



**BWU** CO-OPERATIVE  
CREDIT UNION LIMITED  
*Save Smart, Borrow Smarter*

2014-2015

ANNUAL REPORT

# You're Better With Us





**BWU** CO-OPERATIVE CREDIT UNION LIMITED

*Save Smart, Borrow Smarter*

# 31st Annual General Meeting

on Saturday, June 27, 2015

Lloyd Erskine Sandiford Conference Centre  
Two Mile Hill, St Michael  
at 3.00 p.m.



you're  
Better  
With Us



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# Our Member Service Charter

## The Credit Union's Expectations of its Members

- To remain loyal to their Credit Union
- To maintain a professional manner when conducting business at the Credit Union.
- To be respectful to employees and other members.
- To be co-operative by way of providing all the necessary information requested by employees.
- To take the initiative on issues affecting them.
- To seek clarification on problematic issues.
- To maintain high levels of honesty and integrity.
- To be punctual for appointments and any other meetings at the Credit Union.
- To display care and consideration for Credit Union property and facilities.

## What Members can expect to receive in terms of service

- Prompt, professional, efficient service with an emphasis on service excellence.
- Dedication to adding value to the members' experience.
- Keen interest in making the member feel appreciated.
- Accuracy on members' accounts.
- Remittances processed in a timely manner (two (2) working days).
- Information on the Credit Union's products and services.
- Guidance on financial planning.
- Effective communication on the Credit Union's policies and procedures.
- Timely response to queries and telephone calls.



# Vision Statement

“To be the leading provider of financial solutions for all of our members”.

# Mission Statement

“To be the most efficient provider of Credit Union services and products which develop and sustain the socio-economic standards of all members based on Co-operative principles.”

# Core Values

“The Credit Union shall be managed and directed in a manner that reflects the principles of integrity, transparency, honesty, care, teamwork, operational excellence and adherence to the Credit Union’s ethical values.”





# Our Team

## Board of Directors

Bro. Dalton Medford . . . . . President  
 Bro. Robert Gibson . . . . . Vice President  
 Bro. Sherwin Greenidge . . . . . Secretary  
 Sis. Carolyn Barton . . . . . Treasurer  
 Sis. Althea Bishop . . . . . Assistant Treasurer  
 Sis. Novaline Brewster . . . . . Assistant Secretary  
 Sis. Marsha Greenidge . . . . . Director

## Supervisory Committee

Sis. Dacea Bailey . . . . . Chairman  
 Bro. Ashton Turney . . . . . Deputy Chairman  
 Bro. Overton Franklyn . . . . . Secretary  
 Sis. Daren Greaves . . . . . Assistant Secretary  
 Bro. Dalton Jackman . . . . . Member

## Credit Committee

Sis. Pearl Yearwood . . . . . Chairman  
 Bro. Shane Bend . . . . . Secretary  
 Sis. Fiona Goodridge . . . . . Member

## Management Team

Sis. Corinne Clarke . . . . . General Manager  
 Sis. Alana Cadogan . . . . . Finance and  
 Accounting Manager  
 Bro. Peter Blackman . . . . . Business Development and  
 Communications Manager  
 Bro. William Grant . . . . . Credit Risk Manager  
 Bro. Antonio Arthur . . . . . Information Systems Manager  
 Sis. Shirleyne Best . . . . . Operations Manager

## Internal Audit

Bro. William Payne . . . . . Internal Auditor

## Accounts Department

Sis. Dana Wilson . . . . . Assistant Accountant  
 Sis. Kristina Browne . . . . . Accounts Assistant  
 Sis. Sheva Glasgow-Wilfred . . . . . Accounts Assistant  
 Bro. Shomari Inniss . . . . . Accounts Assistant  
 Sis. Shonnelle Holmes . . . . . Collections Officer  
 Sis. Sharon Hope . . . . . Collections Officer

## Administration Department

Sis. Lucretia Hall . . . . . Executive Secretary  
 Sis. Gail Cumberbatch . . . . . Human Resource  
 Administration Officer  
 Bro. Derrick Hurdle . . . . . Security Officer  
 Bro. Michael Freeman . . . . . Office Assistant  
 Sis. Janice Griffith . . . . . Office Attendant

## Information Systems Department

Bro. Stephen Crichlow . . . . . Systems Administrator

## Loans Department

Bro. Ryan Reece . . . . . Loans Officer  
 Sis. Keisha Goddard . . . . . Loans Officer  
 Sis. Janice Burgess . . . . . Loans Officer (Ag)  
 Sis. Yvette Jordan . . . . . Securities Officer  
 Sis. Lisa Collymore . . . . . Loans Clerk

## Member Experience Department

Sis. Jessica Gibson . . . . . Marketing Assistant  
 Sis. Toni Worrell . . . . . Member Relations Officer  
 Bro. Damian Holder . . . . . Member Services Representative  
 Sis. Kathleen Smith . . . . . Receptionist  
 Bro. LeRoi Goodridge . . . . . Business Development Agent

## Operations Department

Sis. Kim Hunte . . . . . Operations Supervisor  
 Sis. Margo Jordan . . . . . Operations Supervisor  
 Sis. Shakira Forde . . . . . Accounts Clerk/Teller  
 Sis. Shana McCollin . . . . . Accounts Clerk/Teller  
 Sis. Sacha Mondesir . . . . . Accounts Clerk/Teller  
 Sis. Sylvia Pitt . . . . . Accounts Clerk/Teller  
 Bro. Neville Nurse . . . . . Accounts Clerk/Teller

## Temporary Staff

Sis. Danielle Corbin  
 Sis. Lauralyn Garrick  
 Sis. Mary Haynes  
 Bro. Dario Holder  
 Sis. Shamreca Taylor  
 Bro. Rajiv Worrell




# Notice

All Members are invited to attend the Annual General Meeting of the Barbados Workers' Union Cooperative Credit Union Limited at the Lloyd Erskine Sandiford Conference Centre, Two Mile Hill, St Michael, on Saturday, June 27, 2015 at 3.00 p.m.

### Agenda

- 1. Ascertainment of Quorum
- 2. Call to order
- 3. Prayers/St. Francis of Assisi
- 4. Apologies for Absence
- 5. Welcome
- 6. Acknowledgement of other organisations
- 7. Presentation
- 8. Adoption of Standing Orders
- 9. Minutes of the Last Annual General Meeting held on June 28, 2014.
- 10. Matters arising from Minutes of Annual General Meeting held on June 28, 2014.
- 11. Reports 2014 - 2015.
  - a) Board of Directors
  - b) Credit Committee
  - c) Supervisory Committee
  - d) Auditors
  - e) Financial Statements
- 12. Fixing of Maximum Liability
- 13. Appropriation of Surplus
- 14. Appointment of Auditors
- 15. Amendments of Bylaw 28
- 16. Appointment of Election Chairman
- 17. Elections
  - a) Board of Directors
  - b) Credit Committee
  - c) Supervisory Committee
- 18. Resolutions
- 19. Any Other Business
- 20. Adjournment

Yours co-operatively,



Sherwin Greenidge  
Secretary-Board of Directors







# President's Message



Bro. Dalton Medford  
**President**

I am pleased to report to you this year your Credit Union has recorded a surplus for the reporting period. There is no doubt that the tax on Credit Union assets has impacted our Surplus. So we hope that this tax will be removed as stated by Government.

Like all Barbadians, Credit Unions have felt the impact of the slow economic recovery. It is our hope that our nation will begin to pick up some momentum in 2015 to 2016, so that we all can have some relief. But I must send you a warning that things are changing and the old way of doing business is over, we as a Credit Union must get accustomed to the new ways of doing business and fast.

Credit Unions have a new regulator, and we welcome their oversight to ensure that Credit Unions adhere to best practices, so that your deposits can be safe. They have completed a review and made some observations to which the Board and Committees, along with Management began to implement and will continue to work on.

The Credit Union is different from all the other financial institutions. We are Member owned and must respond to your needs in ways that other institutions do not. When the issue of UWI fees went into being we responded with the appropriate loan facility, and increase the number of scholarships awarded because we understand that education is the vehicle that will move people from one station in life to the next.

Again on the issue of delinquency, we have tried to hold our Members' hands to ensure you can continue to repay your loans through creative, restructured plans but you must help us to help you by holding up your end of the bargain. Our office doors are open to all who are having difficulty in repaying; come in and let us help you. If ever there was a time to show how Credit Unions are different it is now.

The Central Bank liberalized control of the interest rate on deposits, this means that all Financial Institutions are free to set their rates on deposits, and this will increase competition for all deposit taking institutions. It is our intention to keep an eye on the movement of these interest rates so as not to disadvantage you the Member.

Going forward we have some exciting plans, we intend to open a new branch in Oistins and discussions are ongoing for a new strategic three year plan, with a view to making sure that your experience is a good one every time you do business with us.

I ask of you one thing, and that is for your continued loyalty and support.

To all Members of the Board, Committees, Management and Staff I thank you for your support throughout the year.

May God continue to bless all of us!

.....

Bro. Dalton Medford  
President



# Board of Directors



Bro. Robert Gibson  
**Vice-President**



Sis. Carolyn Barton  
**Treasurer**



Bro. Sherwin Greenidge  
**Secretary**



Sis. Althea Bishop  
**Assistant Treasurer**



Sis. Novaline Brewster  
**Assistant Secretary**



Sis. Marsha Greenidge  
**Director**





# Board of Directors Report

The Board of Directors is pleased to report modest growth on all major performance indicators. Members' savings and loans grew by 7% and 8% respectively which contributed \$6.8 million to the total assets. The quality of the Credit Union assets improved by 5% as a result of the members' positive response to the calls of our diligent collections team. The Team encouraged members to place a higher priority to their Credit Union as it is their very own Institution. Members received financial and debt counselling in order to better manage their financial challenges. We look forward to the continued efforts at educating our membership on wealth creation opportunities and debt management.

Despite the Asset Tax of \$136,313 remitted to the Barbados Revenue Authority, the Credit Union redoubled its efforts in raising its profile by reaching out to its members and potential members during the year. As a result this year's surplus after tax was \$656,263.

## CORPORATE SOCIAL RESPONSIBILITY

### REMEMBERING OUR HERITAGE

One of our objectives this year was seeking to strengthen the relationship between the Credit Union and the Barbados Workers' Union (BWU). As such, we took the opportunity to offer financial support and participate in the BWU's Heroes' Day Out-Reach Programme and annual visits to the elderly. Visits were made to the Geriatric Hospital and to the Gordon Cummins Hospital to bring cheer through the ministry of word and song to their residents.

