



KINGSTOWN CO-OPERATIVE CREDIT UNION LTD

54th ANNUAL GENERAL MEETING
REPORTS AND ACCOUNTS 2015

KECU 58

FROM STRENGTH TO STRENGTH



KINGSTOWN CO-OPERATIVE CREDIT UNION LTD

54th

**Annual General Meet-
ing**

Reports and Accounts 2015

BOARD OF DIRECTORS



Dominic White, Vice President



Colin John, President



Gillon Frederick, Treasurer



Phyllis Allen-James, Secretary



Angelita Miller, Director



Cynthia Hope-Browne, 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 When a motion is withdrawn any amendment to it falls.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 54TH ANNUAL GENERAL MEETING

Notice is hereby given that the 54th Annual General Meeting of the Kingstown Co-operative Credit Union Limited is scheduled to be held on 24th May, 2016, 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 53rd 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. Resolutions
6. Election of
 - (a) Officers
 - (b) Auditors
7. New Business
8. Adjournment

Co-operatively yours



Sis. Phyllis Allen-James
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

12TH April 1958

REGISTERED OFFICE

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

BOARD OF DIRECTORS

Bro. Colin John	-	President
Bro. Dominic White	-	Vice President
Bro. Gillon Frederick	-	Treasurer
Sis. Phyllis Allen/James	-	Secretary
Bro. Elsworth Abbott	-	Director
Sis. Angelita Miller	-	Director
Sis. Cynthia Hope-Browne	-	Director

CREDIT COMMITTEE

Bro. Bernard John	-	Chairperson
Sis. Marcelle Burgin	-	Secretary
Sis. Kolene Thomas	-	Member
Bro. Osneith Cato	-	Member

SUPERVISORY COMMITTEE

Bro. Rohan Providence	-	Chairman
Sis. Gale Thorpe	-	Secretary
Bro. Steve Millington	-	Member
Bro. Alain Weekes	-	Member
Bro. Franklyn Linley	-	Member

EDUCATION COMMITTEE

Sis. Juanika Joseph	-	Chairman
Sis. Lucille Browne	-	Secretary
Sis. Arlette Maloney	-	Member
Sis. Joselle Joslyn-White	-	Member
Bro. Javan John	-	Member

BANKERS

Bank of St. Vincent & the Grenadines

AUDITOR

BDO
Chartered Accountants

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
Mrs. Sharol-Rose Gregg/Abbott - Loans Officer
Ms. Sherry-Ann Parsons - Loans Officer
Ms. Theresa John - Securities Officer
Ms. Reisa Daly - Filing Clerk

LOANS RECOVERIES DEPARTMENT

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

ACCOUNTS DEPARTMENT

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

BRANCH OFFICES

MARRIAQUA

Ms. Cara Hunter
Mrs. Shaunda Bruce
Ms. Jasmine Woods
Ms. Rhonel John

BEQUIA

Ms. Shemica Hazell

UNION ISLAND

Ms. Rachel Phillips

CANOUAN

Ms. Shirlon Ashton

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MINUTES OF THE 53RD ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED (KCCU), HELD AT THE METHODIST CHURCH HALL ON JULY 29, 2015 AT 4:30 PM.

OPENING SESSION

1. ASCERTAINMENT OF THE QUORUM

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

2. CALL TO ORDER AND WELCOME

The meeting was called to order by Bro. Colin John , President of the Board of Directors of KCCU; he also welcomed the membership to the meeting.

3. PRAYER

The prayer was rendered by past President Bro. Jerome De Shong.

4. NATIONAL ANTHEM AND CREDIT UNION SONG

The National Anthem of St. Vincent and the Grenadines along with the Credit Union song were rendered by Sis. Makeda Frederick-Smith.

5. APOLOGIES FOR ABSENCE

No apologies for absence were given.

6. SILENT TRIBUTE

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

Leopold Grant	Osbert Rodney	Clairmont Cordice
Victor Jackson	Elca Thomas	Lydia Ballantyne-Matthias
Anita Davis	Laverne Butcher	Calvert Shallow
Ciyer Cottle	Charles Ryan	Monica Jacobs
Loquen Richards	Ronald Greaves	Jennifer Ash
Shirley Browne	Diana V. O'Garro	Roger Fussee-Durham
Miriam Pope	Shirley Ross	Wilford Woodley
Claude L. Smith	Winston Butler	Patrick Bailey
Rockell Joseph	Pearline Jones-Boxhill	Brian Ellis
Cassica Caesar	Bertram Mofford	June Isaacs
Ephraim Lett	Basil Ottley	Luann Alexander
Martha Primus	Camille Jack	Grafton Richards
Matthan Slater	Selwyn St. Hilaire	Judy Job
Martha C. Primus	Hush Culzac	

7. GREETINGS

Greetings were received from the following organizations who wished KCCU a successful AGM and commended KCCU on its achievements throughout the period;

- SVG Co-operative Credit Union League
- General Employees Co-operative Credit Union Ltd
- Police Co-operative Credit Union Ltd.

BUSINESS SESSION

8. CALL TO ORDER

The president, Bro. Colin John called the business session to order

9. ADOPTION OF STANDING ORDERS

A motion to adopt the standing orders was moved by Bro. Gillon Frederick and seconded by Sis. Angelita Miller. The motion was carried.

10. MINUTES OF THE 53RD ANNUAL GENERAL MEETING

The minutes of the 52nd Annual General Meeting were taken as read.

(A) Amendment and Confirmation

There being no amendment, a motion was moved by Bro. Brent Cupid to confirm the minutes as being read; this was seconded by Bro. Phillip Waldron.

(B) Matters Arising

Bro. Cools Vanloo enquired about the status of the policy documents that were mentioned in previous AGM's. Bro. Colin John reported that those documents were completed and implemented.

Bro. Cools Vanloo further enquired about the status of the development of the Kingstown Park Property and the Employees' Pension Fund. Bro. Colin John informed him that after careful analysis and discussion, the Board of Directors decided against embarking on the development of the property at this time due to the current economic climate. The Employees' Pension Fund was still cost prohibitive given the requirement for the coverage of past services. Moreover, given the present lack of confidence in that sector as a result of the CLICO/BAICO issues, our attempt to action this matter was met with reluctance from an Insurance company who stated that it was not a viable product for them at this time.

Bro. Cools Vanloo stated that the stipend paid to the Board of the Directors must be brought before the membership at the AGM for approval. Bro. Colin John responded that the Board received a reimbursement of expenses and that this was compliant with the Co-operatives Societies Act, 2012 section 93.

Bro. Phillip Waldron enquired into the status of the fraud matter at the Union Island Branch Office. Bro. Colin John indicated that although several efforts were made, such as writing to the Commissioner of Police and attending meetings arranged with the DPP's office and the investigating officer, charges are yet to be laid. He indicated that the matter is still being rigorously pursued by the Credit Union, however the investigation seems to be time consuming given the period that has elapsed since the incident. The investigation must be thorough and KCCU is not in control of this matter at this stage.

Bro. Danley Bacchus enquired about the linking of staff goals and achievement to the strategic plan of KCCU. Bro. Clement Lynch, CEO, responded by stating that the performance appraisal system was the mechanism used to assess staff performance against yearly objectives and that these targets were linked to KCCU long term strategic goals.

Bro. Cools Vanloo enquired about the status of a matter that was reported to the labour department relating to the dismissal of a member of staff. Bro. Colin John indicated that the matter was before the Labour Department and cannot be addressed as it could prejudice the position of KCCU.

Bro. Mikhail Charles rose on a “point of order”, guiding that for matters being held before the Judiciary, the AGM might not be the appropriate forum to address the issues.

Sis. Jacqueline Howe, making reference to the last paragraph on page 15 of the booklet asked what measures were put in place to avoid the fraud reoccurrence. Bro. Colin John responded that closer supervision, increased unannounced visits and the installation of security cameras were some of the measures taken to prevent and detect further fraudulent occurrences. In addition, the manual processes that existed at the time of the fraud have now been replaced with fully computerized and networked systems that allow the review of transactions on a real time basis.

Bro. Mikhail Charles enquired about whether or not the Credit Union made additional investments in COMFI and were reports received from that organisation. Bro. Colin John indicated that KCCU did receive reports from COMFI and based on the Board’s evaluation of the performance of the organisation, it was not prudent to make further investments at this time.

Bro. Danley Bacchus questioned whether the Senior Care Day was the only activity geared towards the seniors. Bro. Colin John highlighted that this activity was the pinnacle of the appreciations given to seniors by the organization but other benefits have been granted through humanitarian donations particularly for medical purposes.

11. MINUTES OF THE SPECIAL MEETING

(A) Amendment and Confirmation

No amendments were made to the special meeting minutes and a motion for the adoption was carried by Sis. Euna Thompson and seconded by Bro. Phillip Waldron.

(B) Matters Arising

Bro. William Anthony asked about the benefits of the merger with the Marriaqua Co-operative Credit Union (MCCU). Bro. Colin John, President of the KCCU BOD, indicated that some of the benefits, among others, were: serving an additional market in Marriaqua; increased membership; and expanding the KCCU brand.

Bro. Alex Cain enquired about the benefit of the merger for the previous Marriaqua Co-operative Credit Union membership. Bro. Colin John replied that the very act of KCCU merging with MCCU was a benefit of itself because MCCU was on the verge of dissolution and members stood to lose a substantial proportion of their investments.

Bro. Gerald Henry asked the Chairman whether the minimum \$100 permanent shares that is the practice of KCCU, applied to the membership that originated from the previous Marriaqua Co-operative Credit Union Ltd. He also expressed his dissatisfaction with the amount allotted to permanent shares.

Bro. Clement Lynch indicated that the decision to transfer 50% of redeemable shares to permanent shares was made by the membership of the now defunct Marriaqua Co-operative Credit Union Ltd at a Special General Meeting held for that purpose in an effort to avert dissolution. He also indicated that the KCCU permanent share holding is a minimum and there was nothing inconsistent with the amounts held by the previous MCCU members in the merged entity. Further he noted that the insolvency of EC\$1.7M impacted the merged organisation adversely and was absorbed primarily by KCCU and that any attempt to reduce or refund permanent shares will erode the capital base of KCCU.

12. REPORTS-PRESENTATION AND ADOPTION

BOARD OF DIRECTORS

The President, Bro. Colin John once again welcomed the members to the AGM and highlighted the following in his report.

The merger with MCCU was in accordance with Credit Union principles and was in the spirit of preservation of the Credit Union movement. He introduced the members of the Board of Directors, himself as President, Bro. Harvey Farrell, Vice President; Bro. Gillon Frederick, Treasurer; Sis. Phyllis James, Secretary; Bro. Dominic White, Bro. Terral Mapp and Sis. Susan Clarke.

Bro. Colin John reported that the income increased to \$1.45M compared with the previous year's figures of \$0.95M. He attributed this result to a mix of normal operations, the deficit on amalgamation and the revaluation. The KCCU total assets grew by \$9.6M or (14%) compared with last year.

The delinquency rate was 4.3%; this reflected KCCU's continued vigilance in recovering outstanding debts. It must be noted that this performance has been consistently within the PEARLS Standards of 5%. The President expressed appreciation for the willingness of members to pay their obligations in light of the challenging circumstances and commended staff for their efforts in monitoring and collecting overdue outstanding debts.

The growth in total assets was driven primarily by the increase in the loan portfolio of 21%. The main contributors were Mortgage and Consumer loans.

The Building and Loan investment of \$1.8M is now being repaid in eight (8) installments and the first two tranches were received totaling \$630K. KCCU anticipates that the outstanding monies due would be received in accordance with the payment schedule.

The Board of Directors proposed dividend of 5% on permanent shares, 1.5% on redeemable shares and 3.75% rebate for loans.

Training for Board of Directors, Committee members and staff were done for the purpose of improving proficiency to effectively manage the organization.

