

## VISION STATEMENT

To become the first choice financial institution for the community we serve.

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## MISSION STATEMENT

To enhance the quality of life of our members and of the entire community, by providing superior quality financial services to them through a well trained staff and the utilization of appropriate technology.

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## THEME FOR AGM 2019

THE COMMUNAL AND YOU: Celebrating 55 Years, Focused on Transformation & New Experiences.



## OUR PRAYER

Lord, make me an instrument of thy peace,  
Where there is hatred let me sow love,  
Where there is injury, pardon;  
Where there is doubt, faith;  
Where there is despair, hope;  
Where there is darkness, light;  
And where there is sadness, joy.

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

Bless O Lord, our deliberations  
And grant that whatever we may so do,  
Will have thy blessing and guidance,  
Through Jesus Christ our Lord,  
Amen

## OUR SONG

With us there are no barriers  
Cause we are all the same  
The more of us the happier  
The louder we'll proclaim.  
That we are owner members  
Our rule is honesty  
We are the Credit Union  
And all the world can see.

*Chorus*  
*Together we give and receive*  
*Together we help each other to achieve*  
*cause in our world today*  
*It's not safe to be alone*  
*Let's make each other's cares*  
*To be our own.*

We all will be true savers  
Though it is great or small  
We will become shareholders  
Providing loans for all  
So when great need arises  
There's no uncertainty  
Once in the Credit Union  
There's help for you and me

We pledge to be of service  
To better our land  
We harbor no prejudice  
Upon this theme we stand  
One man one vote for members  
Of high or low degree  
For in the Credit Union  
There's pure democracy.



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# NOTICE OF THE 37th ANNUAL GENERAL MEETING

Dear Member,

Notice is hereby given that the 37th Annual General Meeting of The Communal Co-operative Credit Union Limited will be held on **Wednesday June 19th 2019**, at the Grenada Trade Centre Annex, Morne Rouge, St. George's, Grenada, beginning at **4:00 p.m.**

## AGENDA

1. Call to Order
2. Opening Ceremony
3. Ascertainment of Quorum
4. Adoption of Agenda
5. Standing Orders
6. Minutes of 36th Annual General Meeting
  - a. Corrections and Amendments
  - b. Confirmation
  - c. Matters Arising
7. Reports for Discussion and Adoption
  - a. Board of Directors
  - b. Supervisory Committee
  - c. Credit Committee
8. Financial Reports
  - a. Treasurer's Report
  - b. Auditor's Report
9. Nominations Committee Report/Elections
10. Resolutions:
  - a. Approval of 2019 Budget
  - b. Approval of Borrowing Limit 2019
  - c. Appointment of Auditors
  - d. Increase in Qualifying Shares for Members
11. Any Other Business / Members Concerns
13. Refreshments



**Shawna Thomas-Cuffie**  
Secretary

# CORPORATE INFORMATION

## Communal Co-operative Credit Union Ltd

Halifax Street  
St. George's  
Telephone: (473) 440-1755  
Fax: (473) 440-7545  
Email: -comcreditunion@thecommunalcu.com  
Website: www.thecommunalcu.com

## Grand Anse Business Centre

Food Fair Shopping Complex  
Grand Anse  
St. George  
Fax: 473 439-7545

## Perdmontemps Branch Office

Perdmontemps  
St. David  
Telephone/Fax: (473) 440-4264

## Gouyave Branch Office

Central Depradine Street  
Gouyave  
St. John's  
Telephone/Fax: (473) 437-1129

## Carriacou Branch Office

Church Street  
Carriacou  
Telephone: (473) 443-6699  
Fax: (473) 443-8899

## Auditors

Pannell Kerr Forster

## Bankers

Republic Bank (Grenada) Ltd  
Grenada Co-operative Bank  
CIBC First Caribbean International Bank

## Solicitors/Attorneys

Law Office of George E. D. Clyne  
Wilkinson, Wilkinson & Wilkinson  
Grant Joseph & Co

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## Executive Officers

**President:** Jusceno Jacobs

**Vice President:**

Jennifer Gulston-Gittens

**Treasurer:**

David Bruno

**Secretary:**

Shawwna Thomas-Cuffie

**Asst. Secretary/ Treasurer:**

Petra Fraser

**General Manager:**

Lydia Courtney Francis



# Communal Credit Union

## STANDING ORDER

1. (a) A member shall stand when addressing the Chair.  
(b) Speeches shall be clear and relevant to the subject of the meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he/she shall immediately take his/her seat.
3. No member shall address the meeting except through the Chairman.
4. A member shall not speak twice on the same subject except:
  - (a) The mover of a motion has the right to reply
  - (b) He/she rises to object or to explain (with permission of the Chair).
5. No speeches shall be made after the question has been put and carried or negated.
6. The mover of a procedural motion (adjournments, postponement, lay on table) shall have no right of reply.
7. A member rising on a point of order shall state the point clearly and concisely. (A point of order must have relevance to the Standing Orders).
8. (a) A member shall not 'call' another member 'to order' but may draw the attention of the Chair to a 'Breach of Order'.  
(b) In no event can a member call the Chair 'to order'
9. A question should not be put to the vote if a member desires to speak on it or move an amendment to it – except that a 'Procedural Motion', the Previous Question', 'Proceed to the next business' or the 'Closure', 'That the question be put now', may be moved at any time.
10. Only one amendment shall be before the meeting at one and the same time.
11. When a motion is withdrawn, any amendment to it fails.
12. The Chairman shall have, in addition to his ordinary vote, a "Casting Vote" in the case where there are equal votes on the motion at hand.
13. If there is an equality of votes on an amendment and if the Chairman does not exercise his casting vote the amendment is lost.
14. The Chairman shall make provisions for the protection of members from vilification (personal abuse).
15. No member shall impute improper motives against the Chairman, Board of Directors, Officers, or any other member.
16. Only members are allowed to vote.



# Minutes of the 36th Annual General Meeting of The Communal Co-operative Credit Union Limited

Held on June 30th, 2018 at the Grenada National Stadium, St. George  
Under the theme "Embracing Technology to Achieve Sustained Growth."