### WALKING IN SOLIDARITY

One of the highlights for the month of May was joining with the BWU at the May Day Walk in both solidarity and recognition of the contribution and struggle of the Labour Movement. Thirty-five persons comprising of Board members, Management and staff, joined in the annual walk with other entities under the theme "All Hands on Deck". This was an exciting end to the activities planned by the BWU as we took the opportunity to showcase the Credit Union's products and services.



### BREAKFAST FOR CHAMPIONS

The proper nutrition of our Island's most vulnerable is the responsibility of all who have the means and wherewithal to assist. We recognise the importance of this mandate and have committed to providing financial support to the daily Breakfast Programme coordinated by the YWCA in order to benefit the young Citizens of our Country. We have also given our commitment to being a part of the actual Volunteer Programme to assist with the distribution of meals at various times.



### HOME FOR CHRISTMAS

Our long standing support for the residents of the Sayes' Court Children's Home continues to occupy a special place in the hearts of Management and Staff at the Credit Union. The Credit Union provided personal care items, whilst the staff also took the opportunity to provide gifts in the form of toys and books to the residents. The staff are committed to spending more time with the residents and assisting with reading and providing mentorship to the children during the coming year.

## YOUTH DEVELOPMENT

### SALUTING OUR SCHOLARS

Approximately fourteen thousand dollars (\$14,000) was awarded in Scholarships to Twenty-One (21) Junior Members, who achieved outstanding results in the Barbados Secondary School Entrance Exams and CXC exams. Ten (10) students were awarded the Casper Roett Scholarship valued at \$500.00 each, while a similar number were awarded CXC Scholarships, also valued at \$500.00 each. One student of the University of the West Indies was chosen for the Winfield Belle Memorial Scholarship valued at \$2,500. All students were presented their scholarships at our Annual Awards Ceremony which was held at BWU's Solidarity House in September.



### YOUTH IN TRANSITION

In addition to the established Scholarships, eight (8) primary school students who did not meet the Scholarship requirements, but were also deserving of recognition, were provided the opportunity to take part in Camp Transition.

Camp Transition is a camp which is geared towards assisting budding first formers with making the mental transition from Primary to Secondary School. The camp also seeks to equip them with tools to help them cope with the expected changes in culture, hierarchy and work load. The camp is run by two trained Guidance Counselors who understand the challenges faced by the transition and its deleterious effect on performance if not managed properly. We shall continue to support this activity as we understand the need for young persons to be able to cope with the changes ahead.

### NORTHERN CRICKET STARS

We sponsored the Northern Cricket Academy for 2014 and celebrated its win in the POWERGEN Under 15 Cricket Tournament held in Trinidad and Tobago.





**NURTURING THE ENTREPRENEURIAL MINDSET**

The Credit Union was pleased to be a major sponsor in the Barbados Entrepreneurship Foundation's (BEF) \$20 Challenge. The programme which equips each participant with a basic understanding of Entrepreneurship, Marketing and Production, along with a \$20 startup capital, was once again highly successful. Over 250 students took part in the challenge this year and the BWUCCU sponsored the prize for the "Best Example of a Cooperative", which saw the students of the Springer Memorial Secondary School building a business based on a cooperative spirit – the bedrock of the Credit Union movement.



MEMBER  
INITIATIVES

**PROMOTING HEALTHY MEMBERSHIP**

**Our members' physical health is equally as significant to us as their financial health**

Healthy Members are productive members. Productive Members save more and secure their financial future for their golden years. With this in mind, the BWUCCU began weekly cholesterol, blood sugar and blood pressure testing of all members at our Bridgetown and Speightstown offices. We have partnered with various Pharmacies to provide this free testing and to also promote our Healthy Living Group Insurance Medical Plan. These free sessions will continue on the last Wednesday of each month.

We remain committed to the growth and development of our members. Encouraging them to be more educated about their health, as well as options to maintain their health, will be one of our objectives for the foreseeable future.



**A SMARTER AND INFORMED MEMBERSHIP**

We distributed a comprehensive brochure of Credit Union products and services to each household in the northern parishes of St. Lucy, St. Peter, St. Andrew and sections of St. James. This brochure's primary aim was to ensure that each householder was aware of the existence of the Credit Union in Speightstown and the range of products and services offered.



# PROMOTIONS & OUTREACH

## SPEIGHTSTOWN MARKET

As part of the Crop Over festivities we participated in the Speightstown market. We were well represented and visible with 50% of our staff promoting the Credit Union's solutions at the event. Through this promotion we were able to further connect with residents in the north and attract new business. More importantly, the Credit Union was able to raise its visibility as we contributed to, and participated in, the national festival.

## CARE OF THE ELDERLY

The Credit Union participated in panel discussions across the Island which dealt with the care of the elderly. These discussions brought together persons who were trained and experienced in dealing with the elderly, the bed ridden, convalescing, with end of life care, as well as persons interested in understanding how to care for them.

Members of the public benefited from presentations on the following topics: Estate Planning, Insurance, Care Giving and Testimonials from persons affected by varying health challenges. As a Credit Union we were pleased to be able to educate and give guidance on these topics.



## ON AIR WITH CAROL

The Credit Union received positive reviews as a result of the three (3) weeks spent on air with the Carol Roberts Morning Show discussing the various programmes as well as products and services available. We saw this as our most successful public awareness exercise and were able to touch the lives of not only residents, but Barbadians living in the diaspora.

Our management team took to the airwaves and was able to lift the Credit Union's awareness during these early morning interactive sessions with the public. We will continue these promotional programmes on air as we have seen the direct and immediate benefits to this form of public engagement.

## INTERACTING WITH THE PUBLIC

We were able to execute a number of activities geared towards promoting and emphasizing the offerings of the Credit Union. Some of these included, presentations on Estate Planning, presentations at PTA meetings, Skymall Christmas Promotion, Port Day, AgroFest, Psychiatric Hospital Mental Health Fair, Jordan's Supermarket and Co-operators General Insurance Company.





Throughout our promotions we sought to build and interact with as many persons as possible in order to lift the awareness and visibility of the Credit Union.



**BWU's Heroes' Day Out-Reach Programme**



## STAFF INITIATIVES

### TEAM BUILDING

To ensure that our Management, Staff and Volunteers deliver the best Credit Union experience to our members, we held our first Bond day. This activity was comprised of fun and challenging team building exercises geared towards building better relationships.

### AWARDS CEREMONY

The invaluable contributions of our staff were recognized at our Annual Christmas Party and Awards Ceremony as follows:

Name	Award
Bro. Shomari Inniss . . . . .	Customer Service Excellence
Sis. Yvette Jordan-Dottin . . . . .	Punctuality And Attendance
Sis. Lucretia Hall . . . . .	Supervisor of The Year
Sis. Alana Cadogan . . . . .	Manager of The Year
Sis. Shakira Forde . . . . .	Employee of The Year

## SPONSORSHIP

### EDUCATING THE PUBLIC

Louis Fairsave Financial Advice is a sponsored column which appears in the Monday Nation newspaper. This column provides practical and beneficial counsel to the general public. We believed that this advice was critical for our members to make sound financial decisions and for the general public to understand the causes, effects and solutions in an everyday perilous financial world.





### NEW MANAGEMENT

Long standing staff member Sis. Shirleyne Best was promoted to Operations Manager. Sis Best is a graduate of the University of the West Indies Cave Hill Campus' with an Undergraduate Degree in Banking and Finance. This move will take advantage of her vast institutional knowledge acquired over the last twenty-five years.

### GOVERNANCE PRACTICES

The Credit Union completed the review and update of the Policy Manual during the year. These policies were launched at a staff meeting and took effect on January 31st, 2015. The Procedures Manual will follow early in the new Financial Year.

### REGULATORY INSPECTION

The Credit Union's regulators issued its onsite analysis of the Organisation's performance during the year. As a result of the successful implementation of the recommendations we saw improvement in our Key Performance Indicators as shown below:

PERFORMANCE INDICATORS	DESCRIPTION	MARCH 2015	MARCH 2014
Asset Quality	Measures the total percentage of delinquency in loans	6.14%	11.1%
Liquidity	To measure the adequacy of liquid cash reserves to satisfy deposit, withdrawal requests after paying out all obligations <30 days	7.72%	4.12%
Productivity	Operational costs/Total Assets	5.03%	5.14%

### PAYROLL AUTOMATION

Members can now access their funds in a shorter time period as a result of the automation of company remittances.

### MOVING SOUTH

The Credit Union will soon be opening its third branch in Oistins, Christ Church. As part of its continued growth strategy we will focus on the small and micro businesses in the area whilst offering financial solutions to residents and workers.







**DISASTER RECOVERY MANAGEMENT**

In order to safeguard members' information our critical financial information is now being sent off island to ensure its easy retrieval in the event of a natural disaster.

**FORGING AHEAD**

Our vision is to be the Credit Union of choice for financial solutions and we are focused on the education of our members, their development and prosperity. We remain committed to community development, health,

youth development and member education and our activities over the last year reflect such interests.

Going forward we aim to build on this foundation as we seek to enrich the lives of members and touch the course of their future and the nation.

We also wish to applaud our members' who make BWUCCUL its financial institution of choice. YOU ARE BETTER WITH US.

Bro. Dalton Medford  
**President**

Bro. Robert Gibson  
**Vice-President**

Sis. Carolyn Barton  
**Treasurer**

Bro. Sherwin Greenidge  
**Secretary**

Sis. Althea Bishop  
**Assistant Treasurer**

Sis. Novaline Brewster  
**Assistant Secretary**

Sis. Marsha Greenidge  
**Director**



# Supervisory Committee Report



Sis. Daceia Bailey  
**Chairman**



Bro. Ashton Turney  
**Deputy Chairman**



Bro. Overton Franklyn  
**Secretary**



Sis. Daren Greaves  
**Assistant Secretary**



Bro. Dalton Jackman  
**Member**





## INTRODUCTION

The Committee is responsible for the safety of the Credit Union by ensuring compliance with the Co-operatives Societies Act, Cap 378A, Financial Services Commission Act 2010-21 and the Credit Union By-Laws.

During the reporting period the Supervisory Committee met as required and reviewed the following:

- o Minutes of the Board of Directors
- o Monthly Bank Reconciliations and Financial Statements
- o Monthly Delinquency Reports
- o Operations and Marketing Reports
- o Financial Services Commissions Reports
- o Internal Audit Reports

Having reviewed the above listed reports, the Committee was able to evaluate the effectiveness of management and staff in executing their assigned responsibilities. Based on our reviews, the Supervisory Committee is satisfied that the current management practices are aligned with good Corporate Governance.

The Supervisory Committee presented their monthly reports to the Board of Directors in accordance with Section 216 (2) (a) of the Co-operatives Societies Act 378A and Financial Services Commission Act 2010-21.

