receive and critique the school reports from the current scholarship holders. The overall performance is generally outstanding as they continue to average over the 75% grade mark. The committee also continued to meet with those students who are not attaining the accepted grade mark, and offer encouragement to improve on their performances.

**17.5.2 SENIOR CARE DAY**

As is customary, we continued holding the senior members in our highest regard. We showed our appreciations by hosting our yearly Senior Care Day event that was held on October 28<sup>th</sup>, 2017 at the Rawacou Recreational Grounds. This fun day brought together many senior members of our institution. The following activities were organized on the day:

- Arts and Crafts
- Dominoes
- Karaoke
- Massage Therapy
- Health talk on the Secrets of Longevity
- Pedicure and Manicures
- Free give away
- Steel Pan Entertainment
- Pressure and Blood sugar Checks
- Dance off fitness

There was also a live stream that captured the day's events!

**17.5.3 ANNUAL PRIMARY SCHOOL QUIZ**

On Saturday 11<sup>th</sup> November 2017, the KCCU's Annual School Quiz preliminaries were held at the St. Vincent Boys' Grammar School. Thirty-five (35) schools signed up for the competition. The committee was very instrumental and hard-working in publicising the quiz, and as a result there was a significant improvement from previous year's number of fifteen (15).

The top six schools entered the finals that were held at the Reuben John Development Centre on Saturday 18<sup>th</sup> November 2017. The competition consisted of three rounds of questions: multiple choice, close ended and buzzer. Students were quizzed on varying questions from five (5) categories: Credit Union Affairs, Current Affairs, General Knowledge, History and Sports. The final results were:

- |  |  |
|--|--|
| 1 <sup>st</sup> place – Stubbs Government School           | 4 <sup>th</sup> place – Fair Hall Primary School     |
| 2 <sup>nd</sup> place – Richland Park Government School    | 5 <sup>th</sup> place – Biabou Methodist Primary     |
| 3 <sup>rd</sup> place – Dorsetshire Hill Government School | 6 <sup>th</sup> place – Questelles Government School |

**17.5.4 ORIENTATION SESSIONS**

It is important for the committee to promote orientation sessions for the benefit of the members (especially new ones) of the Credit Union. They are normally advertised through social media plat forms, text blasts, emails, word-of-mouth and flyers. Sessions are geared towards sensitizing members about the history, products and services offered, and exposure towards making better financial and informed decisions. There were two sessions held (24 August, 2017 and 22 March, 2018), both at the Reuben John Development Center.

**17.5.5 NEWS LETTER**

The NewsLetters were used as a marketing tool to maintain contact with our members, increase awareness and provide the members with valuable information. Newsletters were printed and circulated just in time for the 2017 Christmas season, and dubbed "Xmas Edition." The other letter was distributed after the Easter holidays. The content in the newsletters provided helpful articles such as: managing your budget, planning your financial future, special offers, and information to keep members up-to-date about the current developments surrounding the Credit Union.

**17.5.6 DEVELOPMENT WORKSHOP**

This Development Workshop was held on February 17<sup>th</sup>, 2018. Thirty one (31) persons were in attendance. The overall purpose of this workshop was to help participants acquire the knowledge, attitude and skills needed in order to effectively manage their careers on a long-term basis. The target group was between the ages 18 and 40 years. The topics covered were: Acing Job Interviews and How to Conduct Yourself on the Job. Overall, the session was a success, with great interaction from participants, who also requested that more of these workshops are done. Several topics were recommended for future consideration.

**17.5.7 MARKETING OF THE KCCU MOBILE APP THROUGH A COMMERCIAL AD**

It is of utmost importance that we constantly keep our members and the public alike aware of our products and services that are available. The marketing of the **KCCU Mobile App through a Commercial AD** was important because the Ad demonstrates the ease and efficiency of doing business transactions via the online App. The App is secure, easy to use and available on your android phone. Download it today and access these amazing features:

- Book an appointment
- View KCCU's Financial report
- Access Loan Assessment Calculator
- Complete Financial Assessment Quiz to view your financial stability
- Keep up to date with our current affairs via our news tab and photo gallery
- Obtain all our contact information
- Transferring funds from regular deposit ac to another of your accounts
- Checking your account balances

!



*56th Annual General Meeting..... '60 and beyond'*

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- Viewing your financial statements
- Paying a bill - Vinlec, Digicel, Flow

KCCU KCLICK Mobile ... Services in the palm of your hand!

**17.5.8 SPONSORSHIP AND DONATIONS**

At KCCU, there is a strong and inherent belief in our philosophy "People helping People", hence why we continue to play an active role in the community. We are dedicated to providing financial support or other in-kind contributions to various activities, groups, institutions, programmes and individuals. We contributed a value of over **\$30,000.00** during the year towards this undertaking. This is part of our life long commitment to being a good corporate citizen.

Recipients of sponsorship and donation include but not limited to:

- St. Vincent Grammar School & Girls' High School Road Relay
- Thomas Saunders Secondary School Penn Relays' Team
- P-tani Carnival Committee
- Be-Fit Movement

**17.1 CONCLUSION**

The Education Committee earnestly thanks the Board of Directors, Chief Executive Officer, other Committees, the Staff and the General Membership for their continued support and guidance during the period. The Committee is especially grateful for the assistance rendered by Sis Alice Adams-Francois and Sis. Clairiesa Anderson-Pierre during the year, as they ensured that the Committee's needs were always met.



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Joselle Joslyn- White  
**Chairperson**



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Kathy-Ann Tommy-Samuel  
**Secretary**



**KINGSTOWN**



**MARRIAQUA**



**CANOUAN**



**UNION ISLAND**



**BEQUIA**



## **KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED**

P.O BOX 1533, GRANBY STREET, KINGSTOWN, ST.VINCENT

TEL: (784) 457-2409 FAX: (784) 456-2976

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

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

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

### **BUSINESS HOURS**

Monday-Friday 8:00 am - 4:00 pm

Saturday 9:00 am - 12:00 noon

### **BRANCH OFFICES**

MARRIAQUA

CANOUAN

UNION ISLAND

BEQUIA

The Hurricane season  
is almost here.



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or more** for all  
your needs today!

**Interest rate 9%**

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**Call 457-2409 for more info.**

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Protect**



Kingstown Co-operative Credit Union Ltd

# KCCU

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Granby Street, Kingstown St. Vincent  
Tel: 784-457-2409 | Fax: 784-456-2976  
Email: [kccu@vincysurf.com](mailto:kccu@vincysurf.com) [www.kingstowncreditunion.com](http://www.kingstowncreditunion.com)

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- ◆ No Payment for 60 days
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