## Call to Order

The meeting commenced at 1:45pm with the opening session being chaired by member, Mr. Edwin Thomas.

The prayer was said by Bro. Thomas Welch, who led members in the credit union prayer. The Chairman concurred that the best way to open any proceeding was to invoke God's presence and he would guide our ways.

## Welcome Remarks

Director Jennifer Gulston-Gittens delivered the welcome remarks; she acknowledged all specially invited guests, members and the media. A special welcome was also given to the Communal's General Manager, Mrs. Lydia Courtney-Francis, who was attending her first Annual General Meeting.

Mrs. Gulston-Gittens introduced the theme of the AGM "Embracing Technology to Achieve Sustained Growth." She encouraged everyone to embrace the changing technology in today's world.

She also encouraged members to capitalise on this unique opportunity to participate in their organisation's business today, through this AGM forum, and to make meaningful contributions to its upliftment. Members were asked to share their knowledge, tech-

niques and any approaches they believe will benefit our credit union.

## Address by President

Claudia Alexis expressed her sincere thanks to the Board and Members for allowing her to serve as President in the last year, a year that was challenging indeed.

She too focused on the AGM's Theme "Embracing Technology to Achieve Sustained Growth." She reflected that "this is a time like no other, as we operate in a global space, and are facing threats in the economic and financial landscape like never before, these threats can have significant cost implications on Communal and impact our growth."

The President highlighted a number of areas of achievements during the past year. In particular, she said it was a proud moment for Communal, as the first credit union to launch a full suite of online banking and mobile services in Grenada.

Looking forward, Ms. Alexis stated that a number of objectives have been set for 2018; all aimed at improving our regulatory compliance, enhancing all our critical ratios, improving financial performance and bringing more member benefits.



In expanding services to members, the Grand Anse Business Centre was highlighted as part of the expansion programme to members, where small business services and financial counselling will be the main focus.

Communal will also be celebrating 55 years, in 2019 and the President was pleased to highlight how far we've come and the plans for Communal to remain relevant in this new era, while maintaining its uniqueness as a credit union.

Special thanks was expressed previous employees, Mr. Lennox Andrews former General Manager who retired in 2017 and Mrs. Shurla Harris-Fields who resigned from the organisation in January 2018.

In closing Ms. Alexis encouraged members to continue doing business with their credit union as their first financial institution of choice, to ensure its sustainability in this economic space. She expressed special thanks to the membership for their continued support and encouraged those with loan responsibilities to honour their obligations and not put the institution at risk through delinquency. She also implored those with shares under the \$200.00 to recognise the importance of the capital structure and to ensure they maintain the minimum level required and not draw out their shares. A list of members below the minimum was available at the meeting for persons to check their status to bring them up to date.

### **Greetings From the Grenada Co-operative Credit Union League**

President Phillip Telesford brought remarks on behalf of the Grenada Co-operative Credit Union League and thanked Communal for extending this invitation to the League. He stated that these invitations are taken very seriously, as the League believes we're in this

together and therefore views every member as important.

He went on to commend Communal on the appropriateness of this year's theme as members are not prepared to wait in long lines anymore, nor are members loyalty guaranteed. He therefore referred to technology as the game changer for credit unions, where members can have 24 hours access from anywhere. Further he called on leaders in the movement to focus our investments in technology today that will secure tomorrow's future as we focus on the youth.

He applauded the stewardship of the current management and for financial performance in the past year. With such performance and a movement that is heading to \$1BN in assets, he intimated that all eyes are on Communal and by extension, credit unions. He cautioned us to look beyond the AGM theme and to take sound action to make investments in compliance of standards, legislation and regulations; if treated with importance, he said he had no doubt the life savings of members will be protected and the future of credit unions will be strong.

Mr. Telesford took the opportunity to highlight two big challenges facing the movement - De-risking and IFRS 9 - Financial Instruments; with respect to the latter, he said the League will be giving full attention to this matter and paused to invite representatives from the BOD and management to the final session of IFRS9 on July 18-19, 2019 at the National Stadium, which he deemed very important.

He expressed his belief in co-operatives being the best way to build strong communities and to uproot the seeds of poverty in our society. Credit Unions are safe he said, and can bear testimony to that.





Mr. Telesford wished Communal a successful meeting.

### Greetings from GUT Credit Union Ltd

The greetings from the above credit union was read by the Chairman of the proceedings, Mr. Edwin Thomas.

### Official Remarks - GARFIN

As Manager, non-bank financial institutions, Mr. Alistair Phillip addressed the meeting; he first thanked the manager and staff of Communal for working collaboratively over the past year. He shared GARFIN's perspectives on addressing sector sustainability and the importance of working together with a focus on the material challenges currently confronting this sector. In this regard, he addressed the following areas:

The need for a clear sectoral vision and strategy for the future;

How GARFIN's vision and strategic priorities support our efforts in building sector sustainability under a flexibility approach where necessary.

How those credit unions that have the strong foundations of an effective risk framework and a culture of good governance, are best placed to deliver the sustainable business model of the future. And this speaks to the capacity to develop diversified income streams and efficient management of operating costs

He highlighted that the nature and form of customer engagement is changing as consumers increasingly expect to access products and services online, in real time. He therefore commended Communal on the theme for the meeting - "EMBRACING TECH-

NOLOGY TO ACHIEVE SUSTAINED GROWTH" as being most timely and appropriate.

Mr. Phillip congratulated Communal on its performance in 2017. He noted the double digit growth in most significant areas of performance and commended Communal highly for such achievements. Of concern however, was the shortfall in Institutional Capital and the Loans:Asset Ratio as well as the lower net surplus year on year. He encouraged management to take the action necessary to remedy this situation.

He took the opportunity to highlight critical compliance and legislative issues facing the sector, including the recent legislation passed and called on the management of Communal to ensure good stewardship is exercised. He regarded the credit union systematically important credit union in the sector, and cautioned that safety and soundness must always be practiced by board and management

GARFIN will make compliance a key focus of regulation and will engage with the League and the FIU to ensure that the industry takes all necessary steps to address deficiencies and the perception of laxity in the sector.