## INTERNAL AUDITOR REPORT

The following internal audit reports were submitted for the Committee's review for the period 2014-2015:

- Debit Card activity
- Loans Processing
- Compliance – Anti Money Laundering
- Member applications and Deceased Members' Account Processing
- Purchase Requisition and Cheque Disbursement
- Salaries Processing (Internal)
- Teller Activity (Member deposit, withdrawal activity, cash processing – bulk cash processing etc.)
- Delinquent loan monitoring – Collections
- Dormant Account Activity

During the 2014-15 Financial Year the Internal Audit Department (IAD) completed nine of the ten planned audit assignments. There was one substitution – Audit of Asset Liability Management was substituted by an audit of Collections. The planned audit of IT operations was rescheduled for the 2015-16 Financial Year. In addition three special reviews were completed.

The IAD also conducted a review of the departmental procedures and flowcharted some of the major operational processes including the Debit Card, Loans, Teller Activity and Purchase Acquisition. In the fourth quarter the Audit Command Language (ACL) audit software was acquired. It is anticipated that this software will improve the efficiency and effectiveness of the internal audit process.

We therefore commend the efforts of our Internal Auditor and extend our appreciation to him for his dedication to the task.

## MARKETING

The Committee commends the efforts of the Credit Union in expanding its range of products while expanding its Membership base throughout the island with the introduction of the Registered Retirement Savings Plan. The Credit Union has also placed great emphasis on its Smart Savers and has introduced products to attract them.

## INFORMATION TECHNOLOGY

During the Financial Year, the Credit Union's core processor Symitar Cruise was updated to improve the reporting of some of its modules. The internet connectivity was also enhanced between the branches to ensure continued operations which have improved the service delivery to the Members and the Supervisory Committee applauds the work accomplished.

## COMPLIANCE

The Credit Union continues to remit their monthly and quarterly reports in a timely manner to comply with regulatory requirements. During the year the Credit Union was reviewed by the Financial Services Commission and based on its report modifications were instituted to enhance the Credit Union's operations.



The Committee commends the excellent work of the staff of the Finance and Accounting Department for the timely preparation of the Bank Reconciliations in a consistent manner and adequate monitoring of the Anti-Money Laundering policy of the Credit Union. The policy and procedures documentation was introduced during the Financial Year which governs the Credit Union's operations.

### DELINQUENCY

The Credit Union's delinquency continues to be challenging due to the Island's economic conditions with some of our members having shortened hours and some being retrenched from the public and private sectors. Consequently, some Members were unable to meet their loan commitments and have approached the Credit Union to have their loans restructured or payment terms extended. The Credit Union encourages its members to meet with its Officers so that we may work with them in this time. Although the rate of delinquency decreased the Supervisory Committee recommends that the Credit Union should continue to adopt a more proactive approach and to recognize when members may become delinquent by adequately monitoring their accounts.

### LOANS

There has been an increase in Loan Applications from Credit Union Members, particularly in the areas of its Mortgages and Business Loans Portfolio, which has recorded an 8% increase. The Committee encourages the Credit Union to continue to exercise prudence in the underwriting of loans.

### ACKNOWLEDGEMENTS

The Members of the Supervisory Committee wish to express our sincere appreciation to the hard working and dedicated staff Members and to Sis. Lucretia Hall, the Officer assigned to our Committee.

To you, the Members of our Credit Union, we thank you for the confidence you placed in us by electing us to serve during the past year and we look forward to serving you again.

Sis. Daceia Bailey  
**Chairman**

Bro. Ashton Turney  
**Deputy Chairman**

Bro. Overton Franklyn  
**Secretary**

Sis. Daren Greaves  
**Assistant Secretary**

Bro. Dalton Jackman  
**Member**





# Credit Committee Report



Sis. Pearl Yearwood  
**Chairman**



Bro. Shane Bend  
**Secretary**



Sis. Fiona Goodridge  
**Member**

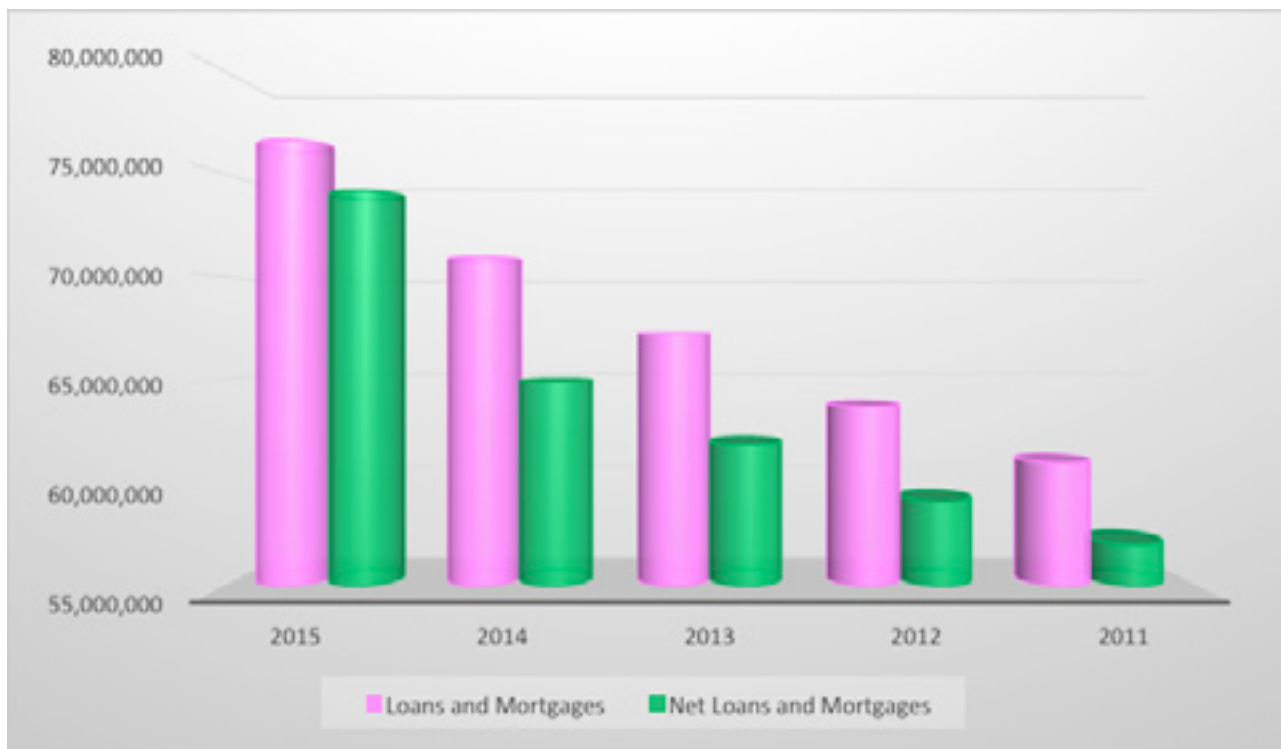


### CREDIT COMMITTEE REPORT APRIL 2014 – MARCH 2015

The Credit Committee exercised its duties during the reporting period in accordance with Section 206, of the Co-operatives Societies Act CAP 378 A.

### OVERVIEW

Notwithstanding the economic challenges faced during the Financial Year, the Credit Union was able to achieve 8% growth in its Loans Portfolio. There were improved collections resulting in a reduction in the Delinquency Portfolio. Graph 1 below reflects the Gross and Net loan balances for 2015 and prior years which shows continuous growth over the years.



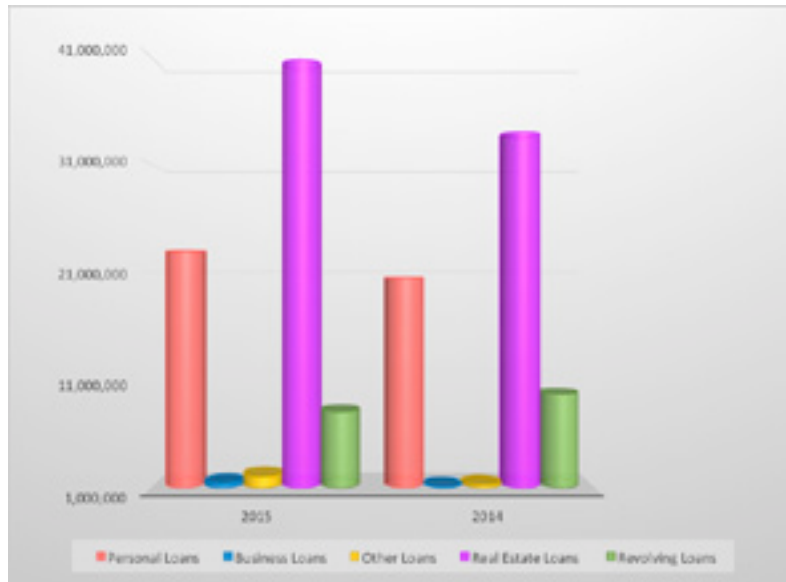
Graph 1: Loan Portfolio 5 Year Growth





Graph 2 depicts the Loan Portfolio by type for 2015 and 2014. It shows the significant improvement in the categories of the Real Estate, and Personal Loans which were \$6.6 million, and \$2.4 million above the prior year, respectively. Conversely, there was a decline of \$1.6 million in Revolving Loans. The increase in Real Estate can be attributed to the prevailing low mortgage

interest rates and high demand in the lower middle-income strata of the economy. The decrease in the Revolving Loans was driven by stricter lending policies characterised by the economic environment. We expect these trends to continue over the foreseeable future.



Graph 2: Loan Portfolio by type

### LOOKING AHEAD

We anticipate that fiscal 2015-16 will be more challenging, in light of the competitiveness of interest rates now that the Central Bank is allowing deposit taking institutions to set their own rates.

The Credit Committee will continue to focus on the following areas:

- Growth in the loan portfolio;
- Improving the quality of the loan portfolio;
- Providing financial advice and counselling to Members; and
- Providing innovative lending solutions for the socio-economic progress of its Members.

### APPRECIATION

The Members of the Credit Committee express appreciation for the hardworking and dedicated staff of the Loans Department. Special mention must be made to the Credit Risk Manager, Mr. William Grant, whose added business acumen proved extremely valuable.

Sis. Pearl Yearwood  
**Chairman**

Bro. Shane Bend  
**Secretary**

Sis. Fiona Goodridge  
**Member**



# Treasurer's Report



Sis. Carolyn Barton  
**Treasurer**

## FINANCIAL PERIOD 2014-2015

The Credit Union recorded a successful year. There was improved performance in Operating Income, total assets, Members' deposits, loans and mortgages and asset quality as compared to March 2014.