The President stated KCCU's commitment to the principle of community participation by highlighting the Credit Union involvement in community development particularly in the areas of: culture - sponsorship of the Dance Festival; education - mainly the production of the KCCU National School Quiz; and sports - through the Credit Union support of the Grammar School Road Relay and the Thomas Saunders Penn Relay. To a lesser extent but with no less significance, KCCU provides humanitarian assistance for less fortunate persons.

The President emphasized KCCU's utmost commitment to co-operate with all organizations within the movement including credit unions, other co-operatives, St. Vincent Co-operative League, regional and international organizations and the continued fostering of excellent relations with the FSA.

He offered condolences to the families who lost loved ones and acknowledged the contribution of the retiring members of the Board of Directors, thanking them for their service and stated that they have taught him a lot. He then thanked the general membership for giving him the opportunity to serve and expressed his gratitude for the lessons learnt.

The President thanked the members for their continued confidence in the Credit Union and expressed the Board's obligation to exercise good governance and to be held accountable for decisions taken.

Discussion on Board of Directors Report

Bro. William Anthony asked about the loss on acquisition of \$1.6M and whether it was related to the \$1.7M deficit of the Marriaqua Co-operative Credit Union Ltd. Bro. Colin John confirmed that it was indeed the cost to KCCU of the amalgamation.

A motion was moved to adopt the Board of Directors report by Bro. Rohan Providence and seconded by Bro. Phillip Waldron.

Bro. Cools Vanloo suggested that In the interest of time that all the reports be taken as read and that the presenters should be prepared only to answer questions. This motion was seconded by Sis. Gale Thorpe and the motion was carried by the membership.

13. AUDITORS REPORT

Bro. Floyd Patterson, Partner at BDO gave the Auditor's report. He highlighted issues relating to the amalgamation particularly that KCCU brought financial strength to MCCU by absorbing the loss brought with the deficit. He explained that the merger was consummated according to the Co-operatives Societies Act. The Auditors (BDO) stated that in their opinion, the financial statements presented fairly, the financial position of the Credit Union and that BDO had issued an unqualified audit report.

Discussion on Auditors Report

Bro. Cools Vanloo asked if the accounts were consolidated figures, to which Bro. Floyd Patterson responded in the affirmative and stated that although the figures have been absorbed the Credit Union may not realize true growth until next year.

Bro. Alex Cain asked whether the robbery that previously took place at MCCU was the reason for the inadequate financial position or if there were other financial reasons responsible for the position of MCCU. Bro. Floyd Patterson stated that essentially KCCU could not speak to the financial position before the merger; figures after the amalgamation are what could be accounted for.

14. TREASURER'S REPORT

The Treasurer's report was taken as read.

Discussion on Treasurer's Report

Bro. Cools Vanloo enquired on whether or not an open tender was offered for consultancy services relating to the amalgamation. The Treasurer responded that given the urgency for the completion of the report and the Credit Union knowledge required KPMG was selected.

Bro. William Anthony commented that he was concerned that KCCU was expected to absorb the entire deficit resulting from the merger. The Treasurer replied that the long-term benefits of the amalgamation would result in a stronger movement, a better Credit Union brand and a larger market for KCCU.

A motion for the adoption of the Treasurer's report was moved by Bro. Elvin Jackson and seconded by Bro. Brent Cupid.

15. CREDIT COMMITTEE and EDUCATION COMMITTEE REPORT

The Credit Committee and Education Committee reports were both taken as read and no questions were asked.

16. SUPERVISORY AND COMPLIANCE COMMITTEE REPORT

The report was taken as read.

Bro. Danley Bacchus asked if it was a practice for decisions to be taken to override the procurement policy.

The Supervisory and Compliance Committee chairman indicated that all policies are applied in the normal course of business operations, however in exceptional circumstances caused by the changing business environment it may become necessary to override certain outdated provisions of a policy for business practicality reasons.

Bro. Danley Bacchus further wanted to know if such a process was documented, to which Bro. Elsworth Abbott answered in the affirmative, in the form of the Board of Directors meeting minutes.

Bro. Cools Vanloo stated that there was a conflict of interest as regards the President of the Board of Directors and his Position of Assistant Director of Public Prosecution. A motion was then moved by Bro. Cools Vanloo for the removal of the President of the Board of Directors. This motion was seconded by Bro. Collin Arthur John. A vote ensued, a count was carried out by FSA. The motion was defeated.

Bro William Anthony questioned what measures were in place to prevent future fraud. Bro Abbott replied that the branch offices were upgraded with new security cameras and the application system, among other things.

A motion was moved for all the reports to be adopted by Sis Gale Thorpe and seconded by Bro. Rohan Providence.

17. ELECTIONS AND NOMINATIONS

The elections were conducted by Sis. Neva Cordice, representative of the FSA.

Nomination Committee Members

Sis. Euna Thompson
Sis. Denise Prescott
Bro. Terral Mapp

Board of Directors

After serving for two terms, constituting six consecutive years, Bro. Harvey Farrell and Sis. Susan Clarke retired from the Board which left two positions vacant.

Members nominated by the Nominations Committee

Sis. Angelita Miler
Bro. Elsworth Abbott

Nominated from the floor was Bro. Elvin Jackson who declined.

Nominations were closed by Bro. Rohan Providence and seconded by Bro. Gillon Frederick.

The two (2) positions were therefore filled by Sis. Angelita Miller and Bro. Elsworth Abbott.

Credit Committee

Retiring was Sis. Angelita Miller
Bro. Martin Sheen had resigned

Members nominated by the Nominations Committee

Sis. Kolene Thomas/Williams
Bro. Osneith Cato

Nominated from the floor were Sis. Dawn Dellimore and Bro. Danley Bacchus. Bro. Danley Bacchus declined.

Nominations were closed by Bro. Jerome De Shong and seconded by Sis. Jacqueline Howe.

The results for the votes were as follows

Sis. Kolene Thomas/Williams	37
Bro. Osneith Cato	47
Sis. Dawn Dellimore	33

Result

Sis. Kolene Thomas/Williams and Bro. Osneith Cato were elected to serve on the Credit Committee.

Auditors

BDO was nominated by Sis. Marcelle Burgin and seconded by Bro. Gillon Frederick

Results

BDO was elected to continue serving as Auditors.

Supervisory and Compliance Committee

Retiring from the committee were Bro. Elsworth Abbott and Sis. Nicolette Balcombe-Dalton, thereby leaving two (2) vacant positions.

Members nominated by the Nominations Committee

Sis. Diandre Jackson (who was absent and thus automatically forfeit candidacy)
Bro. Alain Weekes

Nominated from the floor was Bro. Steve Millington.

The motion to close the nominations was seconded and carried.

Results

Bro. Alain Weekes and Bro. Steve Millington were elected to serve on the Supervisory and Compliance Committee.

18. OTHER BUSINESS

Bro. Mikhail Charles suggested that pertinent information such as the Bye-laws should be placed on the website in PDF format and that there was no illustration of the organizations Corporate Governing Principles, which is also an important document that should be accessible to membership. He also advised that the procurement policy be worked on.

Bro. Errol Clarke expressed his profound gratitude to KCCU for allowing him access to credit to achieve his goals. He articulated that KCCU has changed his life and lives up to their catch-phrase, "Changing lives one member at a time".

Bro. Elvin Jackson offered his congratulations to KCCU's Board of Directors, Committee members and Staff and encouraged them to continue making membership drives.

Bro. William Anthony asked for an update of the squatter situation in Canouan to which Bro. Colin John informed him that the squatter was in fact squatting on the road to the land rather than on KCCU's land itself. He stated that all possible legal redress has been taken but they were still awaiting a resolution to the situation.

19. ADJOURNMENT OF MEETING

The meeting was adjourned by Bro. Colin John. The motion was carried by Sis. Euna Thompson and seconded by Bro. Brent Cupid.



Bro. Colin John
President



Sis. Phyllis Allen-James
Secretary

20. BOARD OF DIRECTORS REPORT FOR THE 54TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

20.1 BACKGROUND AND INTRODUCTION

It is a distinct pleasure for me to report on behalf of the Board of Directors of the Kingstown Co-operative Credit Union Ltd (KCCU) to you our valued members on the performance of the Credit Union for the period of our tenure.

The international, regional and national economies continue to record sluggish growth. There is a view that the world economy is due for a deep recession. Falling oil prices seem to suggest a reduction in world demand for goods, particular with the slowing of growth in the major economies mainly China. Low Interest rates are a worldwide phenomenon. The Eastern Caribbean Central Bank (ECCB) mandated a 2% (down from 3%) minimum savings deposit rate for the commercial banks during the year. In some regions for example Europe and Japan negative interest rates exist. In these circumstances depositors pay to have their monies kept at the institution. The Foreign Accounts Tax Compliance Act of the USA has implications for us and will certainly affect our costs. Technology continues to reduce time and space and this has resulted in a global village that pits players from disparate corners of the world against one another.

Here at home, the Credit Union Movement took the initiative to consolidate the sector and it cannot be emphasized enough how important this is in the face of unrelenting international forces, some mentioned above, that are being wrought on these fledging island states.

KCCU operates with a sound strategy intended to deliver, and has delivered hitherto, sustainability and growth for our membership and the deepening of confidence in the Credit Union movement. The risky nature of the entire environment in this global village requires that our strategic priorities reflect our mission and that we measure our performance against strategic goals continually, in an effort to adapt. Technological advancement, on balance, brings large opportunities and we intend to continue to use it to further our development in operational efficiencies and to deliver enhanced customer services for our members so that we can build greater market share.

The Credit Union's performance in this period was strong in spite of the economic, competitive, technological, social and demographic challenges. There was strong growth in every area of the business: top line interest income/revenue was up by 15%; bottom line operating profit increased by 27%; assets grew by 7% to EC\$84 Million (M); and over EC\$1M will be paid in dividends and rebates.

Election and meetings

Following the Annual General Meeting held at the Methodist Church Hall on July, 29 2015 an inaugural Board of Directors meeting was held, as is stipulated by law, to fill the executive positions of the Board. Director Bro. Terral Mapp subsequently tendered his resignation to pursue a post graduate course of study. The vacancy created was filled by Sis. Cynthia Hope/Browne.

Colin John	– President
Dominic White	– Vice President
Gillon Frederick	– Treasurer
Phyllis Allen-James	– Secretary
Angelita Miller	– Director
Cynthia Hope/Browne	– Director
Elsworth Abbott	– Director

The Board held a total of twenty five meetings during its tenure. There were ten scheduled Board meetings and fifteen additional special meetings.

20.2 FINANCIAL PERFORMANCE

Earnings

KCCU financial statements showed operating profit of EC\$1.35M, a growth of 27% compared with the previous year. Total comprehensive income was EC\$1.17M , compared with the previous year’s amount of EC\$1.45M. However one off non-operating activity items, loss on acquisition and appreciation of land and buildings and investments, were the main contributors in the previous year’s results.

Assets

Total assets grew by EC\$5.5M or 7% in 2015 over 2014. This growth was attributed mainly to growth of 8% in our core business, loans. There was a 20% increase of EC\$1.4M in cash resources that reflected a general increase in business activity and it ensured compliance with the statutory liquidity requirement.

Delinquency

The delinquency rate was 3.65% in 2015, an improvement on the 4.3% achieved in the previous year. The PEARLS standard rate is 5%. The importance of high quality loans was a critical success factor and our rigorous monitoring and follow-up actions were absolutely necessary for the generation of cash, interest income and the prevention of large bad debt write offs. The vast majority of our members has been very responsible in repaying their obligations and must be commended. In order to continue the sustainability of the Credit Union, the Board and management will be ever vigilant by devising strategies to ensure that we do not exceed our credit risk tolerances.