He highlighted a few areas of focus and on the question of your Audit, Mr. Phillip reminded that the Law requires the changing of auditors after five years and that GARFIN expects credit unions to be mindful of this provision. A list of approved auditors including the foreign firm of BDO which we recently registered to do business in Grenada was circulated to credit unions recently, he said.

In closing Mr. Phillip pledged GARFIN's commitment to working with Communal, to ensure a safe, sound and viable credit union and by extension a safe and sound sector.



## Close of Official Segment and Vote of Thanks

Director Jacob welcomed the opportunity to deliver the closing remarks and vote of thanks at the meeting.

He thanked the Chairman of the proceedings and all the speakers before him for their remarks and pledged that the Board of Management have taken heed of the comments and advice given.

The Opening session of the meeting came to an end with the President again thanking everyone for attending.

There was a short break to allow invited guests to leave the meeting before the commencement of the official business session.

## OFFICIAL BUSINESS SEGMENT

### Call to Order

The business session of the AGM was chaired by the President, Ms. Claudia Alexis who also called the meeting to order.

There were one hundred and twenty-one persons (121) in attendance at the commencement of the business meeting. Although the quorum of 200 persons was not met GARFIN gave permission to commence the meeting.

The President, thanked Mr. Edwin Thomas for chairing the opening ceremony. She then introduced the Board of Directors at the head table to the members present.

An excuse was submitted for Director Joseph Sylvester who was unable to attend. She also acknowledged that the other two directors - Pearl Doughlin and Natasha Mar-

quez-Sylvester resigned in January 2018 since they were residing overseas. They were not replaced due to the pending AGM

### Notice of Meeting and Amended Agenda

The notice of the meeting and the agenda was read by Shawanna Cuffie, Secretary of The Communal . The adoption of the agenda was moved by Mr. Edwin Thomas and seconded by Pastor Welch.

### 2017 Financial Report

Lacia Lawrence of PKF read the auditor's report for the year ended December 2017.

Adoption of audit report was moved by Shelly Mitchell and seconded by Nash Griffith. Mrs. Lydia Courtney-Francis, General Manager highlighted some crucial aspects of the financial report. She encouraged the membership to sign up online and to utilize the Debit Card Services more.

The Chairman of the Board then put the motion to adopt the financial statements for the financial year ended 2017 to the meeting. The motion was carried as the majority of the members present voted in favour of the motion.

### Treasurer's Report

A motion was moved for the adoption of the treasurer's report by Nash Griffith and seconded by Janelle Thomas. The report was presented by the General Manager, Mrs. Lydia Courtney-Francis in the Treasurer's absence.

The Chairman then put the motion to the meeting and was carried as the majority of members present voted in favour of the motion.



## Board of Directors Report

The Chairman of the Board then requested that a motion be moved to adopt the Board of Directors Report. This motion was moved by Danielle George and seconded by Shelly Mitchell. The report was present by the president, Ms. Claudia Alexis.

A key suggestion arising from the report by Mr. Edwin Thomas was the need for the credit union to investigate regional investment opportunities especially in Jamaica. He also suggested strategic development training for staff in the area of investment.

The motion was then put to the vote and was carried as the majority of the membership voted in favour of the motion.

## Supervisory and Compliance Committee Report

A motion was moved for the adoption of the Supervisory and Compliance Committee Report by Mr. M. Patrick and seconded by Judy Benjamin. Mr. David Bruno, Chairman of the Supervisory and Compliance Committee then made a few brief remarks to highlight some pertinent areas in the report.

The motion for the adoption of the report was carried with the majority of the members voting in favour.

## Credit Committee Report

The motion to adopt the Credit Committee Report was moved by Rhenisha Griffith and seconded Sherry Alexander. The chairman, Mr. Jerome Thomas presented the report.

An important question was asked by Ms. Janelle Thomas about the contract workers who are members of the credit union who can't obtain loans due to lack of job security. She suggested a program be designed to help them get access to the funding they need.

Derick Cromwell shared that some Communal members are disgruntled about the loans process and are moving to other credit unions to get quick approvals on loans. The BOD pledged to look into this "trend."

Mr. LaCrette, who said he was a longstanding member expressed his disdain and disappointment in the loans process. He stated that he is in need of the loan to do further development on his property as an investment and he was denied. The General Manager asked him to see her at office, and she would take a look at his situation.

The motion was carried with the majority of the membership voting in favour of the resolution.

Nominations Committee Report and Election of Officers.

Election of members to the Board of Directors and Credit and Supervisory Committees were conducted by Michelle Peters-Alexis of the Grenada Co-operative Credit Union League.

The Nominations Committee first expressed thanks to the persons who served and those who agreed to serve. The biographies of the new members of the Committees were read and the nominees were asked to stand so the members could see them.

No nominations were made from the floor therefore the members presented by the Nominations Committee were elected unopposed. Newly elected members were as follows:-

Committee	Names
Board of Directors	David Bruno Petra Fraser
Credit Committee	Gendalyn Phillip
Supervisory Committee	Theresa Noel



Mrs. Peters congratulated all persons who were elected to serve on the several committees and encouraged them to serve with distinction for the common good of The Communal Co-operative Credit Union Ltd.

## Resolutions

The following resolutions were put to the meeting:

Approval of Budget: Whereas it is required by the By-laws Article XI – Section 37 B-8 to receive and approve the budget for the current financial year; And whereas the Budget is presented at the Annual General Meeting for approval; Be it resolved as follows: That the 2018 Budget as presented be approved.

The resolution was put to the meeting and carried with the majority of members voting in favour.

Fixing the Maximum Borrowing Limit for the ensuing year: Whereas it is required by the By-laws Article XI – Section 37 B-14 to fix the maximum borrowing limit for the ensuing year; And whereas the Communal Credit Union may need to borrow in 2018 to meet unforeseen capital expenditure needs; Be it resolved as follows: That the maximum borrowing limit for the year 2018 be fixed at \$1,000,000.00.