## NET SURPLUS

Net Surplus after taxes totalled \$656,263 representing a decline of \$7,471 (1%) from the Net Surplus of \$663,734 in March 2014. This decline resulted mainly from taxes in the amount of \$136,313 incurred during the Financial Year based on the tax on assets introduced by Government. The profit before interest and tax was \$802,783.

## TAX ON ASSETS

The Tax On Assets came into effect from July 1st, 2014 and is scheduled to end in March 2016. Originally the tax was applicable to all Credit Unions, however due to intense lobbying by the Barbados Co-operative Credit Union League, an adjustment was made. The tax was then applied to all Credit Unions holding over \$40 million in assets.

## OPERATING INCOME

Operating income totalled \$5,648,300 resulting in a 7% increase over the previous year. The main contributor to this increase was loan interest income of \$6,581,120 which exceeded prior year by \$339,388 or 5%. Net

Investment Income increased by 2% to \$715,430 due mainly to gain on the sale of an investment. Other Income also increased by 28% due to increases in debit card fee and delinquent fee income.

## OPERATING EXPENSES

There was an increase of \$238,670 in Operating expenses over March 2014 which resulted mainly from increases in payroll costs and information systems costs. There was also a reduction in the allowance for bad and doubtful debts, the provision remains adequate.

The main increase in payroll resulted from the hiring of two managers: Credit Risk and Business Development and Communications and the appointment of an Operations Manager.

The increase in information systems costs is due to enhanced security and disaster recovery measures that were implemented during the year.

## TOTAL ASSETS

Total assets increased by 8% to \$96,474,508, this is attributed mainly to increases in loans and mortgages to Members and cash resources. The graph below shows the steady growth in assets over the past 5 years.







**DEPOSITS OF MEMBERS**

Deposits of Members increased by 7% or \$5,690,645 to \$83,566,152. This was as a result of increased marketing efforts (including direct marketing, radio programs, newspaper advertising) and our very attractive interest rates on savings products. Interest on Members' deposits was \$1,994,174.

**LOANS & MORTGAGES**

Loans and mortgages increased by \$5,677,080 or 8% to \$76,593,338. During the year there was a high demand for mortgages and personal loans, there was also an increase in business loans. This increase was due to the Credit Union's attractive rates on these products.

**INVESTMENTS**

Investments decreased by 21% to \$12,390,017. During the year the Credit Union redeemed some of its short term deposits. There was also \$1.8 million in placements made in short term deposits and on on-call accounts.

**DELINQUENCY MANAGEMENT**

The asset quality ratio showed great improvement and is now 6.14%. This is due in part to the efforts of our collection team who worked closely with Members and offered solutions for better financial management. The graph below shows the movement in delinquent loans over a 5 year period.



**CONCLUSION**

Overall our performance has shown improvement and we are committed to our Membership and will ensure that prudence and sound decision making will take our Credit Union from strength to strength. We also express gratitude to the Members of the Finance and Accounting Committee for their dedication to the Credit Union.

Sis. Carolyn Barton  
Treasurer



# The Management & Staff



THE MANAGEMENT TEAM



HEAD OFFICE TEAM



SPEIGHTSTOWN BRANCH TEAM

# MONTHLY BUDGET

HOW TO USE: Enter your budget for each category in the Summary By Category sheet. Enter transactions on the Transactions sheet to see how your actual spending compares to your budget.

## ACTUAL SUMMARY



## BUDGET VS. ACTUAL



- Auto
- Medical
- Other
- Entertainment
- Personal Items
- Food
- Travel
- Home
- Utilities

## SUMMARY BY CATEGORY

Category	Budget	Actual
Auto	\$700.00	\$525.00
Entertainment		
Food		
Home		
Medical		
Personal Items		
Travel		
Utilities		
Other		
Total		

VALUE

Annual Net Va

Cumulative N

NET PRESET

ANNUAL RO

19

20

# Financial Statements

March 31, 2015

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Offices

**CARIBBEAN**

Barbados

**CANADA**

**Nova Scotia**

Halifax - Dartmouth

**New Brunswick**

Moncton  
Saint John - Robbsey  
Fredericton  
Sussex

**Quebec**

Montreal  
Marian

**Ontario**

Toronto  
London  
St. Catharines  
Downsview  
Ottawa

**Manitoba**

Winnipeg

**Alberta**

Calgary  
Edmonton  
Fort Saskatchewan

**British Columbia**

Vancouver  
Victoria

1<sup>ST</sup> FLOOR, TRIDENT HOUSE

BROAD STREET

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BARBADOS

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

**Independent Auditors' Report**

**To the Members of The Barbados Workers' Union Co-operative Credit Union Limited**

We have audited the accompanying financial statements of The Barbados Workers' Union Co-operative Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as at March 31, 2015, the statements of changes in equity, comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

**Auditors' Responsibility**

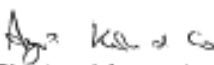
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about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

**Opinion**

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

  
Chartered Accountants  
Bridgetown, Barbados

June 8<sup>th</sup>, 2015



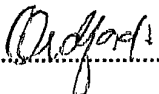
# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Statement of Financial Position  
As at March 31, 2015  
with comparative figures for 2014

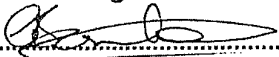
	<u>Notes</u>	<u>2015</u> \$	<u>2014</u> \$
<b>Assets</b>			
Cash resources	6	4,160,106	3,209,436
Interest receivable	7	239,475	257,539
Investments	8	12,390,017	15,634,800
Loans and mortgages to members	4 & 9	76,593,338	70,916,258
Less allowance for doubtful loans	4 & 9	<u>(2,473,279)</u>	<u>(6,019,727)</u>
		<u>90,909,657</u>	<u>83,998,306</u>
<b>Other assets:</b>			
Accounts receivable	10	294,902	367,674
Prepaid expenses		90,051	100,805
Deferred expense		18,375	24,500
Property and equipment	11	<u>5,161,523</u>	<u>5,188,687</u>
<b>Total other assets</b>		<u>5,564,851</u>	<u>5,681,666</u>
<b>Total Assets</b>		<u>96,474,508</u>	<u>89,679,972</u>
<b>Liabilities and Members' Equity</b>			
<b>Liabilities to non-members:</b>			
Accounts payable and accrued expenses	12	731,834	467,864
Loan Payable	14	295,679	-
Tax on Assets Payable	3(h) & 15	<u>91,202</u>	<u>-</u>
		<u>1,118,715</u>	<u>467,864</u>
<b>Liabilities to members</b>			
Deposits of members	13	83,566,152	77,875,507
Regulatory Capital	16	<u>1,683,600</u>	<u>1,613,150</u>
		<u>85,249,752</u>	<u>79,488,657</u>
<b>Members' equity:</b>			
Revaluation Reserve	11	3,066,629	3,066,629
Statutory reserve	17 (a)	5,523,478	5,041,107
Education fund	17 (b)	7,324	7,358
Common good fund	17 (c)	38,127	33,503
Unrealised gain on investments		321,689	453,169
Undivided earnings		<u>1,148,794</u>	<u>1,121,685</u>
<b>Total members' equity</b>		<u>10,106,041</u>	<u>9,723,451</u>
<b>Total Liabilities and Members' Equity</b>		<u>96,474,508</u>	<u>89,679,972</u>

See accompanying notes to financial statements.

Approved on behalf of the Committee of Management:

.....  


Director

.....  


Director



## THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Statement of Changes in Equity  
For The Year Ended March 31, 2015  
with comparative figures for 2014

	Notes	Revaluation Reserve	Statutory Reserves	Education Fund	Common Good Fund	Unrealised Gain/(Loss) on Investment	Undivided Earnings	Total
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at March 31, 2013</b>		3,066,629	5,041,107	701	28,846	505,585	469,265	9,112,133
Net income for the year		-	-	-	-	-	663,734	663,734
<b>Allocations of Net Income for the Year</b>								
Education Fund	17(b)	-	-	6,657	-	-	(6,657)	-
Common good Fund	17(c)	-	-	-	6,657	-	(6,657)	-
Disbursement from fund		-	-	-	-	-	2,000	-
Unrealised loss on investments for the year	3(f)	-	-	-	-	(52,416)	-	(52,416)
<b>Balance at March 31, 2014</b>		3,066,629	5,041,107	7,358	33,503	453,169	1,121,685	9,723,451
Net income for the year		-	-	-	-	-	656,263	656,263
<b>Allocations of Net Income for the Year</b>								
Statutory Reserve	17(a)	-	482,371	-	-	-	(482,371)	-
Education Fund	17(b)	-	-	6,624	-	-	(6,624)	-
Common Good Fund	17(c)	-	-	-	6,624	-	(6,624)	-
Disbursement from fund		-	-	(6,658)	(2,000)	-	8,658	-
Patronage refund		-	-	-	-	-	(142,193)	(142,193)
Realised gain on sale of investment		-	-	-	-	(119,378)	-	(119,378)
Unrealised loss on investments for the year	3(f)	-	-	-	-	(12,102)	-	(12,102)
<b>Balance at March 31, 2015</b>		3,066,629	5,523,478	7,324	38,127	321,689	1,148,794	10,106,041

See accompanying notes to financial statements.

# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Statement of Comprehensive Income  
For The Year Ended March 31, 2015  
with comparative figures for 2014

	<u>Notes</u>	<u>2015</u> \$	<u>2014</u> \$
<b>Operating Income:</b>			
Interest on loans		4,104,213	3,970,260
Interest on mortgages		<u>2,476,907</u>	<u>2,271,472</u>
<b>Total loan interest income</b>		6,581,120	6,241,732
<b>Less Interest on Members' Deposits</b>			
Interest expense		<u>(1,994,174)</u>	<u>(1,943,614)</u>
<b>Net interest income</b>		<u>4,586,946</u>	<u>4,298,118</u>
<b>Investment Income</b>			
Interest on savings account		15,238	50,370
Dividend income		96,860	109,730
Interest on investments		487,239	537,800
Gain on sale of Investments		128,230	68,816
Loss on disposal of assets		<u>(150)</u>	<u>-</u>
<b>Total investment income</b>		727,417	766,716
Less investment fees and charges		<u>(11,987)</u>	<u>(63,364)</u>
<b>Net investment income</b>		<u>715,430</u>	<u>703,352</u>
<b>Other Income</b>			
Other operating income		277,524	202,711
Rental income		<u>68,400</u>	<u>68,400</u>
<b>Total other income</b>		<u>345,924</u>	<u>271,111</u>
<b>Total Operating Income</b>		5,648,300	5,272,581





## THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Statement of Comprehensive Income - cont'd  
For The Year Ended March 31, 2015  
with comparative figures for 2014

	<u>Notes</u>	<u>2015</u> \$	<u>2014</u> \$
<b>Operating Expenses:</b>			
Payroll Costs		2,350,776	2,026,736
Membership Protection and Governance	19	453,798	435,570
Occupancy Costs	19	452,527	417,774
General and Administrative Expenses	19	284,988	267,378
Allowance for Bad and Doubtful Debts		369,017	654,327
Marketing Costs		301,387	274,613
Depreciation		310,237	336,197
Information Systems Expense		322,358	194,308
Penalty and Interest/(Overages)		<u>429</u>	<u>(56)</u>
<b>Total operating expenses</b>		<u>4,845,517</u>	<u>4,606,847</u>
<b>Profit Before Interest and Tax for the Year</b>		802,783	665,734
Interest expense	14	<u>(1,549)</u>	-
<b>Profit before Tax for the year</b>		801,234	665,734
Tax	15	<u>(136,313)</u>	-
<b>Net Profit for the year after tax and before Disbursements to/(from) funds</b>		664,921	665,734
Disbursement from funds:-			
Common Good Fund	17(c)	(2,000)	(2,000)
Education Fund	17(b)	<u>(6,658)</u>	<u>-</u>
		<u>(8,658)</u>	<u>(2,000)</u>
<b>Net Profit for the year</b>		656,263	663,734
Unrealised Loss on Investments for the year		<u>(12,102)</u>	<u>(52,416)</u>
<b>Total Comprehensive Income</b>		<u>644,161</u>	<u>611,318</u>

See accompanying notes to financial statements.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Statement of Cash Flows  
For The Year Ended March 31, 2015  
with comparative figures for 2014

	<u>2015</u> \$	<u>2014</u> \$
<b>Operating Activities</b>		
Net Profit for the year before tax	792,576	663,734
Adjustments for:		
Depreciation	310,237	336,197
Allowance for doubtful loans	369,017	654,327
Gain on sale of investments	(128,230)	(68,816)
Dividend Income	(96,860)	(109,730)
Interest income	(7,083,597)	(6,829,902)
Loss on sale of Assets	150	-
Interest expense	<u>1,995,723</u>	<u>1,943,614</u>
<b>Changes in operating assets &amp; liabilities</b>	(3,840,984)	(3,410,576)
Increase/(Decrease) in accounts payable	161,665	(264,920)
Decrease/(Increase) in prepaid expenses	10,754	(69,896)
Decrease in deferred taxes	6,125	6,125
Decrease/(Increase) in accounts receivable	12,791	(84,066)
Increase in loans to members	(9,592,545)	(3,668,804)
Increase in regulatory capital	<u>70,450</u>	<u>54,111</u>
Net cash used in operations	(13,171,744)	(7,438,026)
Interest received	6,559,184	6,241,877
Interest paid	(1,893,418)	(1,891,957)
Taxes paid	<u>(45,111)</u>	<u>-</u>
<b>Net cash used in operating activities</b>	<u>(8,511,089)</u>	<u>(3,088,106)</u>
<b>Cash flows from investing activities</b>		
Additions to property and equipment	(284,123)	(97,360)
Net Proceeds from sale of assets	900	-
Net Proceeds from sale of investments	628,230	138,701
Interest received on investments	562,458	555,369
Dividends received	96,860	109,730
Decrease/(Increase) in investments - net	<u>2,613,303</u>	<u>(2,170,110)</u>
<b>Net cash (used)/from investing activities</b>	<u>3,617,628</u>	<u>(1,463,670)</u>
<b>Cash flows from financing activities</b>		
Increase in members' deposits	5,690,645	4,036,578
Patronage Rebate	(142,193)	-
Proceeds from Loan	300,000	-
Repayment of loan principal	<u>(4,321)</u>	<u>-</u>
<b>Net cash from financing activities</b>	<u>5,844,131</u>	<u>4,036,578</u>
Increase/(Decrease) in cash resources during year	950,670	(515,198)
Cash resources, beginning of year	<u>3,209,436</u>	<u>3,724,634</u>
Cash resources, end of year	<u>4,160,106</u>	<u>3,209,436</u>

See accompanying notes to financial statements.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

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## 1. Reporting Entity

The Credit Union was registered on July 8, 1983 under the Co-operative Societies Act, Cap 378 and was continued under the Co-operative Societies Act 1990-23 as evidenced by a Certificate of Continuance dated July 14, 1994. Its principal objectives include:

- (a) the promotion of thrift among its members by providing means whereby savings can be effected and shares in the society can be acquired, and
- (b) the creation out of savings of its members of a source of credit available to its members on reasonable terms and conditions.

The Credit Union's registered office is located at the corner of Fairchild & Nelson Streets, Bridgetown, Barbados.

These financial statements were authorised for issue by the Directors on June 8, 2015.

## 2. Basis of Preparation

### Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations as adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and available for sale investments.

### The use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and contingent liabilities at the reporting date and income and expenses for the year then ended. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below in note 2(i).



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

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## 2. Basis of Preparation, continued

### The use of estimates and judgments, continued

#### (i) Key sources of estimation and uncertainty

The establishment of the total allowances for doubtful loans is based upon management's best estimate of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about the debtor and the net realisable value of any underlying collateral. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate the future cash flows for specific debtors and collective loans.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of estimates as described in accounting policy 3(f). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

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## 3. Significant Accounting Policies

- (a) *Functional and presentation currency*  
The financial statements are presented in Barbados dollars, which is the Credit Union's functional and presentation currency. All financial information presented in Barbados dollars has been rounded to the nearest dollar.
- (b) *Revenue recognition*  
*Interest*  
Interest income is recognised in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.
- Dividend*  
Dividend income is recorded by the Credit Union when the rights to receive income are established.
- Rent*  
Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.
- (c) *Foreign currency*  
Transactions in foreign currencies are translated to Barbados dollars at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into Barbados dollars at the exchange rate ruling at that date and the resulting gain or loss is included in the statement of comprehensive income.
- (d) *Loans receivable*  
(i) *Loans to members*  
Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Credit Union does not intend to sell immediately or in the near term.
- Loans are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.
- (ii) *Allowance for doubtful loans*  
The allowance for doubtful loans is based on specific identification of doubtful loans resulting from management's internal review of the loan portfolio. An additional blanket allowance is made for accounts not specifically considered doubtful. Related accrued interest is included in the provision where appropriate.
- (e) *Property and equipment*  
Property and equipment are stated at historical cost less accumulated depreciation and impairment losses, except for the building which is stated at valuation less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

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## 3. Significant Accounting Policies, continued

### (e) *Property and equipment - (continued)*

Depreciation is recognised in the statement of comprehensive income on the straight-line and reducing balance bases at rates designed to write off the cost of the assets over the periods of their estimated useful lives. Land is not depreciated. No depreciation is charged on buildings in the year of valuation.

The following annual rates apply:

Computer equipment	-	10% to 20%
Other furniture and equipment	-	10%
Motor vehicle	-	20% (reducing balance method)
Building	-	2%
Leasehold improvements	-	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and these are included in the statement of comprehensive income.

### (f) *Investments*

The Credit Union classifies the investments held at the reporting date as held-to-maturity and available-for-sale. Management determines the classification of its investments at initial recognition.

Where the Credit Union invests in non-derivative financial assets with fixed or determinable payments and fixed maturities, which management has the positive intent and ability to hold to maturity, they are classified as held-to-maturity. These investments are initially measured at cost and subsequently at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method.

Investments-held-to-maturity are recognized or derecognized on the day they are transferred to or by the Credit Union.

Other investments held by the Credit Union are classified as being available-for-sale. These investments are initially measured at cost and subsequently at fair value, with any resultant unrealized gain or loss being recognised directly in equity, through the statement of comprehensive income. Where the equity investment available for sale does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate, the investment is measured at cost less impairment losses.

The fair value of investments available-for-sale is their quoted closing price at the reporting date.

When available for sale investments are sold or otherwise disposed of, or when the carrying amount of the investment is impaired, the cumulative gain or loss recognized in equity is transferred to the statement of comprehensive income.

Available for sale investment are recognized or derecognized by the Credit Union on the date it commits to purchase or sell the investments.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

---

## 3. Significant Accounting Policies, continued

(g) *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

(h) *Taxation*

Income Tax - The Credit Union is exempt from the payment of income tax under Section 9(1)(g) of the Income Tax Act, Cap. 73.

Tax on Assets – The Credit Union is subject to payment of tax on Assets as defined in the Tax on Assets Act 2015. This tax is levied under the Act for the period commencing July 1, 2014 and expiring March 31, 2016.

(i) *Impairment of non-financial assets*

At each reporting date, the Credit Union reviews the carrying amounts of its property and equipment and other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) *Lease payments*

Payments made under operating leases are recognised in the profit and loss on a straight line basis over the term of the lease.

(k) *Provisions*

A provision is recognised if, as a result of a past event, the Credit Union has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows at a rate that reflects current market assessments and, where appropriate, the risks specific to the liability.

(l) *Financial assets and liabilities*

*Recognition*

The Credit Union initially recognises loans and advances and deposits and other liabilities on the date that they are originated.

*Derecognition*

The Credit Union derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Credit Union is recognised as a separate asset or liability.

The Credit Union derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

---

## 3. Significant Accounting Policies, continued

### (l) Financial assets and liabilities (continued)

#### *Offsetting*

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Credit Union has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards.

#### *Fair value measurement*

The determination of fair values of financial assets and financial liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques.

#### *Identification and measurement of impairment*

At each reporting date the Credit Union assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Credit Union considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the statement of comprehensive income.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in equity through the statement of comprehensive income. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

### (m) Cash resources

Cash resources include notes, coins, stamps held on hand, balances held with banks and highly liquid financial assets with original maturities of less than three months.





# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

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## 3. Significant Accounting Policies, continued

(n) *Deposits*

Deposits are the Credit Union's sources of debt funding and are initially measured at fair value plus transaction costs and subsequently at their amortised cost using the effective interest method.

(o) *Comprehensive income*

Comprehensive income includes all changes in equity during the reporting period from transactions and events other than those arising from investments by and distributions to the shareholders. Other Comprehensive Income comprises revenues, expenses, gains and losses that are recognized in Comprehensive Income but excluded from Net Income. Other Comprehensive Income during 2013-14 comprises net unrealized loss on available-for-sale investments.

(p) *Standards, amendments and interpretation to existing standards effective in the 2015 financial year*  
The amendments and interpretations to existing standards which are effective in the 2015 financial year but do not have a significant impact on the presentation, measurement and disclosures of the Credit Union's financial statements are as follows:

- IFRS 1 (Amendment) 'First Time Adoption'
- IAS 36 (Amendment) 'Impairment of Assets'

*New Standards, amendments and interpretation to existing standards that are not yet effective and have not been early adopted:*

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and have determined that the following are relevant to the Company's operations. The Credit Union has not early adopted the new standards and amendments.