Loans

Loans activity remained the core of the Credit Union’s business. In underwriting loans our goal was to ensure that our credit risk was minimized by applying the loan policy. Our loan portfolio has grown by 8% or EC\$4.5M to EC\$59.7M due primarily to increases in mortgage loans. Mortgages grew by EC\$4.4M or 13%. The portfolio was distributed 60% mortgages, 34% consumer and 6% other. The loans department interviewed and processed over three thousand applicants in the year.

Investments

We continued to receive our repayments from the Building and Loan Association in accordance with its capitalization plan. It seems that the BLA is well on the way to restoring full public confidence.

Dividends and Rebates

In order to make a balanced dividend payout decision, the Board of Directors considered all the main relevant factors: economic; financial; members expectations; the requirement for retained income for refinancing and capital adequacy; and a debated assessment on securing the future sustainability of the organisation. Note our redeemable shares rate compared well with the ECCB’s minimum savings deposit rate of two per cent. Given these factors, the Board of Directors proposes to pay the following dividends and rebates:-

Permanent Shares	5.00%
Redeemable Shares	1.60%
Rebates on Loan interest	4.00%

20.3 HUMAN CAPACITY BUILDING

KCCU continued on its quest to build its human resources capacity to deliver on our future strategic imperatives. Proper and up-to-date training was offered to ensure that over the shortest possible time our membership, management committees and staff are tooled with the skill sets relevant to the effective management of the Credit Union.

Members were exposed to orientations and money management workshop to improve planning and control of personal finance. Please note that a personal financial evaluation tool can be accessed at our WEB site www.kingstowncreditunion.com.

Further management committee training was provided through the annual Caribbean Confederation of Credit Unions conventions (CCCU) and Organisation of Eastern Caribbean States (OECS) Credit Union summit.

Staff training continued both in-House with the one-stop employee program and our participation in the ECHMB residential underwriter accreditation courses. Other agreed related training were encouraged and various Professional accredited and UWI degree programs were progressing.

The ultimate goal of Kingstown Co-operative Youth Club (KCYC) is to provide an increasing pool of young members for the Credit Union. The kids (age 3) and young people (maximum age 16) were brought together to participate in many enjoyable activities during the summer.

20.4 TECHNOLOGY

Technology continued to play a meaningful role in KCCU's success. We have improved operational efficiencies with the introduction of personalized e-mails for speedy communication and targeted data security by introducing data security application tools and a comprehensive backing store solution. Work commenced on the creation of an effective automated delivery application to assist members in obtaining services.

20.5 PRODUCTS AND SERVICES

Strong efforts were made to bring our debit card service online. We have expressed our disappointment to our Banking Partner on the protracted delaying in completing their transition from a distributed to a centralized system. This delay has resulted in KCCU not being able to deliver this service to our members because we are dependent on our partner's nationwide infrastructure. We are however very committed to its completion and will continue to pursue the card services implementation rigorously.

The Christmas loan contributed to our year end performance, however our growth was dampened due to other national activities that seemed to have suppressed demand compared with the previous year. The Revel Loan also contributed and was developed to cover another festive peak period.

The death benefit and medical plan continued to be two very important products for our membership. The Board urges members to transfer their risks by participating in these products.

20.6 CORPORATE GOVERNANCE

The Board of Directors is committed to good governance. To achieve this ideal the Board continues to apply appropriate policies and adopt best practices within the rule of law and bye-laws, that reflect responsibility, accountability, transparency and responsiveness to members needs.

Development on a range of skills is provided to Board members at every opportunity. The mix of Board members is balanced with a range of disciplines present at the table with each participant exercising professionalism, tolerance and integrity in carrying out the business of the organisation.

The Board is pleased to report that all statutory obligations were adhered to during the period of its tenure.

20.7 INVOLVEMENT IN CO-OPERATIVE MOVEMENT

KCCU continued to play a meaningful role in the sector. The sector’s development rests on the shoulders of each credit union.

KCCU was involved in the activities of the St Vincent and the Grenadines League, The Co-operative Department and the Financial Services Authority. Externally we participated in the wider credit union development through the OECS summit and CCCU convention. KCCU participated at the Board level in the League and The SVG Small Business and Micro Finance Co-operative Ltd (COMFI).

20.8 COMMUNITY DEVELOPMENT

KCCU’s co-operative responsibilities required continued support of our communities and nation building primarily in the areas of education, culture and sports.

In education, our annual national school quiz provided a forum for the nation’s young children to compete. The scholarship program has contributed tremendously by supporting economically challenged families over the years.

Our sporting contribution continued with the strengthening of the relationship with the St Vincent and the Grenadines Grammar school road relay. Additionally, assistance was given to the Thomas Saunders Secondary School to help with their participation in the Penn State Games.

KCCU also supported small groups, organisations and special schools with funding for humanitarian and other worthwhile social causes.

20.9 STRATEGIC AGENDA

The Board is pleased to report another successful year of our rolling three year strategic plan. The Credit Union is focused on long term growth and sustainability, whilst maximizing short term efficiencies, with an unwavering commitment to satisfy the needs of our membership.

Our strategic priorities include:

- excellent member services;
- technological enablement ;
- good governance;
- high level development of our human resources;
- meaningful community responsiveness;
- continued support of and participation in the Credit Union movement .

20.10 CONDOLENCES

KCCU extends deep sympathies and condolences to all bereaved members whose loved ones passed away. May they rest in peace.

20.11 ACKNOWLEDGEMENTS

The Board herewith extends its appreciation to the membership, management committees, staff, and other volunteers past, present, recognized and unsung, for their creativity and assiduous and invaluable work that contributed to another successful year 2015.

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

The Board thanks the membership for the opportunity to serve during the year and looks forward to the continued strengthening of our Credit Union. May God bless you.

Presented by and on behalf of the Board of directors.



Colin John
President

21. TREASURER’S REPORT FOR THE 54TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED FOR THE PERIOD JANUARY TO DECEMBER 2015

21.1 INTRODUCTION

It is an honour once again to present the Treasurer’s report of the Kingstown Co-operative Credit Union Limited for the year ended December 31, 2015.

The Credit Union subsector has continued to demonstrate resilience in spite of the challenges in financial services. The KCCU growth trend in assets over the past five (5) years averages 8%, which is evident of the relevance of the Credit Union services to the needs of the membership.

21.2 FINANCIAL RESULTS - SUMMARY

Kingstown Co-operative Credit Union limited continued to perform remarkably well financially despite the challenging economic environment. The financial year 2015 was a profitable one; a portion of which will be returned to members in the form of dividends and rebates as proposed by the Board of Directors.

The following are Key financial performance indicators for the financial year ended December 31, 2015 with comparison to the 2014 financial year:

Assets

		2015	2014	Difference	Change
		\$000,s	\$000,s	\$000,s	%
1	Total Assets	84,194	78,660	5,534	7%
2	Loans (Net)	59,672	55,180	4,491	8%
3	Cash Resources	8,360	6,949	1,410	20%
4	Investment Securities	2,828	2,981	(153)	-5%

There was an increase of 7% in the total assets in 2015 which was driven largely by increases in the loans portfolio and cash resources which grew by 8% and 20% respectively. Members demand for loans continue to grow to the level where the loan portfolio is 60 Million of which the majority of the portfolio consisted of mortgage loans.

The reduction in the investment securities by 5% was as a result of a combination of divestment of fixed deposits held at the St Vincent Building and loan Association ltd and an investment with the St.Vincent and the Grenadines Co-operative Credit Union League Limited during 2015.

Statement of Income

The operating profit of EC\$1.353M reflected a growth of EC\$0.29M or 27% for the year due primarily to strong growth in interest income up by 15% or EC\$0.74M.

Comprehensive income of EC\$1.179M for 2015 was EC\$0.27M lower than 2014 mainly as a result of the combined effect of acquisition loss and revaluation gain.

The effective rate of return on loans has remained consistent at 9%. The growth in the revenue collected was a direct indication of the growth in the portfolio throughout the year backed by effective underwriting and collection processes.

Dividends and Rebates

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

Permanent Shares : 5.00 %
Redeemable Shares : 1.60 %
Rebates on loan interest : 4.00 %

This proposal once approved at this AGM would return to members over 1 Million dollars on their investment at Kingstown Co-operative Credit Union limited.

	Share Capital and Members Deposits	\$	\$	\$	%
		2015	2014	Difference	Change
1	Share Capital	2,183,153	1,921,052	262,101	14%
2	Members` Share Savings	41,769,790	39,181,350	2,588,440	7%
3	Term Deposits	24,135,232	22,576,128	1,559,104	7%

Members indicated their confidence in the Kingstown Co-operative Credit Union Ltd by providing the institution with a steady source of funds with their continued investment in permanent shares, redeemable shares and regular and term deposits. The result of this confidence was reflected in the increases gained during 2015 in all of the savings categories as shown above in the table where positive increases were reflected. We thank our members for this demonstration of confidence in this noble institution.

21.3 EXPENSE

Throughout the year there was cost control employed to ensure that growth in expenses was kept to a minimum.

The following highlight the significant movement of expenses during the period of 2015:

- Staff cost increased as a result of additional staff and also cost of living and performance increases.
- Additional rental expenses were incurred relating to the Bequia office which was opened during 2015.
- Annual license fee rose as a result of increases in software for upgrades required and associated withholding taxes.
- Communication expenses increased due to upgrades done to expand the bandwidth and improve the LAN network.

21.4 CONCLUSION

The Kingstown Co-operative Credit Union limited performed well financially during the year 2015.

The Board of Directors continued to take good governance of the Credit Union as a very important responsibility. The strong financial results in 2015 were achieved with the unwavering support of you the members. We are proud that for fifty eight (58) years this institution has been and continues to be built by members with excellent loyalty and commitment. We thank you and salute your contribution throughout the years.