The resolution was put to the meeting with the majority of members voting in favour.

Appointment of Auditors: Whereas the Accounting Firm of PKF has provided satisfactory service to the Credit Union as its Auditors for more than ten consecutive years; Be it resolved as follows: That the firm PKF be re-ap-

pointed as the Credit Union's auditors for the year 2018.

The motion was put to the members and carried by the majority of members who voted in favour of the resolution.

## Any other Business

Mr. Bhagwan commented on the lateness of the AGM booklet and the need for the booklet to be timely so that members could peruse the information. He stated that the meeting felt rushed and hurried and he felt this was not productive. He also suggested a revisit of the day and location to attract more participation

The President reminded Mr. Bhagwan that several avenues were utilised this year to circulate the AGM booklet in soft copy format; as well as it was published on the Credit Union's website. As we face changes in technology she encouraged members to embrace these new methods. She said further the notice of the meeting must be 10 days prior to the meeting and that this was achieved.

She however thanked Mr, Bhagwan for his comments and encouraged members to always make suggestions for the improvement of Communal and its operations.

## Close of Meeting

The President Claudia Alexis thanked the members for their presence and contributions at the AGM and wished all well.

The meeting ended at 3:52pm.



President



Secretary



**THE  
COMMUNAL  
AND YOU:**



Celebrating **55** Years,  
Focused on Transformation  
& New Experiences.

## BRIEF HISTORY ON THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



In commemoration of our 55th Emerald Anniversary, Communal Co-operative Credit Union Limited, has decided to provide a brief history from its formation in 1964 to the current year under review. We present highlights about our founders, general managers, the growth process and major achievements of the institution. This journey to "vintage" is indeed noble and noteworthy!

### HISTORY

The Communal Co-operative Credit Union Limited, as it is now known-, was founded in 1964, and registered as a financial co-operative in 1965, with assets valued at five hundred dollars (\$500.00) and a membership of 100.





The first registered name was the St. George's Communal Co-operative Credit Union Limited. As the original name implied, the credit union was open to persons in the city of St. George's only.

The common bond was later opened to members from other parishes who lived or worked in St. George's. The bond was further extended to persons in Carriacou, Petite Martinique and the Diaspora; this led to the change in its name to "The Communal Co-operative Credit Union Limited" in 1996.

Some of the founding members were Mr. Rodney V. Mauricette, Mr. Eric Padmore, Mr. Albert La Touche, Ms. Cynthia Steele, Mr. Martin Abraham, Ms. Kathleen A. Nedd, Mr. Lennard George, Mr. Henry Scoon and Mr. Joslyn (Sparrow) Hayling.

At its first Annual General Meeting Messrs Mauricette, Padmore and Mrs. Steele were elected to the Board of Directors. Subsequently at the first Board of Directors meeting Mr. Mauricette was elected President of The Communal Co-operative Credit Union Limited. Many presidents sat in the chair following Mr. Mauricette and the current President is Mr. Jusceno Jacob, a former scholarship recipient of our Credit Union.

*Table highlights Presidents of The Communal since 1964 to date.*

PRESIDENTS	
NAMES	TERM IN OFFICE
Mr. Rodney Mauricette (Deceased)	1964 - 1993
Dr. Guido Marcelle	1993 - 1996
Mr. Edwin Thomas	1996 - 1999
Mr. Simeon Collins	1999 - 2002
Ms. Lydia Courtney	2002 - 2004
Mr. Julien Ogilvie	2004 - 2009
Mr. Isaac Bhagwan	2009 - 2012
Mr. Michael Francois	2012 - 2015
Dr. Wayne Sandiford	2016-2017
Ms. Claudia Alexis	2017 - 2018
Mr. Jusceno Jacob	2018 - Present

*Table 1.1*

In October, 1984, twenty years later, Mr. Jeffrey Gilbert became the first manager of The Communal. He was at that time Recording Secretary and Field Officer of the Grenada Co-operative League. Six managers fulfilled their tenures with our Credit Union and the present General Manager is Mrs. Lydia Courtney-Francis, a former President of the credit union.

*The table highlights the Managers of The Communal since 1984 to date.:*

MANAGERS	
NAMES	TERM IN OFFICE
Mr. Jeffrey Gilbert	1984 - 1986
Mr. David Holder	1987 - *1987
Ms. Norma Jeremiah	1987 - 1997
Mr. Daniel Williams	1997 - 2002
Mr. Justin Pierre	2002 - 2003
Mr. Brian Campbell (Deceased)	2003 - 2009
Mr. Lennox J. Andrews	2009 - 2017
Mrs. Lydia Courtney-Francis	2018 - Present

*Table 1.2*





## Outstanding Achievements and Contributions Over the Years

### Recognition, Scholarships, Memberships and Donations

- The Communal Co-operative Credit Union Limited was awarded most outstanding credit union by the Grenada Co-operative League from 2004 - 2005, 2006 - 2007 and 2007 - 2008. This award has since been discontinued.
- The Communal's Members Empowerment Skills Training Programme was initiated in 2008 by the late General Manager, Mr. Brian Campbell. This Programme aims to develop and add value to their skill base. In 2010, the Board of Directors took



the decision to rename the programme the "Brian Campbell Empowerment Programme" in honour of the originator.

The Rodney Mauricette Memorial Scholarship Award was introduced in 1988, in honour of the first President.

- That year the Communal awarded its first two, five-year scholarships to the children of members who passed the common entrance examinations for entry into secondary school. One was awarded to young Dawn Boney to attend St. Joseph's Convent, St. George's and the other to young Jusceno Jacob, our current President, who from GBSS, went on to achieve much greater things, including post grad-



uate qualification, M.Sc. in Electrical Power Systems, from Manchester University, UK., and is now a long-standing engineer with GRENLEC. How corporate intervention can enrich a nation's human capital is here evident; and that is why we are interested in investing in people. To date many students have been awarded with this scholarship and we anticipate great achievements.