- IAS 16 (Amendment) 'Property, Plant and Equipment' (effective January 1, 2016)
- IAS 19 (Amendment) 'Employee Benefit' (effective July 1, 2014)
- IAS 24 (Amendment) 'Related Party Disclosures' (effective July 1, 2014)
- IFRS 9 'Financial Instruments' (effective January 1, 2018)
- IFRS 13 (Amendment) 'Fair Value Measurement' (effective July 1, 2014)

None of these is expected to have a significant effect on the financial statements of the Credit Union in the period of adoption, except for IFRS 9 'Financial Instruments' which becomes mandatory for the Credit Union's 2019 financial statements, and is expected to impact the classification and measurement of financial assets and liabilities. A description of this standard is provided below.

IFRS 9 – Financial Instruments – effective January 1, 2018 – this standard eliminates the available-for-sale and held-to-maturity categories of financial assets. All debt instruments will be measured at fair value through profit and loss, unless certain conditions are met, in which case they may be measured at amortized cost. All equity instruments will be measured at fair value through profit and loss unless the entity elects to measure the instrument at fair value through other comprehensive income with only dividend income recognized in profit or loss. The standard includes guidance on when historical cost may be the best estimate of fair value. For financial liabilities the standard retains most of IAS 39 requirements.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

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## 4. Financial Risk Management

The Credit Union has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks.

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

Financial assets of the Credit Union include cash resources, accounts receivable, investments, loans and mortgages to members and interest receivable. Financial liabilities include deposits of members regulatory capital and accounts payable and accrued expenses.

(a) *Credit risk*

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Credit Union's cash resources, loans and advances to customers and investment securities

- (1) The Credit Union deposits its funds with registered Banks which are subject to regulations.
- (2) Credit risk on loans to members is managed using the Total Debt servicing ratio as well as detailed background checks on members in the approval process and stringent debt collection procedures. Two officers are assigned with the task of monitoring the delinquency portfolio on a daily basis. Management has documented a process to be followed for collection of outstanding debt. The Credit Committee has the responsibility of advising the Board on Policy based on market trends. The Board, along with management, revises policy periodically to reduce overall credit risk. The Credit Union's policy is to provide fully for the total balance including interest less the value of any collateral as soon as it is determined irrecoverable. These loans are shown net of provision for bad and doubtful loans.
- (3) The Credit Union limits its exposure to credit risk by investing only in entities that have high credit ratings and Government Securities. The Credit Union has a documented policy in place which guides the management of the credit risk on investment. The Credit Union exposure and the credit rating of its debtors are continuously monitored and the aggregate value of transactions concluded is spread amongst approved entities.

**Classified Loans**

This category of loans represents loans for which, in most cases, the collateral has been realized and the Credit Union estimates that the outstanding balances may be irrecoverable.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 4. Financial Risk Management, continued

### (a) Credit risk - cont'd

#### Allowances for impairment

Set out below is an analysis of the gross and net (of allowances for impairment) loans and advances to members.

#### Loans and advances to members

	<u>2015</u>	<u>2014</u>
	\$	\$
<b>Delinquent Loans</b>		
90 days and over	3,287,898	3,504,959
Classified Loans fully provided	<u>1,412,263</u>	<u>4,368,464</u>
Carrying amount	4,700,161	7,873,423
Less: Allowance for doubtful loans	<u>(1,754,347)</u>	<u>(5,389,299)</u>
Carrying amount less allowance loans > 90 days	<u>2,945,814</u>	<u>2,484,124</u>
	<u>2015</u>	<u>2014</u>
	\$	\$
<b>Loans in Good Standing</b>		
Not yet due	57,808,594	59,897,973
1-29 days	11,233,277	1,364,231
30-59 days	1,836,628	781,077
60-89 days	<u>1,014,678</u>	<u>999,554</u>
Carrying amount	71,893,177	63,042,835
Less: Allowance for doubtful loans	<u>(718,932)</u>	<u>(630,428)</u>
Carrying amount less allowance for loans in good standing	<u>71,174,245</u>	<u>62,412,407</u>
<b>Total carrying amount</b>	<u>74,120,059</u>	<u>64,896,531</u>

#### Collateral

The Credit Union holds as collateral on loans, mortgages on property and land, bills of sale on vehicles, cash surrender values on life insurance policies, securities held with government or private listed companies, cash, guarantors and mutual funds. Unsecured loans are granted based on character up to \$3,000 outside of promotional loan campaigns. The value of security of loans > 90 days is approximately \$4.1 million dollars.

### (b) Liquidity risks

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations from its financial liabilities as they become due.

Liquidity risks arise from the mismatch in cash flows. The Board manages its liquidity risk by matching its cash inflows to its cash outflows. Short to medium term loans have been introduced to ensure that timing of cash inflows are matched to loan disbursements. The cash balances are monitored on a daily basis. The Board continues to focus on its lending strategies, thereby utilizing the excess liquidity.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 4. Financial Risk Management, continued

(b) Liquidity risks (continued)

### Deposits from Members

The maturity schedule of the deposits and loans is detailed below:

2015 Deposits by Type	Interest Rate	Total \$	Less than 3 months \$	3 months to 1 year \$	More than 1 year to 5 years \$	5 years to 10 years \$	Over 10 years \$
Term Deposits	3%-5%	11,771,216	1,444,257	5,858,040	3,708,497	265,089	495,333
Other Savings	2%-3%	1,576,579	1,204,013	7,864	109,338	54,003	201,361
Special Savings	2.75%	4,955,291	4,680,570	32,968	139,377	52,226	50,150
Junior Savings	3%	2,483,979	2,463,837	-	10,142	-	10,000
Membership Prime Deposit	2.25%	52,609,458	41,808,660	643,613	4,287,225	1,825,672	4,044,288
Smart Builder	3.25%	10,169,629	8,979,619	39,685	476,758	262,714	410,853
<b>Total</b>		<b>83,566,152</b>	<b>60,580,956</b>	<b>6,582,170</b>	<b>8,731,337</b>	<b>2,459,704</b>	<b>5,211,985</b>
<b>Loan by Type</b>							
Personal Loans	10.5%-12%	23,418,894	1,099,540	658,299	9,767,996	6,537,911	5,355,148
Business Loans	12%	1,498,444	166,891	46,278	69,758	957,395	258,122
Other Loans	9%-15%	2,138,944	246,810	68,141	934,878	778,141	110,974
Real Estate Loans	5.5%-9%	33,081,716	806,435	17,585	627,606	2,663,410	28,966,680
Revolving Loans	17%	7,141,660	1,326,690	809,594	1,511,809	4,003	3,489,564
Back to School	17%	235,592	182,015	49,178	4,399	-	-
Christmas Loans	17%	795,282	1,372	777,931	15,979	-	-
Bridging Loans	6.5%-12%	8,282,806	-	34,998	49,859	500,897	7,697,052
<b>Total</b>		<b>76,593,338</b>	<b>3,829,753</b>	<b>2,462,004</b>	<b>12,982,284</b>	<b>11,441,757</b>	<b>45,877,540</b>
Liquidity Gap		6,972,814	56,751,202	4,120,166	(4,250,947)	(8,982,053)	(40,665,555)
<b>2014</b>							
Deposits by Type	Interest Rate	Total \$	Less than 3 months \$	3 months to 1 year \$	More than 1 year to 5 years \$	5 years to 10 years \$	Over 10 years \$
Term Deposits	3%-4.5%	6,260,737	1,229,728	3,382,013	1,648,996	-	-
Other Savings	2%-2.25%	3,022,660	2,573,148	14,752	105,444	161,179	168,137
Special Savings	2.75%	5,098,381	4,724,115	11,239	212,987	92,613	57,427
Junior Savings	3.00%	2,351,879	2,351,879	-	-	-	-
Membership Prime Deposit	2.25%	52,849,066	42,044,026	617,840	4,353,058	1,810,363	4,023,779
Smart Builder	3.25%	8,292,784	7,828,058	13,080	233,341	136,485	81,820
<b>Total</b>		<b>77,875,507</b>	<b>60,750,954</b>	<b>4,038,924</b>	<b>6,553,826</b>	<b>2,200,640</b>	<b>4,331,163</b>
<b>Loan by Type</b>							
Personal Loans	12%	23,206,490	2,784,191	673,002	8,796,773	6,614,576	4,337,948
Business Loans	12%	1,121,068	126,130	5,108	152,493	373,849	463,488
Other Loans	9%	1,654,251	355,895	53,486	892,032	236,497	116,341
Real Estate Loans	6.5%-9%	27,712,641	1,085,735	17,774	546,742	2,319,396	23,742,994
Revolving Loans	17%	8,900,307	744,009	967,102	2,499,484	-	4,689,712
Back to School	17%	206,362	163,724	42,638	-	-	-
Christmas Loans	17%	780,813	457,803	282,270	40,740	-	-
Bridging Loans	6.5%-12%	7,334,326	-	2,691	78	307,948	7,023,609
<b>Total</b>		<b>70,916,258</b>	<b>5,717,487</b>	<b>2,044,071</b>	<b>12,928,342</b>	<b>9,852,266</b>	<b>40,374,092</b>
Liquidity Gap		6,959,249	55,033,467	1,994,853	(6,374,516)	(7,651,626)	(36,042,929)

Accounts payable balances are all current.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

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## 4. Financial Risk Management, continued

(c) *Market risk*

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Credit Union's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Credit Union may be exposed to market risk as changes in market interest rates affect its income. Periodically, the Board and management review and approve the rates set to ensure they are well priced to control these risks.

(d) *Operational risks*

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

The Credit Union's objective is to manage operational risk by developing and implementing controls within the operation that would mitigate this risk. That responsibility is assigned to the Board and Management. There is a policy manual for the staff and volunteers of the Credit Union. The policy manual addressed in detail every functional area of the Credit Union and provided for some of the more critical function; primarily Loans and Operations, procedures to carry out such functions.

Compliance with the Credit Union's policies is supported by a programme of periodic reviews undertaken by the Internal Auditor. The results of Internal Audit reviews are discussed with management, the Supervisory Committee and the Board of Directors.

(e) *Capital management*

The Co-operative Societies (Amendment) Act 2008-39, stipulates that an amount equaling or greater than 10% of total assets must be held as capital. The Board of Directors continues to review the capital structure. The capital to assets ratio is now 9.5% (2014 – 12.60%).

The Financial Services Commission (FSC) defines "capital" of a Credit Union as Qualifying Shares, Statutory and Other Reserves only.