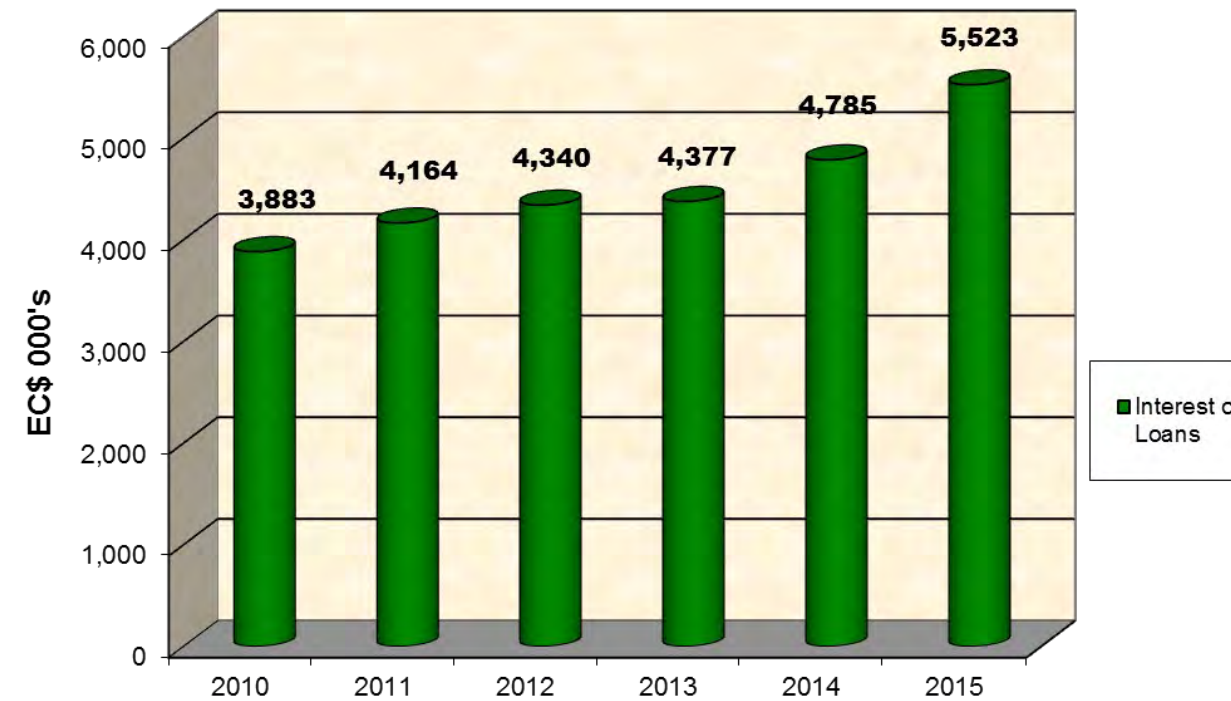


Gillon Frederick

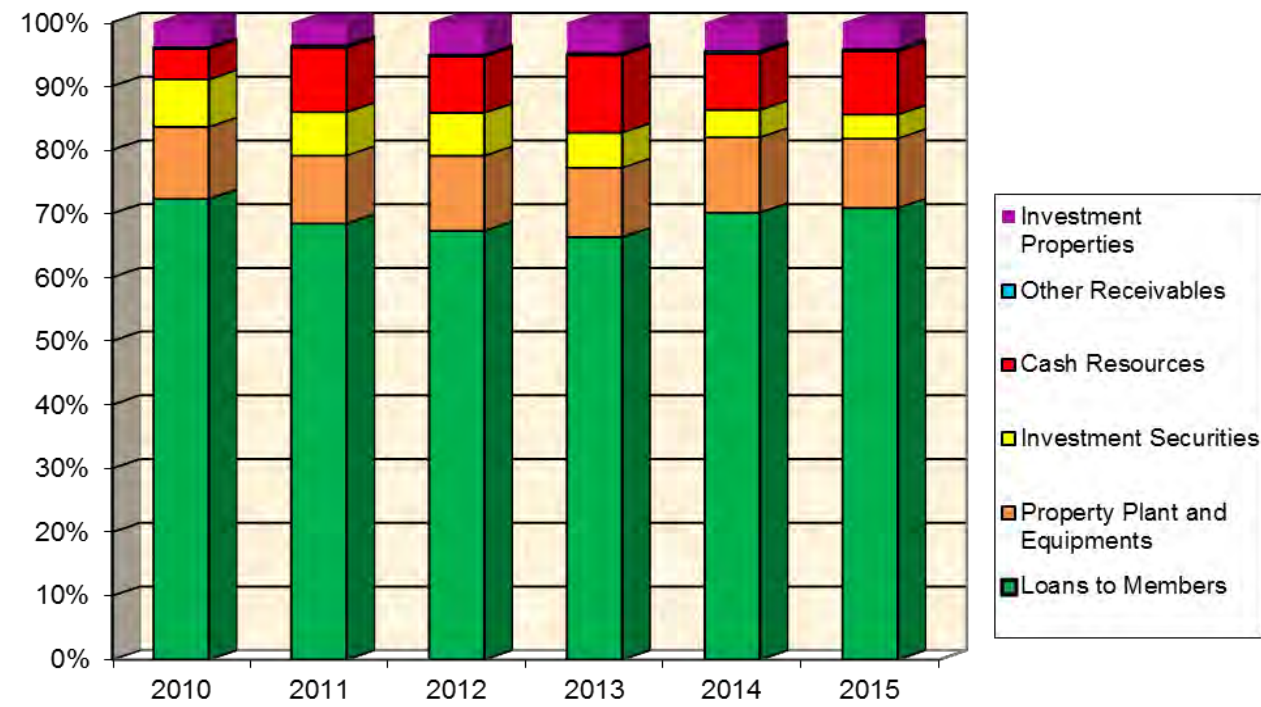
Treasurer

PEARLS RATIO				
	Financial Ratios	Actual 2014	Actual 2015	Standard
P1	<u>Allowance for loan Losses</u> Delinquency >12mths	154.4%	102.4%	100%
E1	<u>Net Loan</u> Total Assets	70.2%	70.9%	70-80%
E3	<u>Financial Investment</u> Total Assets	4.3%	3.7%	<10%
A1	<u>Total Loan Delinquency</u> Total Loan Portfolio	4.3%	3.6%	<=5%
A2	<u>Non Earning Assets</u> Total Assets	4.6%	4.6%	<=5%
R1	<u>Net Loan Income</u> Average Net Portfolio	9.1%	9.3%	10%
R9	<u>Operating Expense</u> Average Total Assets	3.9%	4.0%	5.0%
L1	<u>Net Liquidity</u> Savings	14%	15%	>15%
S9	Increase in Loans Total Loan portfolio of Previous Year	20.0%	7.2%	Not Specified
S10	Increase in Total Assets Total Assets of Previous year	13.9%	7.0%	Not Specified

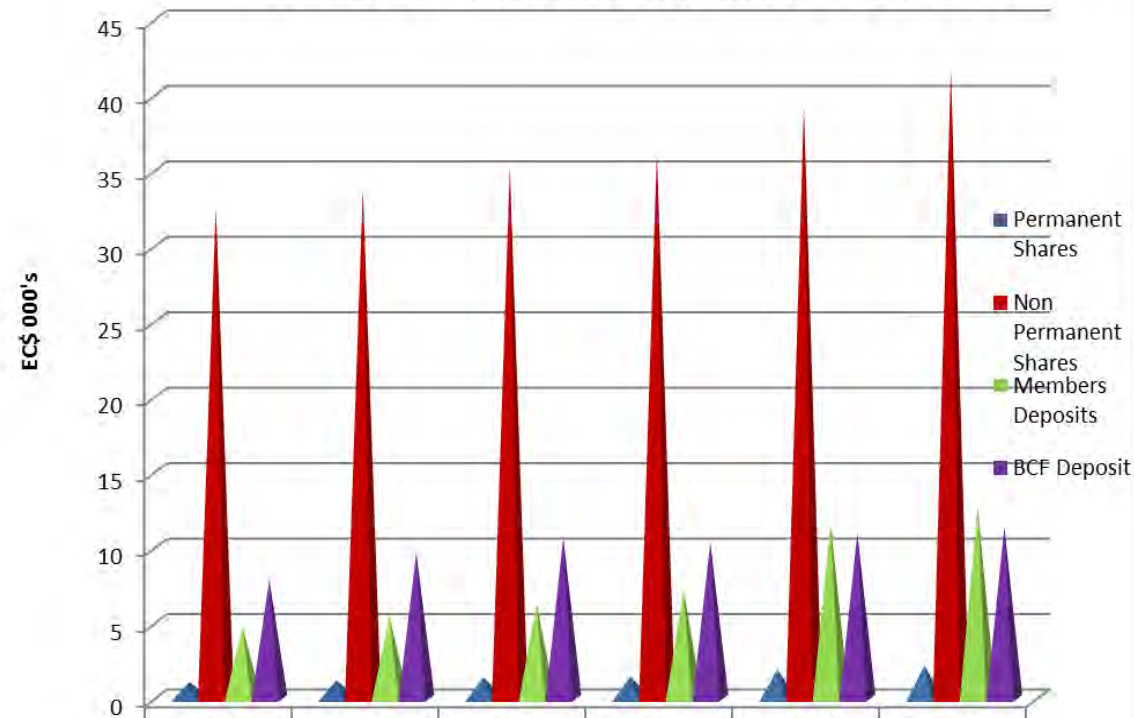
INTEREST INCOME ON LOANS



ASSETS



SHARE CAPITAL AND MEMBERS' DEPOSIT

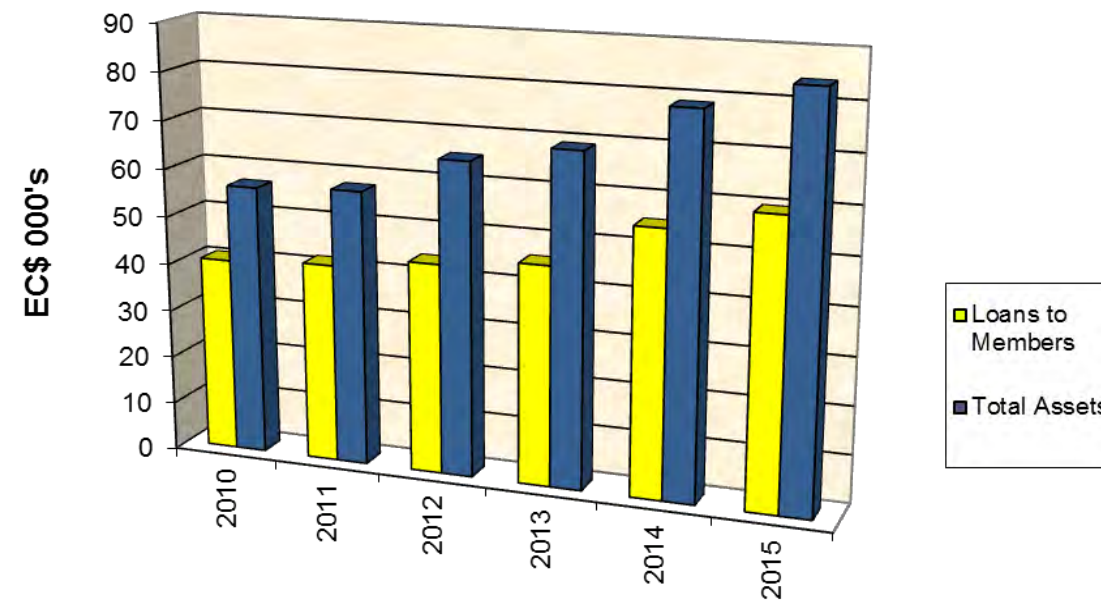


	2010	2011	2012	2013	2014	2015
Permanent Shares	1,079	1,200	1,403	1,457	1,921	2,183
Non Permanent Shares	32,606	33,795	35,168	36,191	39,181	41,770
Members Deposits	4,719	5,447	6,265	7,186	11,627	12,772
BCF Deposit	7,883	9,635	10,664	10,339	10,949	11,363

YEAR



TOTAL ASSETS AND LOANS



	2010	2011	2012	2013	2014	2015
Loans to Members	40,633	41,623	43,949	45,775	55,180	59,672
Total Assets	56,508	57,498	65,332	69,053	78,660	84,174



**Kingstown Co-operative Credit
Union Limited**
Financial Statements
Year Ended December 31, 2015

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REGISTERED OFFICE

Granby Street
Kingstown
St. Vincent and the Grenadines

BOARD OF DIRECTORS

Mr. Colin John - President
Mr. Dominic White - Vice President
Mr. Gillon Frederick - Treasurer
Ms. Angelitha Miller
Mr. Elsworth Abbott
Ms. Cynthia Hope-Browne

SECRETARY

Mrs. Phyllis Allen-James

SOLICITORS

Saunders & Huggins

BANKERS

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

AUDITORS

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Kingstown Co-operative Credit Union Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Kingstown Co-operative Credit Union Limited** which comprise the statement of financial position as of December 31, 2015, and the statement of changes in equity, statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Kingstown Co-operative Credit Union Limited** as of December 31, 2015, and the results of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



April 14, 2016

Kingstown Co-operative Credit Union Limited

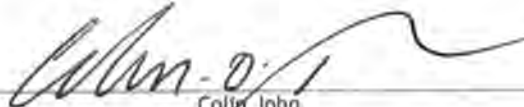
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Statement of Financial Position
As of December 31, 2015
(in Eastern Caribbean dollars)