- Our concern for members cannot be denied. Communal continues to give support with medical assistance through the Erma Whint Medical Fund, named in honour of the late former employee who would have dedicat-





ed many years of service at the credit union.

- In 1992, the World Council of Credit Unions selected The Communal Co-operative Credit Union, together with another Credit Union in St. Patrick's, to pilot a project aimed at the development of the movement. This project led to the changing of byelaws, introduction of stricter loan collection policies, introduction of lending for small enterprises and additional internal regulations and controls among other areas of operation.
- The Communal successfully merged/amalgamated with the following credit unions over the years;
  - Vincennes Credit Union - 2004
  - Perdmontemps Co-operative Credit Union - October 1, 2007
  - Seventh Day Adventist Credit Union - 2011

The members from the above organisations continue to benefit tremendously from the services of Communal. No doubt at 24,000 members strong, we are impacting the lives of approximately 25% of the Grenadian population.

- As we increased our asset base and decided to move away from the restrictions of our Green Street headquarters, the formerly owned GREN-LEC building on Halifax Street, St. George's was acquired in 2007. In April 2012, we relocated our Headquarters to the newly refurbished building on Halifax Street, where we offer a complete suite of financial services to our members.



- Shared Services Agreement with the Grenville Credit Union became fully operational in April 2012. This service allows members from both credit unions to conduct business transactions at each other's premises. Members of both credit unions (especially from the parishes in which we do not have a physical presence) are making full use of the facility.
- The Communal in collaboration with Grenada Co-operative Bank introduced its International Debit Card in April 2014. The Communal International Visa Debit Card gives members direct access to their savings for local, regional and international transactions.
- The first Connex ATM for The Communal Co-operative Credit Union was





launched in Gouyave, St. John in October 2015. Two more Connex ATMs followed for Halifax Street in May 2017 and in January 2019, two were installed at the Grand Anse Shopping Center, Grand Anse, and one at the Alexis Food Stores Compound, Tyrell Bay, Carriacou in April 2019.

- Member savings and loans are secured with insurance coverage up to \$13,500.00, and 54,000.00 respectively, guaranteeing the financial well-be-



ing of the earnings of members, at zero costs to members and with potential to increase these amounts in the future.

### **Communal Coming of Age**

- In January 2019, our Grand Anse Business Centre became the newest Communal office serving members from the Grand Anse Shopping Center. The fast developing Grand Anse area, a burgeoning city, beacons for us to have a service center there, and we could not ignore this demographic any longer. The focus of the Business Centre is to offer members small business counsel in creating new opportunities.

In March 2018 technological innovation was introduced to the services of The Communal.

The features of Online Banking, Mobile Banking and Telebanking now offer members a dynamic experience in their transactions, with easy access at their fingertips.

### **Strategic Direction Going Forward**

Communal continues to focus on bringing more services and benefits to its members. As we approach 55, engagement and education of youth, community focus and wider member education and conversion will become key points of focus for our organization.

Youth are indeed the future of credit unions and for our 55<sup>th</sup> Anniversary, we will be hosting a Communal Youth Symposium, geared specifically to having a conversation with the youth of our membership and youth in general. This engagement will allow us to hear from this segment of our population so that we can design products and services which can resound with meeting their financial needs. We also are seeking to build relations with them through relationship marketing approaches.

We also aspire to reach deeper into our communities with existing or new products, as a growth strategy. We will therefore be forging some strategic partnerships that bring services directly to our people, where we can make a difference. We will also explore new demographics with new or existing products as part of the same strategy.

The call is for members to "Come Home" and make communal your primary place to do business. As a member of The Communal, you are vested owners of the institution. You are the sole beneficiaries of your credit union. This is a clarion call to take this ownership like never before. Our services and products are not second rate, but on par with financial services available in Grenada. So, come home! Let's make history together.



## THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED:

### GRAND ANSE BUSINESS CENTRE

#### *'The Genesis of Anew'*



The birth of the Grand Anse Business Centre came at a pivotal period for The Communal Co-operative Credit Union Limited as we herald fifty-five (55) years as a financial cooperative. The ever-changing economic sphere of our region and our country has contributed to the concept of this new Centre, which is crafted to assist members in actualizing their full potential in life by enhancing a more holistic financial well-being.



On Monday 14th January 2019, The Communal officially opened the Grand Anse Business Centre located in the southern business hub of Grenada at the Grand Anse Shopping Center, a strategic move to engage with the fast pace environment of the traditional hotel belt. This convenient new location was established to provide - one and one, step by step guidance for members on their journey towards conceptualization of business planning, management and financing.



The Business Centre operates within a progressive, shared environment and the open concept breathes a sense of freedom and ease. It encompasses Communal's Core Values of Integrity, Competence, Good Governance, Confidentiality, Member Focused and Innovation. The Centre offers extensive services which includes; external Cheque Deposit Box and Night Depository to members, which enable easier transactions when doing business with The Communal Co-operative



Credit Union Ltd. To further compliment the dynamic transactional services of the Business Centre is the diverse staff who are ready to serve existing and new members with stellar Communal service.

This is in celebration of more achievements of The Communal Co-operative Credit Union Ltd from its 1964 inception. The transition throughout the years; developing products, improving service delivery and providing convenient access to doing business with The Communal which meets the demands and needs of its membership.