The Credit Union objective, when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to its members and benefits for other stakeholders and to maintain a strong capital base to support the development of its business. (See note 17(a))

(f) *Fair value*

Fair value represents the amounts at which a financial instrument could be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted marked price, if one exists.

Financial assets and liabilities are carried at amounts, which approximate to their fair value at the reporting date. Fair values estimates are made at a specific point in time based on market conditions and information about the financial instrument.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 4. Financial Risk Management, continued

(f) *Fair value (continued)*

These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions can significantly affect the estimates.

The fair values of cash resources, accounts receivable, interest receivable, accounts payable, accrued expenses, deposits and regulatory capital are not materially different from their carrying amounts.

The estimated fair values of the financial assets and liabilities, together with their carrying amounts shown in the statement of financial position are as follows:

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Cash resources	4,160,106	4,160,106	3,209,436	3,209,436
Accounts receivable	294,902	294,902	367,674	367,674
Interest receivable	239,475	239,475	257,539	257,539
Investments	12,390,017	N/A (see note 8)	15,634,800	N/A (see note 8)
Deposits of members	83,566,152	83,566,152	77,875,507	77,875,507
Regulatory capital	1,683,600	1,683,600	1,613,150	1,613,150
Accounts payable	731,834	731,834	46,864	46,864
Loans and mortgages (net)	74,120,059	74,120,059	64,896,531	N/A

(g) *Loans and mortgages receivable*

The nature of the Credit Union is such that loans can only be made to members of the Credit Union or similar societies. As a result of this, a market rate for these loans is not readily determinable and hence it is impracticable to estimate the fair value of these loans.

*Investments*

The Investment Portfolio comprises of assets stated at cost and fair value.

(h) *Real Property Management*

The Co-operative Societies (Amendment) Act 2007-39, sec. 196A states that a Credit Union may not acquire or hold real property where the market value of the property to be acquired would cause the aggregate value of the property to exceed 6% of the stated assets of the Credit Union. At March 31, 2015 the Credit Union held 4.2% (2014 - 4.6%) in real property.

## 5. Determination of Fair Values

A number of the accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

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## 5. Determination of Fair Values, continued

(a) *Investments in equity and debt securities*

The fair value of available-for-sale financial assets is determined by reference to their quoted closing price at the reporting date. It is not practicable to establish the fair value of held to maturity investments.

(b) *Trade and other receivables*

The fair value of trade and other receivables is estimated as the amount recoverable at the reporting date.

## 6. Cash Resources

This balance consists of:

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash on hand	504,424	459,430
Cash at bank	<u>3,655,682</u>	<u>2,750,006</u>
	<u>4,160,106</u>	<u>3,209,436</u>

## 7. Interest Receivable

	<u>2015</u>	<u>2014</u>
	\$	\$
Loan interest receivable	<u>239,475</u>	<u>257,539</u>

This interest relates to interest accrued on loans and mortgages in good standing at March 31, for the respective years.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 8. Investments

(a) <i>Investments comprise:</i>	<u>Note</u>	<u>2015</u>	<u>2014</u>
		\$	\$
<i>Equity securities, mutual funds and fixed income, at fair value:</i>			
Shares in Banks Holdings Ltd.		83,220	88,476
Shares in Insurance Corporation of Barbados		461,520	499,980
Royal Fidelity Mutual fund		-	611,011
Barclays "Blue Eagle" portfolio fixed income		3,555,561	3,487,745
Barclays "Blue Eagle" portfolio mutual funds/ equities		<u>339,380</u>	<u>328,457</u>
		<u>4,439,681</u>	<u>5,015,669</u>
<i>Equity securities, at cost:</i>			
Shares in the Barbados Co-operative Credit Union League Ltd.		21,020	21,020
Shares in Bridgetown Cruise Terminals Inc.		1,553	3,882
Shares in Co-operators General Insurance Co. Ltd.		<u>1,084,020</u>	<u>1,026,480</u>
		<u>1,106,593</u>	<u>1,051,382</u>
<i>Other investments, held to maturity:</i>			
Barclays "Blue Eagle" portfolio		951,051	262,048
First Citizens Investment Services Ltd.		1,327,166	3,783,971
Barbados Agriculture Management Company - Commercial Paper		600,000	600,000
CAPITA Financial Services Inc		610,840	1,115,687
Barbados Co-operative Credit Union League Ltd - Central Fund Facility Trust		331,030	310,971
Barbados Transport Board		262,062	296,688
Barbados Port Inc		662,169	625,181
Barbados Treasury Bills		1,000,000	1,000,000
Barbados Tourism Investment		500,000	1,000,000
Barbados Public Workers Co-operative Credit Union Ltd.		<u>599,425</u>	<u>573,203</u>
		<u>6,843,743</u>	<u>9,567,749</u>
 Total Investments		 <u>12,390,017</u>	 <u>15,634,800</u>

The Credit Union outsources the management of its investment portfolio referred to as the "Blue Eagle" to CIBC First Caribbean International Bank's (The Bank) wealth management department. The Bank was given an investment policy and parameters to guide the investment decisions. The Investment policy was prepared by a group of members with an investment career background. Reports are submitted monthly to the management where the performance of the fund is reviewed. The total fund under management is \$4,845,992 (2014 - \$4,078,250). The portfolio is valued by CIBC First Caribbean International Bank Wealth Management Barbados.

### (b) *Investment of funds*

Section 34(A) (1) of the Co-Operatives Society Act Cap 378A set out in detail the profile of institutions and securities in which the Credit Union can invest the funds of the Society including its reserves.

Section 34(A) (2) limits investments in equities of companies incorporated in Barbados or in a member state of the Caribbean community and listed on a stock exchange of these states. These companies must have paid dividends on its shares in the preceding five consecutive years. Alternatively they can invest in securities issued by a credit union that is registered in a member state of the Caribbean community. Such investments shall not exceed 10% of the statutory reserve of the Credit Union.

The Financial Services Commission can also exercise discretion in allowing other investments except as defined in section 34(A) (2)

As at March 31, 2015 the credit union is in breach of these investment provisions and is in discussion with The Financial Services Commission to bring its investment portfolio in line with the provision of the Act.





# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 9. Loans and Mortgages to Members

Loans and mortgages to members comprise:

	<u>2015</u>	<u>2014</u>
	\$	\$
Loans	35,975,960	36,964,716
Mortgages	<u>40,617,378</u>	<u>33,951,542</u>
	76,593,338	70,916,258
Less Allowance for doubtful loans	<u>(2,473,279)</u>	<u>(6,019,727)</u>
	<u>74,120,059</u>	<u>64,896,531</u>

Loans are classified as personal, business, line of credit and other loans. Personal and business loans bear interest at a rate of 10.5% to 12% per annum, unsecured loans and revolving line of credit at 17% and other loans at 15% per annum on the reducing balance. All loans are repayable to the Credit Union in monthly blended principal and interest installments over a maximum period of thirty years.

Mortgages usually bear a floating interest rate of 6.5% per annum on the reducing balance. As of March 2015 mortgages are being offered at a variable rate of 5.5% to 7.5% (2014 - 5.5 to 6.5%) per annum on the reducing balance. Mortgages are repayable to the Credit Union in monthly blended principal and interest instalments over a maximum period of thirty years.

### Allowance for doubtful loans

	<u>2015</u>	<u>2014</u>
	\$	\$
Opening balance	(6,019,727)	(5,365,400)
Charge for the year	(376,397)	(654,327)
Write offs	3,915,465	-
Recoveries	<u>7,380</u>	<u>-</u>
Ending balance	<u>(2,473,279)</u>	<u>(6,019,727)</u>

Loans greater than 90 days past due are considered impaired and as such provision is made in the accounts for the uncollectable loan principal amounts and interest receivable on all such loans.

## 10. Accounts Receivable

	<u>2015</u>	<u>2014</u>
	\$	\$
Accounts receivable	281,277	294,068
Interest receivable - Investments	<u>13,625</u>	<u>73,606</u>
	<u>294,902</u>	<u>367,674</u>

Accounts receivable mainly represents amounts receivable from the Government of Barbados for taxes withheld on the Blue Eagle Portfolio. The Credit Union will attempt to recover these amounts by offset against the tax payable on assets.

Interest receivable from investments represents interest receivable on fixed income instruments held in the Blue Eagle account and interest receivable from deposit accounts held at other financial institutions.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 11. Property and Equipment

2015	Equipment & Computer Software	Motor Vehicles	Land & Buildings @ Valuation	Leasehold Improve- ments	Total
<b>Cost/Valuation</b>	\$	\$	\$	\$	\$
At beginning of year	2,557,760	199,377	4,200,000	608,737	7,565,874
Additions	284,123	-	-	-	284,123
Disposals	(2,788)	-	-	-	(2,788)
At end of year	2,839,095	199,377	4,200,000	608,737	7,847,209
<b>Accumulated Depreciation</b>					
At beginning of year	1,730,803	85,066	61,500	499,818	2,377,187
Charge for year	204,610	22,862	61,500	21,265	310,237
Disposals	(1,738)	-	-	-	(1,738)
At end of year	1,933,675	107,928	123,000	521,083	2,685,686
Net Book Value	905,420	91,449	4,077,000	87,654	5,161,523
<b>Equipment</b>	<b>Land &amp; &amp; Computer Software</b>	<b>Leasehold Motor Vehicles</b>	<b>Buildings @ Valuation</b>	<b>Improve- ments</b>	<b>Total</b>
2014					
<b>Cost/Valuation</b>	\$	\$	\$	\$	\$
At beginning of year	2,460,400	199,377	4,200,000	608,737	7,468,514
Additions	97,360	-	-	-	97,360
Disposals	-	-	-	-	-
At end of year	2,557,760	199,377	4,200,000	608,737	7,565,874
<b>Accumulated Depreciation</b>					
At beginning of year	1,544,130	56,489	-	440,372	2,040,991
Charge for year	186,673	28,577	61,500	59,446	336,196
Disposals	-	-	-	-	-
At end of year	1,730,803	85,066	61,500	499,818	2,377,187
Net Book Value	826,957	114,311	4,138,500	108,919	5,188,687

The Credit Union's building is valued on a tri-annual basis as dictated by the Board of Directors.

The next valuation is scheduled to take place in the 2015-16 financial year. During the 2013 financial year the Board of Directors determined the value of the Credit Union's building was \$4,200,000 based on a valuation prepared by an independent, professional valuer. The resulting increase of \$1,347,230 was credited to revaluation reserve in equity. The accumulated depreciation of \$147,229 on the property at the date of the valuation was eliminated against the gross carrying amount of the property and the net amount restated to the revalued amount of the property.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 12. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses comprise:

	<u>2015</u>	<u>2014</u>
	\$	\$
Interest payable on deposits	268,817	166,512
Non Member Deposits	137,138	140,720
Professional fees	74,025	72,850
Other payables	<u>251,854</u>	<u>87,782</u>
	<u>731,834</u>	<u>467,864</u>

Interest payables on deposits represent the accrued amounts that are outstanding but unpaid to members for their deposits and saving accounts.