	Notes	2015 \$	2014 \$
ASSETS			
Cash resources	8	8,359,730	6,949,294
Investment securities	9	2,827,883	2,981,452
Investment in associate	10	324,880	409,200
Loans to members	11	59,671,530	55,180,379
Receivables	12	297,068	321,443
Investment properties	13	3,533,254	3,533,254
Property, plant and equipment	14	9,179,735	9,284,688
Total Assets		84,194,080	78,659,710
LIABILITIES AND MEMBERS' EQUITY			
Liabilities			
Accounts payable and accrued liabilities		263,916	207,575
Interest payable		465,428	754,883
Deposits	15	24,135,232	22,576,128
Dividends and rebate payable		1,066,618	892,644
Redeemable member shares	16	41,769,790	39,181,350
Total Liabilities		67,700,984	63,612,580
Members' Equity			
Share capital	16	2,183,153	1,921,052
Statutory reserve	17	3,765,858	3,252,344
Development fund	18	15,359	10,359
Accumulated other comprehensive income	19	5,955,263	5,955,263
Retained earnings		4,573,463	3,908,112
Total Members' Equity		16,493,096	15,047,130
Total Liabilities and Members' Equity		84,194,080	78,659,710

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

APPROVED ON BEHALF OF THE BOARD: -


Colin John
President


Gillon Frederick
Treasurer

Kingstown Co-operative Credit Union Limited

Statement of Changes in Equity
For the Year Ended December 31, 2015
(in Eastern Caribbean dollars)

Notes	Share Capital \$	Statutory Reserve \$	Development Fund \$	Accumulated		Total \$
				Comprehensive Income \$	Other Income \$	
	1,455,733	3,248,849	15,000	4,501,655	3,965,075	13,186,312
	0	0	0	0	(2,734)	(2,734)
19	0	0	0	1,453,608	0	1,453,608
	0	0	0	0	(54,229)	(54,229)
18	311,144	0	0	0	0	311,144
	0	0	(4,641)	0	0	(4,641)
	0	3,495	0	0	0	3,495
28	154,175	0	0	0	0	154,175
	1,921,052	3,252,344	10,359	5,955,263	3,908,112	15,047,130
	0	0	0	0	1,179,600	1,179,600
19	0	0	0	0	0	0
	0	0	0	0	0	0
	262,101	0	0	0	0	262,101
	0	0	5,000	0	0	5,000
17	0	509,249	0	0	(509,249)	0
	0	4,265	0	0	0	4,265
	2,183,153	3,765,858	15,359	5,955,263	4,573,463	16,493,096

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

Kingstown Co-operative Credit Union Limited

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2015
(in Eastern Caribbean dollars)

	Notes	2015 \$	2014 \$
Income			
Interest on loans	20	5,523,406	4,785,209
Investment income	21	257,392	375,254
		5,780,798	5,160,463
Interest Expense			
		787,640	763,299
Rebates and Dividends			
		857,389	780,101
Net Interest Income			
		4,135,769	3,617,063
Allowance for impairment on loans	11.2	180,000	180,000
Allowance (recover) for impairment on interest receivable	11.3	99,999	99,999
		3,855,770	3,337,064
Rental income		244,473	246,114
		4,100,243	3,583,178
Selling Expenses			
	22	214,620	246,756
General and Administrative Expenses			
	23	3,008,685	2,628,415
		876,938	708,007
Other Income			
Income on death benefit plan - net	24	128,564	128,955
Commissions and miscellaneous income		258,418	206,873
Bad debt recovery		0	20,635
		386,982	356,463
Operating Profit			
		1,353,920	1,064,470
Appreciation in fair value of investment properties	12	0	207,054
Loss on acquisition of Marriacqua Co-operative Credit Union	28	0	(1,163,006)
Share of loss in associated company accounted for using the equity method	10	(84,320)	(111,252)
		1,179,600	(2,734)
Net Profit (Loss) for the year			
Other Comprehensive Income			
Items that will not be Reclassified to Profit or Loss			
Appreciation in fair value of land and buildings	13	0	1,570,812
Items that will or may be Subsequently Reclassified to Profit or Loss			
Decrease in the fair value of available for sale investment securities	9	0	(117,204)
Total Comprehensive Income for the year			
		1,179,600	1,450,874
The following expenses are included in the foregoing:-			
Depreciation		333,406	253,416
Staff cost		1,221,526	1,059,625

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

Kingstown Co-operative Credit Union Limited

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Statement of Cash Flows
For the Year Ended December 31, 2015
(in Eastern Caribbean dollars)

	2015	2014
Note	\$	\$
Operating Activities		
Net profit (loss) for the year	1,179,600	(2,734)
Adjustments for		
Depreciation	333,406	253,416
Interest capitalized on investments	(10,483)	(15,596)
Appreciation in fair value of investment properties	0	(207,054)
Loss on acquisition of Marriagua Co-operative Credit Union	0	1,163,006
Share of loss in associated company	84,320	111,252
Net Profit before Changes in Operating Assets and Liabilities	1,586,843	1,302,290
Decrease (increase) in other receivables	24,375	(67,380)
Increase in loans to members	(4,491,151)	(9,405,139)
Increase (decrease) in accounts payable and accrued liabilities	56,341	(34,333)
(Decrease) increase in interest payable	(289,455)	219,831
Increase in deposits	1,559,104	5,051,707
Increase in dividends and rebates payable	173,974	232,940
Net Cash Used in Operating Activities	(1,379,969)	(2,700,084)
Investing Activities		
Additions to property, plant and equipment	(228,453)	(447,156)
Proceeds from liquidation of investment securities	605,232	2,149,572
Purchase of investment securities	(441,180)	(1,945,093)
Increase in investment in associated company	0	(5,100)
Net Cash Used in Investing Activities	(64,401)	(247,777)
Financing Activities		
Repayment of borrowings	0	(203,317)
Proceeds from issuance of shares	262,101	311,144
Net increase in redeemable member shares	2,588,440	2,989,987
Entrance fees received	4,265	3,495
Decrease in equity from amalgamation with Marriagua Co-operative Credit Union	0	(1,008,831)
Dividends declared	0	(54,229)
Utilization of development fund	0	(4,641)
Net Cash Generated from Financing Activities	2,854,806	2,033,608
Net Movement in Cash Resources	1,410,436	(914,253)
Cash Resources - Beginning of Year	6,949,294	7,863,547
Cash Resources - End of Year	8,359,730	6,949,294

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

Kingstown Co-operative Credit Union Limited

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1. Legal Status

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

2. Date of Authorisation

These financial statements were authorised for issue by the Board of Directors on April 14, 2016.

3. Principal Activities

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

4. Basis of Preparation

The principal accounting policies adopted in the preparation of these financial statements are set out in note 5. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards, and Interpretations (collectively) IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. The areas where significant judgment and estimates have been made in preparing the financial statements and their effect are disclosed in note 7.

Basis of Measurement

The financial statements have been prepared on a historical cost basis; except for the following items (refer to individual accounting policies for details):

- Financial instruments - fair value through profit or loss
- Financial instruments - available for sale
- Contingent consideration
- Investment property
- Revalued property, plant and equipment
- Net defined liability
- Cash settled share-based payment liabilities

Change in Accounting Policies**a. New Standards, Interpretations and Amendments Effective from January 1, 2015**

The Credit Union has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2015:

- Annual Improvements to IFRS - 2010 - 2012 Cycle and 2011 - 2013 Cycle
- IAS 19 - Employee Benefits - In November 2013 IAS 19 was amended by *Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19). The amendments simplified the requirements for contributions from employees or third parties to a defined benefit plan, when those contributions are applied to a simple contributory plan that is linked to service.

Other Standards have made minor consequential amendments to IAS 19, including *Annual Improvements to IFRSs 2012-2014 Cycle* (issued September 2014).

The adoption of these amendments did not have any impact on any prior period and is not likely to affect future periods.

b. 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 2016.

4. Basis of Preparation (Cont'd)

Change in Accounting Policies (Cont'd)

b. *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 becomes effective for annual periods beginning on or after 1 January 2018, sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items; and replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

The Credit Union plans to implement IFRS 9 in reporting period beginning January 1, 2018, and anticipates that its application in future will not have a significant impact on the amounts reported in respect of assets and liabilities.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers*, which become effective for annual reporting periods beginning on or after 1 January 2017, was issued in May 2014. It establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. The core principle in that framework is that an entity should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Standard sets out five steps to follow: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation. IFRS 15 replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreement for the Construction of Real Estate* and IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*.

The Credit Union plans to implement IFRS 15 in the reporting period beginning January 1, 2017 and anticipates that in future will not have a significant impact on the amounts reported in respect of assets and liabilities.

IFRS 11 - Accounting for Acquisitions of Interest in Joint Operations

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*, which becomes effective for period beginning on or after 1 January 2016; was originally issued in May 2014 and addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. Earlier application is permitted.

The Credit Union anticipates that the amendments to IFRS 11 in future will not have a significant impact on the amounts reported in respect of assets and liabilities.

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to IAS 16 and IAS 38, which becomes effective for reporting periods beginning on or after 1 January 2016, and the *Clarification of Acceptable Methods of Depreciation and Amortisation*, was issued in May 2014. IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. Earlier application is permitted.

The Credit Union plans to implement the amendments to IAS 16 and 38 in the reporting period beginning January 1, 2016, and anticipates that the application of these amendments in future will not have a significant impact on the amounts reported in respect of assets and liabilities.

IAS 27 - Equity Method in Separate Financial Statements

Amendments to IAS 27 *Equity Method in Separate Financial Statements*, which become effective for reporting periods beginning on or after 1 January 2016, was issued in August 2014. The amendments to IAS 27, *Separate Financial Statements*, will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are required to be applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Earlier application is permitted.

The Credit Union anticipates that the application of the amendments IAS 27 in future will not have a significant impact on the amounts reported in respect of assets and liabilities.

4. Basis of Preparation (Cont'd)

Change in Accounting Policy (Cont'd)

b. *New Standards, Amendments and Interpretations not yet Effective and have not been Early Adopted (Cont'd)*

IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, which is effective for annual reporting periods beginning on or after 1 January 2016, was issued in September 2014. The amendments address the conflict between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, when accounting for the sale or contribution of a subsidiary to a joint venture or associate (resulting in the loss of control of the subsidiary). Earlier application is permitted.

The Credit Union anticipates that the application of the amendments IFRS 10 and IAS 28 in future will not have a significant impact on the amounts reported in respect of assets and liabilities.

IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*, which is effective for annual reporting periods beginning on or after 1 January 2016, was issued in December 2014. The amendments clarify which subsidiaries of an investment entity should be consolidated instead of being measured at fair value through profit or loss. The amendments also clarify that the exemption from presenting consolidated financial statements continues to apply to subsidiaries of an investment entity that are themselves parent entities. This is so even if that subsidiary is measured at fair value through profit or loss by the higher level investment entity parent. In addition, the amendments provide relief whereby a non-investment entity investor can, when applying the equity method, choose to retain the fair value through profit or loss measurement that is applied by its investment entity associates and joint ventures to their subsidiaries. Earlier application is permitted.

The Credit Union anticipates that the application of the amendments IFRS 10, 12 and IAS 28 in future will not have a significant impact on the amounts reported in respect of assets and liabilities.

IAS 1 - Disclosure Initiative

Disclosure Initiative (Amendments to IAS 1) was issued in December 2014. The amendments address concerns expressed about some of the existing presentation and disclosure requirements in IAS 1 *Presentation of Financial Statements* and ensure that entities are able to use judgement when applying those requirements. As a result, it introduces five, narrow-focus improvements to the disclosure requirements that relate to materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments also clarify the requirements in paragraph 82A of IAS 1 for presenting an entity's share of items of other comprehensive income of associates and joint ventures accounted for using the equity method. These amendments are required to be applied for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Annual improvements to IFRS's which will be effective for accounting periods beginning on or after 1 January 2016 as follows: -

- IFRS 5 - Changes in methods of disposal
- IFRS 7 - Servicing contracts
- IFRS 7 - Applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 - Discount rate: Regional market issue
- IAS 34 - Disclosure of information "elsewhere in the interim financial report"

5. 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.

5. Summary of Significant Accounting Policies (Cont'd)**c. Interest Income and Expense**

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

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

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.

e. Revenue on Non-Productive Loans

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

f. 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.

g. 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.

h. Borrowings

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

i. 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.