**MANAGEMENT TEAM:**

L to R (Ann Marie Montrose, Mellisa Robertson, Lydia Courtney- Francis, John Marryshow, Larissa La Touche-Francis, Fiona Alexander- Baptiste, Chinnel Andrews)



**CARD SERVICES, ONLINE BANKING & IT DEPARTMENT:**

L to R (Lyndon Clyne, Morland Humphrey, Kellon Passee, Karena Tyson, Ryan Antoine, Kelon Sylvester, Jayde Williams)





**LOANS & CREDIT ADMINISTRATION:**

L to R (Shirley Stephen, Glennisha Williams, Stonna Barry, John Marryshow, Lorna Cyrus, Elsa Hastick & Kirlan Hosten)



**MEMBER SERVICES:**

L to R (Alana Pascal, Dawnleigh Carrington, Shenel Alexander, Rodney Jessamy, Betty Charles, Mary Holder, Mellisa Robertson, Jeanette Rattoo)





**DELINQUENCY & SECURITIES DEPARTMENT:**  
(Alonzo Pope, Jamie Julien, Leroy Peters)



**MARKETING DEPARTMENT:**

· L to R (Magdalene Steele, Sherene Thomas, Chinnel Andrews)





**ACCOUNTS DEPARTMENT:**

L to R (Karel Collier, Shevon Noel, Koss St. Bernard, Alison Noel, Carol Paul, Kervis Renaud, Cordina Miller, Elvis Federick, Fiona Alexander- Baptiste, Bryan Robinson)



**GRAND ANSE BUSINESS CENTRE:**

L to R (Christopher Holder, Anique Silvester, Janelle Gabriel, Kimberley Andrew, Glendon Roberts, Suieann Telesford, Michelle Boney, Cheressa Rennie, Tara Eastman-Charles)





**PERDOMONTEMPS BRANCH:**  
L to R (Lisa Simeon , Celia Samuel)



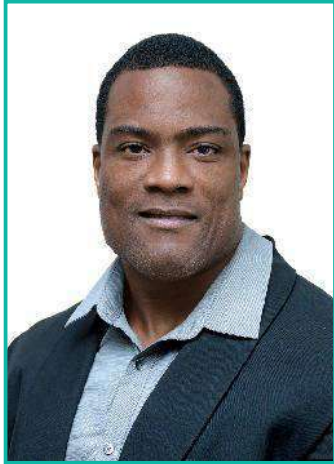
**CARRIACOUBRANCH:**  
L to R (Cassandra Cox-Peters & Treicia Mitchell-Frank)



**GOUYAVE BRANCH:**  
L to R (Ronda Charles and Verdesa Morain)



# Board of Directors



*Juscelino Jacob*  
PRESIDENT



*Jennifer Gulston-Gittens*  
VICE PRESIDENT



*Jude Hector*



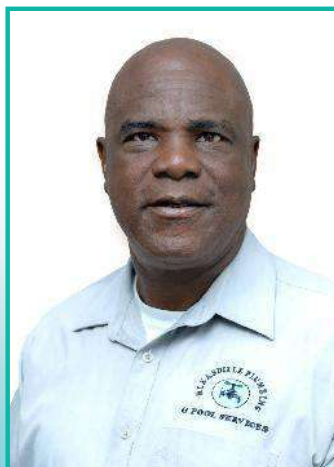
*Petra Fraser*  
ASST. SECRETARY/TREASURER



*Phil Antoine*



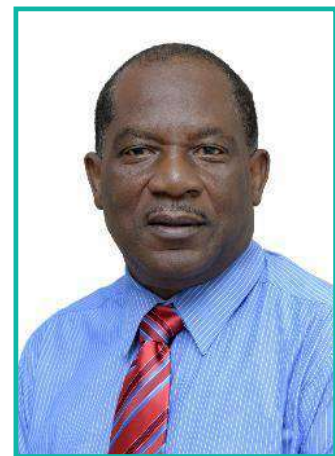
*Shawwna Thomas-Cuffie*  
SECRETARY



*Ernest Bleasdale*



*Claudia Alexis*



*David Bruno*  
TREASURER





# BOARD OF DIRECTORS REPORT

For the year ended 31st December 2018

## INTRODUCTION

Fellow members, it gives us great pleasure to present the Board of Directors Report for 2018. We outline below the team you've selected to lead the stewardship of your credit union and the achievements of the past year.

We also examine our performance for 2018 and the plans and programmes for 2019.

### Election of Board of Directors

At the Annual General Meeting 2018, the three(3) vacancies on the Board were filled, with the following members elected to lead the charge of The Communal Co-operative Credit Union for another term.

- Claudia Alexis
- Jennifer Gulston-Gittens
- Shawna Thomas-Cuffie
- Petra Fraser
- Jusceno Jacob
- David Bruno
- Ernest Bleasdille
- Jude Hector

Following the Annual General Meeting, Director Babatunde Oshikanlu resigned. He was replaced by Phil Antoine by the Board of Directors in accordance with the Byelaws Section 47 (A) - Filling of Vacancies.

At the first meeting of the Board of Directors, the following executive officers were selected:

**Jusceno Jacob** - President

**Jennifer Gulston-Gittens** - Vice President

**Shawna Thomas-Cuffie** - Secretary

**David Bruno** - Treasurer

**Petra Fraser** - Assistant Secretary/Treasurer

Entrusted with the responsibility to set the general direction, control and management of Communal, the Board met monthly as required, examining the financial performance of the credit union and taking critical decisions on the way forward.

In furtherance of assuring the performance of Communal, four (4) Joint Committee meetings were held to discuss and approve plans and programmes for the successful performance of



our organisation and to review reports submitted by all Committees, as well as external audit and compliance reports.

Further, the Board selected four (4) subcommittees to oversee and support the following areas of Communal. Each Committee comprised of three (3) Board members.

### **Investment Committee**

The mandate of this committee was to review the current Investment Policy to ensure fit for purpose, to examine the current investments held, and to look for lucrative and non-traditional sources of investment, within the guidance of the policy, the byelaws and the Co-operative Societies Act.

The Committee met three (3) times during the year with 100% attendance to look at the following critical areas:

- Review and updating of the Investment Policy;
- Compliance with the policy and review of liquidity prudential standards;
- Current investments - due for renewals and possible new avenues for investing to bring the greatest returns;
- Examined three (3) business cases for investments in land & building, the productive sector and other societies.

### **HR Committee**

Set up to provide support to the HR function, the Committee is indeed very happy to report the conclusion of the 2017-2020 Collective Agreement with GTAWU. The long protracted matter of performance related pay has now been resolved and the Committee has been working very closely with management to ensure its full implementation.

Also on the agenda of the Committee was a compensation package for senior management team, a reward and recognition scheme for all staff and the review and filling of critical vacancies necessary for efficiency within Communal.