Other payables represent staff payables (P.A.Y.E, N.I.S) and miscellaneous trade payables.

## 13. Deposits of Members

Members' deposits comprise the following:

	<u>2015</u>	<u>2014</u>
	\$	\$
Term deposits	11,771,216	6,260,738
Other deposits	19,185,478	18,765,703
Prime deposits	<u>52,609,458</u>	<u>52,849,066</u>
	<u>83,566,152</u>	<u>77,875,507</u>

Term deposits are fixed-term interest bearing deposits which attract a rate of interest of 3.00% to 4.5% (2014 – 3.00% to 4.50%).

Other deposits represent interest bearing deposits that may be withdrawn on demand. These deposits attract interest at a rate of 2.00% - 3.25% (2014 - 2.00% to 3.25%).

Prime Deposits, previously known as Members' Shares, is an interest bearing deposit account which has attracted an average rate of 2.25% (2014 - 2.25%) during the financial year.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 14. Loan Payable

	<u>2015</u>	<u>2014</u>
	\$	\$
Current Portion	52,768	-
Long Term Portion	<u>242,911</u>	<u>-</u>
	<u>295,679</u>	<u>-</u>

During the year the Credit Union secured a loan from The Central Fund Facility Trust in the amount of \$300,000. The loan is repayable in equal instalments of \$5,870 monthly over a 5 year period. The loan is secured by investments in the CFFT valued at \$320,300 as at year end.

## 15. Tax on Assets

The Tax on Assets included in the Statement of Comprehensive Income is calculated at 0.20% per annum (0.05% per period) of Average Domestic Assets. Average Domestic Assets is defined as Total Assets less Provision for Bad Debts and Reserve for Depreciation.

Below details the taxation for the current year:

	<b>Average Domestic Assets</b>	<b>Tax for Period</b>
	\$	\$
Period 1 – July 1 – September 30, 2014	90,225,611	45,113
Period 2 – October 1 – December 31, 2014	91,974,738	45,987
Period 3 – January 1 – March 31, 2015	94,572,059	<u>47,286</u>
Charge for the year		138,386
Under Accrual for the year		<u>(2,073)</u>
Taxation Expense for the Year		<u>136,314</u>

There is no prior year comparative as the tax became effective in the current financial year.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 16. Regulatory Capital

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance at April 1	1,613,150	1,559,039
Contributions for the year	<u>70,450</u>	<u>54,111</u>
Balance at March 31	<u>1,683,600</u>	<u>1,613,150</u>

In accordance with the requirements of IAS 32 and IFRIC 2, share capital is classified in the financial statements as a liability as their terms provide for withdrawal at the option of the members. Shares are classified as a liability and the appropriate payments classified as an expense and presented as a charge in arriving at net income for the year. The change in classification does not affect the rights and obligations of the members as set out in the Act or the Credit Union's by-laws.

Regulatory Capital represents the amount that has been paid up by members in respect of shares. Each regular member has twenty shares at a value of \$5.00 per share. Each junior member has ten shares at \$5.00 per share. There is no limit to the number of shares the Credit Union is authorized to issue.

These shares in the co-operative entitle each member to one vote in the conduct of the affairs of the co-operative at general meetings. Shares may only be withdrawn when the member wishes to end their membership with the Credit Union. No dividend or patronage refund has been declared for the year.

## 17. Reserves

### (a) Statutory Reserve

The statutory reserve is established pursuant to Section 197 (2) of the Co-operative Societies Act, Cap 378A.

#### *The statutory reserve accumulated transfer from net income*

The Credit Union is required under governing legislation to transfer an amount equivalent to the greater of one half of one percent (0.5%) of total assets or twenty-five percent (25%) of Net Income (before dividends) to the statutory reserve annually until the capital ratio equals ten percent (10%). At March 31<sup>st</sup>, 2015 capital ratio was 9.5% (2014 - 12.6% - This calculation was based on a formula provided by the Registrar in previous years). The allocation for the year was \$482,371.

### (b) Education Fund

The Registrar of Co-operatives has advised that the greater of 1% of the net income or \$100 be transferred to an education reserve. This reserve is periodically paid to the Barbados Co-Operative Credit Union League. The amount transferred for the year was \$6,624 (2014 - \$6,657).

### (c) Common Good Fund

The common good fund was established by the Credit Union and represents amounts allocated to facilitate donations to benevolent causes. The amount transferred is 1% of net income. The amount transferred for the year was \$6,624 (2014 - \$6,657).

## 18. Mutual Benefits Plan

This amount represents contributions to the Mutual Benefits Plan, which is administered by Co-operators General Insurance Company Limited. The plan provides loan protection to the Credit Union.



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 19. Major Operating Expenses

These comprise:

	<u>2015</u>	<u>2014</u>
	\$	\$
<b>General and Administrative Expenses</b>		
Audit Fees	78,002	72,874
Stationery Office supplies	72,384	56,617
Professional Fees	43,385	8,404
Equipment Maintenance	28,187	36,652
Motor Vehicle Expense	24,570	23,792
Supplies	16,426	12,808
Postage	14,293	46,186
Motor Vehicle Insurance	7,741	8,103
Miscellaneous expense	-	1,942
	<u>284,988</u>	<u>267,378</u>
<b>Occupancy Costs</b>		
Utilities	103,520	108,394
Rental Expense	101,575	90,883
Security	80,031	66,286
Property Insurance	50,935	49,640
Telephone	42,610	43,269
Maintenance	35,527	31,822
Other Office Expenses	25,000	15,034
Land Tax	9,900	9,900
Television Charges	2,068	2,256
Other Property Expense	1,311	-
Miscellaneous	50	290
	<u>452,527</u>	<u>417,774</u>
<b>Membership Protection and Governance Expenses</b>		
MBP Premiums	158,028	158,377
League Dues	86,424	83,552
Convention	79,766	74,623
Reimbursable Expenses	60,850	40,000
Annual Meeting	32,660	49,466
Committee Meetings	27,375	26,059
Other Meetings	8,695	980
Special Meeting	-	2,513
	<u>453,798</u>	<u>435,570</u>



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 20. Financial Instruments

### Credit risk

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2015	2014
	\$	\$
Investments	12,390,017	15,634,800
Loans and receivables	74,120,059	64,896,531
Cash and cash equivalents	<u>4,160,106</u>	<u>3,209,436</u>
Total	<u>90,670,182</u>	<u>83,740,767</u>

### Interest rate risk Profile

At the reporting date the interest rate profile of the interest-bearing financial instruments was:

	Carrying amount	
	2015	2014
	\$	\$
<b>Fixed Rate Instruments</b>		
Fixed Financial Assets	37,360,916	40,069,771
Fixed Financial Liabilities	<u>(13,454,816)</u>	<u>(7,873,887)</u>
Net Fixed Rate Instruments	<u>23,906,100</u>	<u>32,195,884</u>
<b>Variable Rate Instruments</b>		
Financial Assets	55,782,545	49,690,722
Financial Liabilities	<u>(71,794,936)</u>	<u>(71,614,770)</u>
Net Variable Rate Instruments	<u>(16,012,391)</u>	<u>(21,924,048)</u>



# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 21. Interest and Dividend Income

### Recognised in profit or loss

	<u>2015</u>	<u>2014</u>
	\$	\$
Interest on loans	4,104,213	3,970,260
Interest on mortgages	2,476,907	2,271,473
Interest income on held-to-maturity investments	487,239	537,800
Interest income on bank deposits	15,238	42,068
Dividend income held to maturity financial assets	<u>96,860</u>	<u>109,729</u>
<b>Interest and dividend income - gross</b>	<b>7,180,457</b>	<b>6,939,632</b>
Interest expense on financial liabilities measured at amortised cost	(1,994,174)	(1,943,614)
Gain realized on sale of investments	128,230	68,816
Loss on assets	<u>(150)</u>	<u>-</u>
Net interest, realised gain and dividend income recognised in profit or loss	<u><u>5,314,363</u></u>	<u><u>5,064,834</u></u>

### Recognised directly in equity

Net unrealized loss on investments for the year	<u>(12,102)</u>	<u>(52,416)</u>
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## 22. Related Parties

### (a) Identity of related parties

The Credit Union has a related party relationship with its directors, committee members and key management personnel.

### (b) Related party balances

These represent loans outstanding, shares and deposits held by related parties as identified in (a) above.

	<u>Loans Balance</u>	<u>Deposits</u>	<u>Qualifying Shares</u>
	\$	\$	\$
As at March 31, 2015	<u>1,335,409</u>	<u>1,125,796</u>	<u>1,500</u>
As at March 31, 2014	<u>1,277,725</u>	<u>867,611</u>	<u>1,500</u>

### (c) Key Management personnel compensation:

	<u>2015</u>	<u>2014</u>
	\$	\$
Wages and salaries	<u>619,620</u>	<u>486,702</u>
Reimbursable expenses for directors and Committee members	<u>60,850</u>	<u>40,000</u>





# THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
For The Year Ended March 31, 2015

## 23. Commitments

### *Loan commitments*

Loan commitments in respect of undisbursed loans as at March 31, 2015 amounted to \$11,223,984 (2014 - \$7,096,416).

## 24. Operating Lease

### *Leases as Lessor*

The Credit Union leases part of the property at Fairchild Street. The future minimum lease payments under terms of the leases are as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Less than one year	68,400	68,400
Between two and four years	57,000	125,400

During the year ended March 31, 2015, \$68,400 (2014 - \$68,400) was recognised as rental income in the statement of comprehensive income.

### *Leases as Lessee*

The Credit Union leases the property which houses the Speightstown Branch from Queen Street Development Inc. and is in the process of opening a new Branch in Oistins at the Southern Plaza Complex. The future minimum lease payments under terms of the leases are as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Less than one year	103,098	67,680
Between two and five years	415,933	270,720

During the year ended March 31, 2015, \$101,575 (2014 - \$90,883) was recognised as rental expense in the statement of comprehensive income.

## 25. Contingencies

The Credit Union is defending an action brought by prior members of staff who were dismissed on various grounds. If the defense against the Credit Union is unsuccessful the fines and legal fees could amount to \$297,036. Based on the legal advice given to the Board, the Credit Union expects a favourable outcome.



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**BWU** CO-OPERATIVE  
CREDIT UNION LIMITED  
*Save Smart, Borrow Smarter*

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