5. Summary of Significant Accounting Policies (Cont'd)

j. Foreign Currency Translation

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

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

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

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

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.

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.

5. Summary of Significant Accounting Policies (Cont'd)

k. Financial Assets (Cont'd)

b. Recognition and Measurement

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

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

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

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

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.

5. Summary of Significant Accounting Policies (Cont'd)

m. Impairment of Financial Assets (Cont'd)

Assets Carried at Amortised Cost (Cont'd)

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

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

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

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

Renegotiated Loans

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

n. Impairment of Non-Financial Assets

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

o. Share Capital

Share Capital Costs

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

Dividends

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

6. Financial Risk Management**a. Financial Risk Factors**

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

i) Credit Risk

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

The following summarizes the maximum credit risk:-

	2015	2014
	\$	\$
Loans and advances	59,671,530	55,180,379
Other receivables	297,068	279,816
Deposits with commercial banks	8,183,929	6,784,452
Investment securities	2,827,883	2,981,452
	<u>70,980,410</u>	<u>65,226,099</u>

ii) Liquidity Risk

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

iii) Market Risks**a. Foreign Exchange Risk**

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

b. Price Risk

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

c. Fair value and Cash Flow Interest Rate Risk

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

b. Fair Value of Financial Assets and Liabilities

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

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

7. 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.

8. Cash Resources

	2015	2014
	\$	\$
Cash on hand	175,801	164,842
Demand deposits	565,170	740,066
Short-term bank deposits	7,618,759	6,044,386
	<u>8,359,730</u>	<u>6,949,294</u>

The effective interest rate on short-term bank deposits is 2.18% (2014: 3.52%).

All cash deposits are denominated in Eastern Caribbean currency.

Cash on hand and bank deposits includes the following for the purpose of the cash flow statement:

	2015	2014
	\$	\$
Cash resources	<u>8,359,730</u>	<u>6,949,294</u>

9. Investment Securities

Securities held-to-maturity

7.5% Government of St. Vincent and the Grenadines amortising bonds,
repayable in 19 equal instalments maturing August 2016

2015	2014
\$	\$

24,642 49,285

8% Government of St. Vincent and the Grenadines amortising bonds,
repayable in 14 equal instalments maturing March 2016

35,715 107,145

5% St. Vincent and the Grenadines Credit Union League Term Deposits

645,305 354,821

St. Vincent and the Grenadines Credit Union League 4% Central Finance Facility Deposit

14,510 14,510

3.25% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2015

0 151,343

3.25% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2015

0 151,343

3.50% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2017

161,180 0

3.50% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2016

252,238 252,238

3.50% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2016

303,133 303,133

3.25% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2015

0 103,237

3.25% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2015

0 103,237

3.50% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2016

172,062 172,062

3.50% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2016

190,888 190,888

British American 8.5% Corporate Savings Contract, maturity October 24, 2009

100 100

1,799,773	1,953,342
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Securities available-for-sale

Eastern Caribbean Co-operative Central Limited

10,000 10,000

FirstCaribbean International Bank (Barbados) Limited - 70,000 common shares, at fair value

182,696 182,696

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 - 3,000 common shares

25,920 25,920

St. Vincent Building and Loan Association

188,578 188,578

1,028,110	1,028,110
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Total Investment Securities

2,827,883	2,981,452
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The effective interest rates at reporting date were as follows: -

2015	2014
%	%

Government of St. Vincent & the Grenadines bonds

7.95 8.00

St. Vincent and the Grenadines Credit Union League

2.02 4.95

St. Vincent Building and Loan Association

3.82 3.42

9. Investment Securities (Cont'd)

	Available for sale \$	Held to maturity \$	Total \$
At January 1, 2015	1,028,110	1,953,342	2,981,452
Additions	0	441,180	441,180
Disposal/redemption	0	(605,232)	(605,232)
Interest capitalized	0	10,483	10,483
At December 31, 2015	1,028,110	1,799,773	2,827,883
At January 1, 2014	942,330	2,345,209	3,287,539
Additions	202,984	1,742,109	1,945,093
Disposal/redemption	0	(2,149,572)	(2,149,572)
Decrease in fair value	(117,204)	0	(117,204)
Interest capitalized	0	15,596	15,596
At December 31, 2014	1,028,110	1,953,342	2,981,452

On September 1, 2013, the St. Vincent Building and Loan Association implemented a capitalisation plan which aims at improving its solvency and liquidity position. As of reporting date, the Credit Union held Building & Loan Association certificates of deposits having a nominal value of \$1,079,502 (2014: \$1,427,481). In accordance with IFRS 13, the Credit Union recorded an impairment charge of \$100,000 in its deposit with that Association in 2012. As of reporting date, no further impairment has been recorded.

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

	2015 \$	2014 \$
Eastern Caribbean currency	2,645,187	2,798,756
Barbados currency	182,696	182,696
	2,827,883	2,981,452

10. Investment in Associate

The Credit Union holds a seat on the Board and 27.6% of the outstanding shares of SVG Small Business and Micro Finance Co-operative Limited (COMFI).

Accordingly, the investment in COMFI is accounted by the equity method. The investment is therefore adjusted to the Credit Union's proportionate share of its financial performance.

	2015 \$	2014 \$
Investments at the beginning of the year	409,200	515,352
Additions	0	5,100
Share of losses	(84,320)	(111,252)
	324,880	409,200

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

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

	2015 \$	2014 \$
SVG Small Business and Micro-Finance Cooperative Limited (COMFI)	1,112,852	1,434,106

11. Loans to Members

	2015	2014
	\$	\$
Loans partially secured by shares	21,185,472	21,446,276
Micro loans	233,974	259,929
Mortgage loans	37,254,198	32,881,382
Student loans	2,973,371	2,897,696
	61,647,015	57,485,283
Allowance for loan losses (Note 10.2)	(2,201,980)	(2,519,422)
	59,445,035	54,965,861
Interest receivable net	226,495	214,518
	59,671,530	55,180,379

The effective interest yield during the year on loans to members was 9% (2014: 9%).

11.1. Loans to Members Impairment Analysis

Loans and advances are summarised as follows:

	2015	2014
	\$	\$
Neither past due nor impaired	59,396,326	54,701,515
Past due but not impaired	100,905	1,152,166
Impaired	2,149,784	1,631,602
Gross	61,647,015	57,485,283
Less: allowance for impairment (Note 10.2)	(2,201,980)	(2,519,422)
	59,445,035	54,965,861
Interest receivable, net	226,495	214,518
	59,671,530	55,180,379

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:

	2015	2014
	\$	\$
Past due up to 30 days	27,617	324,872
Past due 31 - 60 days	56,749	514,349
Past due 61 - 180 days	16,539	312,945
Total	100,905	1,152,166

11.2. Allowance for Impairment on Loans

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

	2015	2014
	\$	\$
Balance at the beginning of the year	2,519,422	2,294,885
Charge for the year	180,000	180,000
Allowance for impairment on loans	0	300,000
Write off	(497,442)	(255,463)
Balance at end of the year	2,201,980	2,519,422

All loans to members are denominated in Eastern Caribbean currency.

11.3. Allowance for Impairment on Loan Interest Receivable

	2015	2014
	\$	\$
Balance at the beginning of the year	376,801	276,802
Charge for the year	99,999	99,999
Balance at the end of year	476,800	376,801

12. Other Receivables

	2015	2014
	\$	\$
Interest receivable - investment	125,216	172,460
Prepaid expenses	48,867	41,627
Other accounts receivable	122,985	107,356
	<u>297,068</u>	<u>321,443</u>

13. Investment Properties

	2015	2014
	\$	\$
Carrying value at beginning of year	3,533,254	3,326,200
Appreciation in fair value	0	207,054
Carrying value at end of year	<u>3,533,254</u>	<u>3,533,254</u>

On May 27, 2015, the Credit Union's investment properties were valued by Edric Lewis and Associates, an independent valuator, on an open market basis. The directors adopted the combined appraisal value of \$3,533,254 in the Credit Union's records in December 2014.

14. Property, Plant and Equipment

	Land	Building	Furniture & Equipment	Total
	\$	\$	\$	\$
At January 1, 2014				
Cost or valuation	2,168,400	4,866,600	1,641,896	8,676,896
Accumulated depreciation	0	(97,331)	(1,059,429)	(1,156,760)
Net book amount	<u>2,168,400</u>	<u>4,769,269</u>	<u>582,467</u>	<u>7,520,136</u>
Year Ended December 31, 2014				
Opening net book amount	2,168,400	4,769,269	582,467	7,520,136
Additions	57,348	242,432	147,376	447,156
Appreciation in fair value	135,525	1,435,287	0	1,570,812
Depreciation charge	0	(97,744)	(155,672)	(253,416)
Closing net book amount	<u>2,361,273</u>	<u>6,349,244</u>	<u>574,171</u>	<u>9,284,688</u>
At December 31, 2014				
Cost or valuation	2,361,273	6,359,223	1,789,272	10,509,768
Accumulated depreciation	0	(9,979)	(1,215,101)	(1,225,080)
Net book amount	<u>2,361,273</u>	<u>6,349,244</u>	<u>574,171</u>	<u>9,284,688</u>
Year Ended December 31, 2015				
Opening net book amount	2,361,273	6,349,244	574,171	9,284,688
Additions	0	42,840	185,613	228,453
Depreciation charge	0	(132,043)	(201,363)	(333,406)
Closing net book amount	<u>2,361,273</u>	<u>6,260,041</u>	<u>558,421</u>	<u>9,179,735</u>
At December 31, 2015				
Cost or valuation	2,361,273	6,402,063	1,974,885	10,738,221
Accumulated depreciation	0	(142,022)	(1,416,464)	(1,558,486)
Net book amount	<u>2,361,273</u>	<u>6,260,041</u>	<u>558,421</u>	<u>9,179,735</u>

On May 27, 2015, the Credit Union's land and building were valued by Edric Lewis and Associates, an independent valuator, on an open market basis. The directors adopted the combined appraisal value of \$8,411,148 in the Credit Union's records in December 2014. As a result, the appreciation of \$1,570,812 in fair value of land and building over net book value was credited to revaluation surplus and included in other comprehensive income.

Depreciation expense of \$333,406 (2014: \$253,416) has been charged to general and administrative expenses.

15. Deposits

	2015 \$	2014 \$
Members' demand deposits	12,772,462	11,627,263
Building capitalisation fund shares	11,362,770	10,948,865
	<u>24,135,232</u>	<u>22,576,128</u>

The building capitalization fund shares have varying maturity dates.

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

	2015 %	2014 %
Members' demand deposits	2.70	2.70
Building capitalisation fund shares	4.18	4.74

All deposits are denominated in Eastern Caribbean currency.

16. Share Capital**Issued Share Capital**

	2015 Share Numbers	2014 Share Numbers
Redeemable \$5 par value member shares	8,353,958	7,836,270
Non-redeemable fully paid \$5 par value member shares	419,342	614,794

	2015 \$	2014 \$
Paid-up Capital		
Reported as Financial Liabilities		
Redeemable \$5 par value member shares	41,769,790	39,181,350
Reported as Equity		
Non-redeemable fully paid \$5 par value member shares	2,096,710	1,831,640
Subscription for non-redeemable \$5 par value member shares	86,443	89,412
	<u>2,183,153</u>	<u>1,921,052</u>
	<u>43,952,943</u>	<u>41,102,402</u>

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

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

17. Statutory Reserve

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

	2015 \$	2014 \$
Balance - beginning of year	3,252,344	3,248,849
Entrance fees	4,265	3,495
Appropriation for year	509,249	0
Balance - end of year	<u>3,765,858</u>	<u>3,252,344</u>

18. Development Fund

	2015 \$	2014 \$
Balance - beginning of year	10,359	15,000
Utilization for the year	0	(4,641)
Appropriation	5,000	0
Balance - end of year	<u>15,359</u>	<u>10,359</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.