The Committee is pleased with the training and development initiatives undertaken in 2018 and would continue to work very closely with management in the development of its human resources.

### **Marketing Committee**

As Communal continues to grow, this Committee has supported the call for Communal to become much more visible and to assume its rightful place within the market.



The Committee met very early after selection with Marketing to look at the plans and programmes for the year.

All efforts toward greater publicity, corporate social responsibility, sponsorship and donation were supported by the Committee. The section on Marketing activities later in the report would highlight some of these initiatives.

### **AGM Planning Committee**

This Committee is usually activated primarily for planning of the Annual General Meeting and its composition extends beyond the Board of Directors in order to provide the much needed support and skills.

This year the Committee incorporated the HR Manager, Marketing Officer, Marketing Assistant, General Manager, Branch Supervisor of Carriacou to ensure the needs of the sister isle were considered in the planning process.

Several meetings were held to execute the event, and we place on record our sincerest gratitude to the team for their efforts in ensuring a successful event.

## **EXTERNAL ENVIRONMENT**

While the fiscal performance of the Grenadian economy has shown some stability and continuous growth for the past four (4) to five (5) years, Grenada continues to remain susceptible to shocks in the external environment. In the past year, it was reported that the Petrotrin situation out of Trinidad and Tobago, will provide risks to the economies of the CARICOM Region, given our dependency on crude oil and the knock on effect this commodity has on every other performing area of our economy, we are concerned about the rising costs of operations and the need to monitor closely to mitigate any extreme adverse effects.

The BREXIT discussions, though it may appear far removed, has been forecasted to have negative implications for Grenada and the smaller economies of the Caribbean region, particularly with respect to aid, on which these economies depend so heavily.

Closer to home, the Government has stressed need to not breach the Fiscal Responsibility Act which looks at the various ratios for Government expenditure and also revenues that needs to be maintained. There has been some uncertainties around labour and the potential disruptions those can cause to our small economies.

Looking ahead to 2019, the Government has forecasted continued growth and a reduction in the Debt:GDP ratio to be well within the benchmark.

Reduced Personal Income Tax and Corporate Tax are expected to deliver increased money flow within the economy and greater spending power

Growth continues to be heavily predicated on the construction sector, although the Government has outlined their focus on 6 major growth sectors of the economy which includes; Agriculture, Tourism and Health.



## ACHIEVEMENTS FOR 2018

### Grand Anse Business Centre

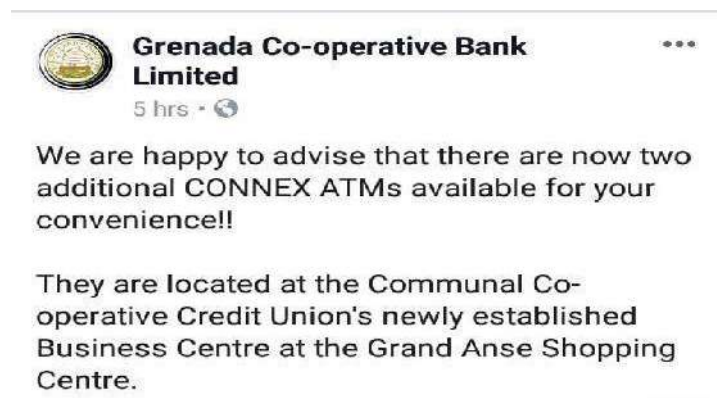
We are indeed proud to celebrate the opening of our Grand Anse Business Centre; this was envisaged in the 2018-2020 Strategic Plan and we are indeed elated have launched this one of a kind operation within the credit union sector.

Located at the Food Far Complex in Grand Anse, this centre while catering to all the services that Communal currently offers, has also crafted a niche service to enable our small business members to access services that will enable their businesses and change their lives.

With financial counseling, small business financing and external deposit / cheque boxes, the centre is geared towards time saving, as well as personalised services for our members, to see that ideas germinated can turn into reality. This centre is readily accessible with easy parking and the team has been going out to meet members where they are located.

With its doors opened in December 2018 to pilot transactions, and an official opening ceremony January 2019, the centre took off to a great start, with over 3000 transactions being processed in the first month.

We have also been able to add two (2) new ATMs to the Connex Network. Grenada Co-operative Bank and the Connex Network praised Communal for this giant step and were the first to publish the launch of these machines on social media.



We thank the Bank and Connex for the sterling support they continue to provide Communal, both with its International Debit Card and being part of the Connex network.

Communal can therefore truly boast of fully living out its mission **“To enhance the quality of life of our membership through the provision of a comprehensive set of excellent financial and other services”**, through the addition of this centre and to now cater to the diversity of needs that is as diverse as our membership categorization.

## Compliance and Risk Management

In 2018, we were able to successfully amend the Anti-Money Laundering and Counter Terrorist Financial policy and have it approved by the Board of Directors. The policy was also submitted to the FIU for their records.

The mandate for training of all staff at least once per year was successfully executed with all staff across Communal, except Carriacou, receiving training. The plan is to ensure Carriacou and Board and Committees.

Given the intense regulatory and compliance environment, an increased amount of time is spent on Know Your Member policies, AML/CTF policy, FATCA/CRS filings, Staff Training and filling of FIU and Court Cases.

We have implemented full KYC measures for new members coming on board, and a long term campaign along with ongoing efforts for existing members to update their membership records. We make a special call through this medium to members who have not done so as yet, to visit your nearest branch and update your records. A page is included at the back of the booklet with information required to update your accounts.

The focus in 2019 will be to expand the Compliance Team and the work of the department; the objective is to ensure full compliance and that the perceived risk associated with the sector is diminished.

## Launch of New Service to Members

For the first time, Communal launched its mobile and on-line banking services to members on the mainland and the diaspora.

These services are all geared to provide easier and quick access to members, while at the same time saving them time and money. We saw a very quick uptake in these services and by end of 2018 was 1475 members. 1735 members by March 15th, 2018 had taken advantage to these services.