19. Accumulated Other Comprehensive Income

	Revaluation Surplus \$	Unrealized Gain on Investments \$	Total \$
Balance as of December 31, 2013	3,909,345	592,310	4,501,655
Gain on revaluation of land and buildings (Note 13)	1,570,812	0	1,570,812
Decrease in fair value of available for sale investment securities (Note 8)	0	(117,204)	(117,204)
	<u>1,570,812</u>	<u>(117,204)</u>	<u>1,453,608</u>
Balance as of December 31, 2014	5,480,157	475,106	5,955,263
Balance as of December 31, 2015	<u>5,480,157</u>	<u>475,106</u>	<u>5,955,263</u>

20. Interest on Loans

	2015 \$	2014 \$
Mortgage loans	2,835,732	2,355,365
Consumer loans	2,146,376	1,908,921
Vehicle loans	337,101	262,582
Education loans	202,513	234,117
Non-productive loans	1,684	24,224
	<u>5,523,406</u>	<u>4,785,209</u>

21. Investment Income

Investment income comprises:

	2015 \$	2014 \$
Interest on bank deposits and fixed deposits	245,575	346,806
Interest on held to maturity securities	5,430	15,596
Dividends	6,387	12,852
	<u>257,392</u>	<u>375,254</u>

22. Selling Expenses

	2015 \$	2014 \$
Donations	39,509	36,495
Publicity, promotions and sponsorship	130,511	173,457
Scholarship funds	44,600	36,804
	<u>214,620</u>	<u>246,756</u>

23. General and Administrative Expenses

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

	2015 \$	2014 \$
Agency expenses	1,800	3,600
Annual general meeting expense	36,132	39,095
Annual licence fee	43,958	24,968
Audit and accounting fees	53,418	58,939
Bank charges	8,054	4,199
Board and committee meetings	120,332	108,412
Conventions and summits	30,344	68,056
Depreciation expense	333,406	253,416
Electricity	83,466	82,761
General insurance	53,424	49,420
Insurance on loans and shares	340,595	302,770
League dues	68,636	56,379
Professional fees	55,400	41,612
Rates and taxes	4,606	4,596
Repairs and maintenance - building	47,787	95,213
- equipment	60,209	25,830
Rental expense	52,200	39,850
Security	71,403	79,683
Staff costs	1,221,526	1,059,625
Stationery and office supplies	131,287	117,550
Communication expenses	136,977	78,833
Travel	12,810	14,992
Water	16,280	18,616
Withholding tax	21,136	0
	<u>3,008,685</u>	<u>2,628,415</u>

24. Income on Death Benefit Plan - Net

	2015 \$	2014 \$
Death benefit contributions	224,555	199,955
Death benefit claims paid	(95,991)	(71,000)
	<u>128,564</u>	<u>128,955</u>

25. Staff Cost

	2015 \$	2014 \$
Bonus	38,177	39,773
Staff medical insurance	25,056	20,274
National Insurance contributions	48,424	41,487
Salaries and wages	1,064,602	907,234
Staff training and education	23,385	40,066
Staff uniform	21,882	10,791
	<u>1,221,526</u>	<u>1,059,625</u>
Number of employees at reporting date	<u>32</u>	<u>25</u>

26. Related Party Transactions

A party is related to the Credit Union if the party has control over the Credit Union or the party has significant influence over the Credit Union or is a member of key management personnel.

The Board of Directors, committees and staff of Kingstown Co-operative Credit Union Limited are considered as related parties.

Loans and Deposits**a. Loans**

Directors and volunteers
Staff

	2015	2014
	\$	\$
Directors and volunteers	834,438	547,775
Staff	1,460,357	951,929
	<u>2,294,795</u>	<u>1,499,704</u>

b. Deposits

Directors and volunteers
Staff

	2015	2014
	\$	\$
Directors and volunteers	202,858	234,951
Staff	555,862	432,848
	<u>758,720</u>	<u>667,799</u>

c. Key Management Compensation

Salaries and wages
National Insurance contributions

	2015	2014
	\$	\$
Salaries and wages	535,035	516,103
National Insurance contributions	19,344	18,805
	<u>554,379</u>	<u>534,908</u>

27. Income Tax

The Credit Union, in accordance with section 241 of the Co-operative Societies Act 2012, is exempt from income tax.

28. Acquisition of Marriagua Co-operative Credit Union Limited

At a Special General Meeting held on September 22, 2014, the members of the Kingstown Co-operative Credit Union Limited, with the approval of the Financial Services Authority, passed a resolution to merge the assets and liabilities of the Marriagua Co-operative Credit Union Limited. The merger took effect on November 18, 2014.

Pursuant to the merger agreement, and in accordance with section 147 (1) (a) of the Co-operative Societies Act 2012, the General Employees Co-operative Credit Union Limited and St. Vincent and the Grenadines Teachers Co-operative Credit Union Limited purchased 34,200 and 34,220 permanent shares, for a consideration of \$171,000 and \$171,100 respectively. Further, the Credit Union issued 30,835 permanent shares, having the equivalent net asset value of the Marriagua Co-operative Credit Union Limited paid-up capital, to the members of the former Marriagua Co-operative Credit Union Limited. As a result, in 2014, the asset shortfall of \$1,163,006 in Marriagua Co-operative Credit Union Limited was charged to the profit or loss of that financial year.

29. Commitments

The Credit Union is committed to a monthly rental of \$4,650 for premises under an operating lease.

22. CREDIT COMMITTEE REPORT FOR THE 54TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

22.1 INTRODUCTION

The Credit Committee is indeed pleased to have served the members of the Kingstown Co-operative Credit Union during the year 2015 and it is with honour that this report is presented to you on its behalf.

At the end of the 53rd Annual General Meeting of the KCCU that was held at the Kingstown Methodist Church Hall on 29th July, 2015, the Credit Committee comprised of the following persons:

<u>NAME</u>	<u>POSITION</u>	<u>STATUS</u>
Bro. Bernard John	Chairman	
Sis. Cynthia Hope-Browne	Former Chairperson	Resigned
Sis. Marcelle Burgin	Secretary	
Sis. Koleen Thomas-Williams	Member	
Bro. Osneth Cato	Member	

Sis. Cynthia Hope-Browne resigned in November, 2015 to fill a vacancy on the Board of Directors. Following Sis. Hope-Browne’s resignation, the Committee met and Bro. Bernard John was elected as Chairman, and Sis. Marcelle Burgin was elected as Secretary.

A total of twenty-nine (29) meetings were held during the year and the attendance record was as follows:

<u>NAME</u>	<u>ATTENDANCE</u>
Bro. Bernard John	26
Sis. Cynthia Hope-Browne	10
Sis. Marcelle Burgin	28
Sis. Koleen Thomas-Williams	27
Bro. Osneth Cato	28

22.2 FUNCTIONS AND OPERATION OF THE CREDIT COMMITTEE

The Credit Committee is a component of the Credit Union’s operations and is charged with the duties stipulated in the Co-operatives Society Act and the KCCU Bye Laws. In addition the committee offers financial counseling to members whenever necessary in an effort to ensure that loan credit is granted at appropriate levels in the mutual best interest of the membership and the Credit Union.

The Credit Committee met once per week, (every Tuesday, with the exception of public holidays); meetings commenced at 5pm.

The Chairperson of the Credit Committee attended monthly meetings of the Board of Directors to table a report on the activities of the committee for the previous month.

22.3 OVERVIEW

The Credit Union remained resilient amidst the challenging economic times experienced in St. Vincent and the Grenadines, regionally and internationally.

Increased competition from other financial institutions posed some challenges to KCCU, primarily from the banking sector which offered lower interest rates on mortgages thereby leading to a number of loan takeovers. Also, a number of organisations that were once considered to be relatively stable closed their doors, which resulted in a number of persons losing their jobs, hence affecting their ability to service their loans, as well as save. Additionally, of the number of members who opted to refinance their loans in an attempt to improve their financial circumstances, some were able to cope with the challenging times, while others found themselves having to refinance two or more times later due to additional debts incurred from other institutions even after refinancing with KCCU.

In spite of it all, the organisation functioned with a family spirit and members were able to receive one on one advice from loan officers and members of staff. The staff continued to encourage members to save a little than to save nothing at all, and to try as best as possible to honour their commitments

In light of the intense competition from other financial institutions and the challenging times, the Credit committee continued to work closely with the members of the lending team to make adjustments to suit, such as the increase use of technology to provide information and to devise products and services to meet the needs or requirements of the members, and ultimately grow the Credit Union.

22.4 LOAN APPLICATIONS AND APPROVALS

There was a shortfall in lending activity for the 2015 period. Loans reviewed decreased from **4150** in 2014 to **3310** in 2015, representative of a decline in 840 loans or 20.24%.

Loans approved for the year 2015 totaled 3187, an improvement of 1.28% over 2014.

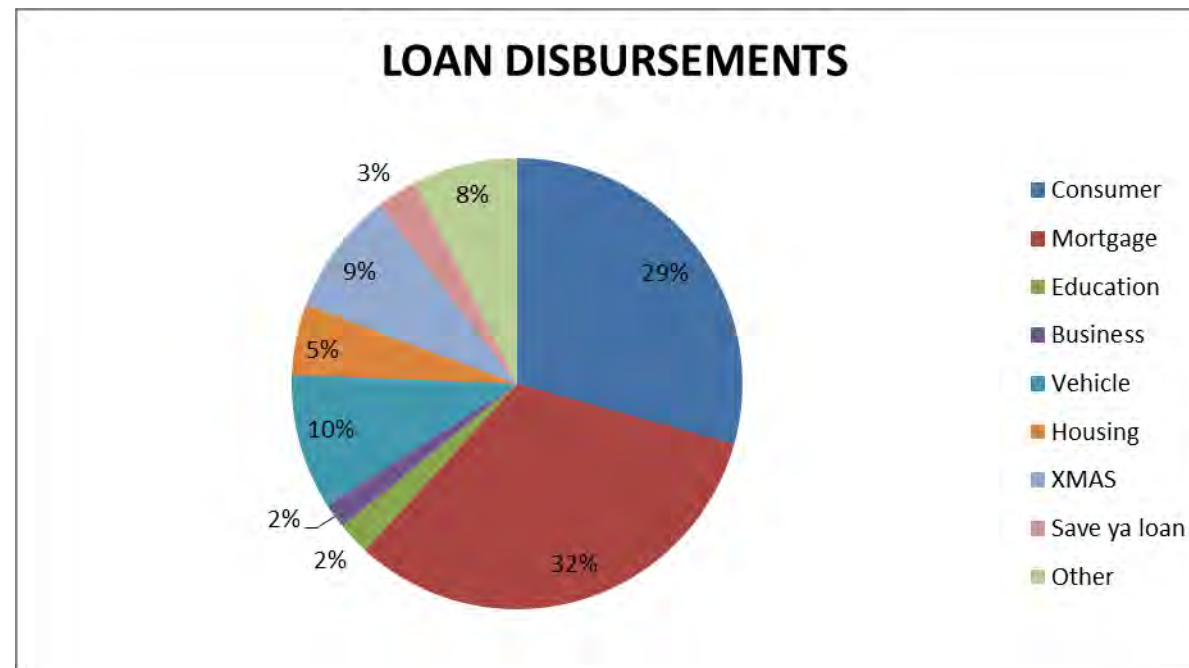
As it relates to the value, loan applications reviewed in 2015 amounted to \$26.3 million, a 21.73% decrease compared to the \$33.6 million in 2014. Of this \$26.3 million in 2015, 77.95% or \$20.5 million was approved.

22.5 LOAN ANALYSIS

<u>Year</u>	<u>Loans Reviewed</u>	<u>Loans Approved</u>	<u>Value Reviewed</u>	<u>Value Approved</u>
2015	3310	3187	\$26,343,573	\$20,052,042

22.6 LOAN DISBURSEMENTS

The majority of loans disbursed for the period under review were mortgages and consumer loans, accounting for 32% and 29% respectively. Vehicle and XMAS loans also accounted for a significant proportion of the total disbursed, accounting for 10% and 9%.



22.7 DELINQUENCY

The delinquency rate as at December, 2015 stood at 3.65% an improvement from the 4.3% rate as at December, 2014. Though delinquency posed a challenge to KCCU in 2015, the capable staff was vigilant and steadfast and was able to continuously reduce the level of delinquency, and for that the staff must be commended for a job well done.

Members are often advised by KCCU to give full accurate disclosure of their financial circumstances, as well as being cautioned on the dangers of over-borrowing. However, it is in our mutual best interest for quick contact to be made indicating payment challenges before delinquency, so an appropriate solution can be agreed upon and implemented.

22.8 ACKNOWLEDGEMENTS

The Credit Committee would like to thank you the members of the Kingstown Co-operative Credit Union for your business; it is because of you playing your part through your savings and by honouring your commitments, that the credit union remains strong. A strong Credit Union can ultimately lead to a strong economy.

We thank the management and staff for their support and for a job well done, the Credit Department, Supervisory and Compliance Committee, Education Committee and the Board of Directors for their continued guidance. The management can count on us to offer ideas for the development of loan products and other services which would further strengthen the Credit Union.

The Committee would like to use this opportunity to thank Sis. Cynthia Hope-Browne for the knowledge that she imparted to us. Her level of professionalism, dedication and charismatic character motivated us.

We would continue to do our part to ensure that we make decisions that is in the best interest of you, the member and the Credit Union on a whole.

We look forward to your continued support and guarantee that we would provide very high standards of service befitting of a committee that is entrusted with this important responsibility.

Respectfully submitted,



Bro. Bernard John
Chairperson



Sis. Marcelle Burgin
Secretary

23. SUPERVISORY AND COMPLIANCE COMMITTEE REPORT FOR THE 54TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

23.1 INTRODUCTION

The Supervisory and compliance committee submits this report in its capacity as ‘The Watchdogs’ of the KCCU, to its members at this the 54th Annual General Meeting. This report covers the period January to December 2015 and provides an assessment and reflection of the work, activities, observations and actions conducted during the period under review.

23.2 COMPOSITION AND MEETINGS FOR PERIOD

The committee elected at the 53rd AGM, met and elected its chairman and secretary to serve for the period under review as outlined in the credit union byelaws. The committee is made up as follows:

<u>Name</u>	<u>Portfolio</u>	<u>Regular meetings</u>	<u>Joint meetings/Seminars</u>
Rohan Providence	Chairman	20	5
Gale Thorpe	Secretary	12	3
Franklyn Linley	Member	18	3
Steve Millington	Member	19	5
Alain Weekes	Member	16	4

23.3 MODE OF OPERATION

The committee’s main mandate was to promote and ensure the efficient operation of the KCCU by aligning Credit Union objectives to foster and safe guard/ensure compliance with the Cooperative Society Act 2012, the KCCU Byelaws and adherence to recommendations by the FSA our regulatory and supervisory body. Compliance was monitored by reviewing the documents and systems of the KCCU and making suggestions and recommendations to management and the Board of Directors. Our work ensured that the integrity, soundness of management, effective use of resources, sound internal controls and other compliance functions were being maintained by the KCCU.

23.4 WORK PLAN INCLUDED

- Review of minutes and reports of the Board of Directors and compliance reports
- Attendance at board and other committee meetings
- Attendance at seminars and training workshop on the responsibilities of the supervisory and compliance committee
- Attendance at legislative and leadership development symposium for directors and supervisory and compliance committee
- Visits and revisits to branches: Union, Canouan, Bequia, Marriagua

- Review of cash control, teller operations and loan operations
- Cash count visits
- Review of Credit/loans policy
- Review of loans security
- Review of physical location and staff security
- Review of source of funds declarations/ meeting FIU requirements
- Examination of loan applications
- Review of delinquent members files
- Compliance review of legal and regulatory procedures and documents governing the credit union
- Review of monthly financial reports
- Review of quarterly FSA reports
- Review of bank reconciliations
- Review of employees, committee, board members and related family member accounts
- Assessment of HR Management

23.5 **HIGHLIGHTS**

Financial Position

The committee constantly monitored the financial position of the Credit Union, utilizing the Accountant's report during the period. The committee is of the view that the financial report at December 2015 gives a fair representation of the financial standing of the Credit Union.

Total Assets

Total assets increased by 7% from \$78, 659,710 at the end of December 2014 to \$84,194,080 at the end of December 2015. This increase was mainly due to the growth in the Credit Union net loans portfolio namely the mortgage category. The Credit Union was also consistent in maintaining its liquidity position throughout the year, this can serve as an indicator for the Credit Union to find attractive and lucrative longer term investment opportunities to deploy some of our cash resources.

Review of Delinquency Status

The committee reviewed samples of loan applications to determine the level of effectiveness and adequacy of our internal controls system. Delinquency was also monitored throughout the period under review. In reviewing the delinquent loans, the committee sought to ensure that the approval process was unhindered and all the supporting documents and security were in place, that the recoveries department conducted the necessary follow up and action. The committee applauds the action taken by the recoveries department and management in controlling and monitoring the delinquency level, thus ensuring a sector best position at December 2015.

Visits to branches

The committee conducted visits to the various branches of the KCCU. These visits were conducted to ensure that the levels of control and adherence to policies and compliance was prevalent right across the KCCU. The visits also provided a scope for recommendations and suggestions by the committee to the board and management to ensure the security of staff and assets, improvements in customer service and the correct environs.

Compliance

The committee worked closely with the Compliance Officer during the period under review. Several meetings were held to conduct follow ups as it related to the compliance plan adopted by the Board of Directors for the period under review. The committee is satisfied that the officer is performing exceptionally in the role given the magnitude of the workload. There is a recommendation to the board for an expansion of the office given the critical nature of the role in ensuring that the systems of internal controls are fully functional and effective across the institution in safe guarding member interests. The Compliance Officer was also actively involved in training sessions and workshops that advances the development of the role.

Management

The management and staff of the KCCU ably led by the CEO worked assiduously in the regulating, monitoring and supporting of policies and procedures of the Credit Union. Commendation must be given to the CEO for fostering an environment that encourages the level of commitment and dedication of the staff throughout the institution. The Supervisory and Compliance Committee encourages the team to continue the good work.

Acknowledgements

The Supervisory and Compliance Committee extends its gratitude and appreciation for the assistance, guidance and challenge of the Board of Directors in ensuring that the committee performed its role at the highest level. The discussions and meetings held provided invaluable opportunities for educating and challenging the committee to ensure that we grew in our role as 'the watchdogs' of the KCCU.

To the membership of the KCCU, we express our sincere appreciation for the confidence and support vested in the committee; to supervise and encourage good governance, transparency and accountability. We recognize these as the qualities that are highly valued by you the members of the KCCU.

The Supervisory and Compliance Committee pledges to continue to promote the atmosphere that lends itself to the overall growth of the Credit Union in every aspect. We will continue to be fair, assertive, vigilant and observant while at the same time challenging and encouraging the Board of Directors, management and all stakeholders to maintain the bar we have attained, and strive to ensure that our Credit Union remains the number one Credit Union in St Vincent and the Grenadines.

For and behalf of the Supervisory Committee



Bro. Rohan Providence
Chairman



Sis. Gale Thorpe
Secretary

24. EDUCATION COMMITTEE REPORT FOR THE 54TH ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

24.1 INTRODUCTION

The Education Committee is pleased to present this report to the 54th Annual General Meeting on the activities accomplished for the year.

24.2 MEMBERSHIP

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

Sis. Juanika Joseph	Chairperson
Sis. Lucille Browne	Secretary
Sis. Arlette Maloney	Member
Sis. Joselle White	Member
Sis. Laura Smart	Resigned

24.3 MEETINGS

The Committee held three meetings per month, the first, second and last Mondays, consistent with established practice. However additional meetings were held when needed, in order to fully plan and execute important matters or specific activities.

24.4 YEAR IN REVIEW

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

24.5 ORIENTATION SESSIONS

The aims of orientation sessions were to sensitize new Members to: the Co-operative Philosophy and History; the Principles and Values; the credit union movement structure locally and internationally; the procedure to access and benefit from financial services; the difference between Credit unions and Banks and the tools and practice of financial management.

During the period under review, two orientation sessions for new members were held in the Reuben John Development Centre at the Headquarters in Kingstown. The sessions featured presentations from Committee Members and members of the Senior Management team of KCCU. Financial management was a key presentation that was very interactive and well received by members present at sessions. Members' feedback had revealed great appreciation for KCCU's 'personal touch' and continuous commitment to train our membership.

24.6 SPONSORSHIP AND DONATIONS

The KCCU continued to extend financial and other support to many entities as part of its Corporate Social Responsibility. Sponsorships were extended to support various activities, groups, institutions, programmes and individuals. These include but are not limited to:

St. Vincent Grammar School Road Relay
Langley Park Government School
Thomas Saunders Secondary School

24.7 KCCU SECONDARY SCHOOL SCHOLARSHIP

The 2015 KCCU Scholarship Awardees were as follows:

Academic Scholarships:	O-Dya Glasgow and Tykel Pierre
Socio-Economic Scholarships:	Jadyn Delpesche and Tshemiah Yearwood

The Award Ceremony took place at the Frenches House on July 22, 2015 and Sis Akili Robertson was the featured speaker.

The Education Committee is pleased to report that all our scholarship holders are performing extremely well. The Committee continually monitors the progress of all scholarship holders and if there are digressions from the required performance standards, meetings are arranged so that corrective actions can be taken.

24.8 KCCU ANNUAL PRIMARY SCHOOL QUIZ

Fifteen schools registered and took part in the preliminary round that was held at the St. Vincent Grammar School on November 7, 2015. The finals of the 2015 KCCU Annual Primary School Quiz was held on November 21, 2015 at the Kingstown Methodist Church Hall. The six schools that advanced to the finals were:

Kingstown Government School Sion Hill Government School
 Westwood Methodist School Calliaqua Anglican School
 Langley Park Government School Pamelus Burke Government School

It consisted of three rounds: 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 placements were as follows:

Overall Winners		
1 st	Kingstown Government School	Beounce Bailey & Ann-Jean Roache
2 nd	Sion Hill Government School	Kevin Cain & Javed Baptiste
3 rd	Calliaqua Anglican School	Shante' Forbes & Jamund Cyrus

24.8 SENIOR CARE DAY

The Education Committee in conjunction with the Board of Directors, Management and Staff hosted another successful day for senior members on October 31, 2015. The event took place at the Rawacou Recreational Park and included a presentation on Diabetes, a 'Then and Now' Forum, blood pressure and sugar tests, massages and manicures, ring games, dominoes and arts and craft. Seniors were also given the opportunity to share testimonies to express how they benefited significantly from being members of the Credit Union.

24.9 ACKNOWLEDGEMENTS

The Education Committee wishes to express its sincerest thanks to the Membership, Board of Directors, Staff and other Committees, for their untiring support throughout the period.



Sis. Juanika Joseph
Chairperson



Sis. Lucille Browne
Secretary



Senior Care Day



Bequia Outreach



Scholarship Award



Health Fair



Opening of Bequia Branch



Training



Summer Camp



School Visit

Road Relay



YEAR IN RETROSPECT

A graphic illustration of a white notepad with a pushpin on the top left corner and a black pen resting on the surface. The word "Notes" is written in a large, bold, black sans-serif font in the center of the notepad.

Notes



Notes

*KINGSTOWN CO-OPERATIVE CREDIT UNION LDM-
DTED*

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Website: www.kingstowncreditunion.com

Business Hours

Monday-Friday 8:00 a.m. - 4:00 p.m.

Saturday: 9:00 a.m. - 12:00 Noon