Coupled with our International Debit Card, this had led to a number of efficiency for Communal and its members as wait times are significantly reduced and access to money and their accounts is right at their fingertips.

## New Operating Software

Having launched our new operating software in February 2018, Communal was able to capitalise on the use of technology to better serve its members. With full connectivity across its



branches, and management of online applications, it is easier to manage member information. With the efficiency of this new system and time to process transactions, wait time per member has improved, despite the fact that we handle much more transactions.

This software allows transfer of funds between accounts,affording more convenience to our members.

New and novel services to include bill payments on line is planned for the first half of 2019.

## MARKETING HIGHLIGHTS

Communal continues with its efforts to be a household name in our community. Our commitment to Sponsorship and Corporate Social Responsibility are revered in all that we do, spread across a wide spectrum, from Education to Sports, Community Activities to the Diaspora.

In 2019, we supported 29 marketing initiatives, and gave donations to 44 organisations.

We entered into a number of new initiatives this year including the Rotary Club Carols by Candlelight, the Grenada Football Association Pure Grenada Cup, Junior Achievement Program Award Ceremony and the Inaugural Inspire Humanity Programme on the Grenada Broadcasting Network. All these are causes that touch a wide cross section of our membership and population and span the age and gender segments.

We also continued sponsorship of many programmes such as the Grenada Brain Bee Competition, St. George's Branch Primary School Sports, the Carriacou Maroon and String Band Music Festival and the TA Marryshow Graduation Awards.

Our work in the Diaspora continued this year with participation in the Toronto and New York Grenada Day festivals. Our partnership this year with Realtors - Century 21Grenada Grenadines, Insurance Company - Netherlands Insurance Co. (W.I) Ltd and Engineers - Barry's Engineering Co. Ltd as a holistic package this year bore fruit. We also collaborated with the Grenada Day Cultural Association and the Consulate General Office to organize a special presentation to Grenadians living in Toronto and re- launched the Come Home to Paradise Campaign in this diaspora, encouraging Grenadians to invest in Grenada.

## Branding

Branding was high on the Agenda of Communal this year. Indeed we must get our name and brand deep into the communities we serve.

The Communal has increased its branding initiatives with the following initiatives:

- Two (2) bus shelters in Carriacou;
- One (1) bus shelter in Grenada;
- Branding of 12 buses;
- Placement of advertisement at the arrival lounge & baggage claim at the MBIA;

- Placement of promotional materials at the Consulate General Office Toronto & Montreal;
- Placement of promotional materials at the New York State Embassy Office.

We will continue with the efforts and other new initiatives in the new year.

### Corporate Social Responsibility

Our signature programmes continue to impact the community; Communal is forever proud to be able to touch the lives of our members and their families in meaningful ways.

Below are highlights of these programmes:

#### Brian Campbell Empowerment

This year, the programme kicked off on June 22nd, 2018 at the Arts and Science Department of the TAMCC Campus in Tanteen, St. George.

It's the first year that we registered over 100 participants to the programme in courses ranging from electrical installation to garment construction, cake and pastry making/decoration, electrical installation, refrigeration and air conditioning, floral arrangement and furniture making, . For the first time we also saw record number of men registering for the programme with over 50% of the participants being male.

After a successful programme, graduation was held on November 8th, 2018 with successful participants receiving their certificate of completion from the college.

Communal remains committed to hosting this programme annually.

#### Rodney Mauricette Scholarship

The Communal maintains its commitment to provide financial assistance to its members through the Rodney Mauricette Scholarship programme.

Granting 5 scholarships and 8 grants this year, a total of twenty-six (26) students are currently enrolled in the programme. For year 2018 Communal invested \$26,028.19 into the programme.

#### Erma Whint Medical Assistance

Established at the 29th Annual General Meeting (2011). This Fund is used to provide grant assistance up to **\$1,000.00** Eastern Caribbean dollars to members and their immediate families requiring medical assistance.

In 2018, 10 member applications were received of which we supported seven members with medical expenses for themselves and their family. Below are just 2 of the testimonials from the many members who benefit from the fund:



"I WISH TO THANK COMMUNAL AND THE ERMA WHINT FOUNDATION FOR THEIR CONTRIBUTION. I WAS ABLE TO GAIN THE ASSISTANCE WHEN IT WAS MOST NEEDED TO HELP COVER MY DAUGHTER'S MEDICAL BILLS. ONCE AGAIN, THANK YOU"

"THE TIME WAS AT HAND, AND I NEEDED TO GET MY EYES TESTED. THE FUNDS WERE NOT AVAILABLE, AND FINE PRINTS WERE DIFFICULT FOR ME TO READ.

AFTER SPEAKING TO ONE OF THE CREDIT UNION UNION'S MEMBERS, HE TOLD ME ABOUT THE ERMA WHINT FUND. IT WAS UNBELIEVABLE. THE FUND WAS PUT IN PLACE TO ASSIST MEMBERS FOR MEDICALS ETC.

SO I DID APPLY, AND WAS CONSIDERED. THE SUM OF ONE THOUSAND DOLLARS (\$1,000.00) WAS GRANTED TOWARDS THE PURCHASE OF MY GLASSES.

THE TREATMENT WAS COMFORTING.

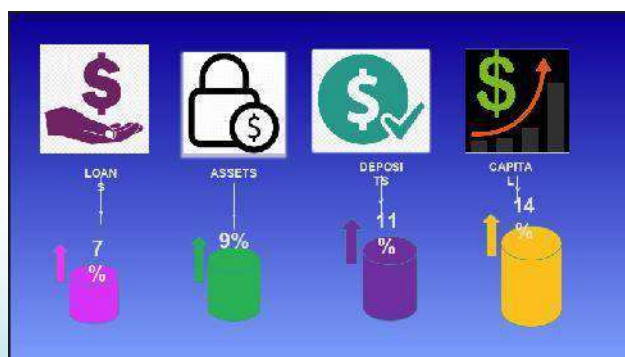
I AM ETERNALLY GRATEFUL FOR THIS FUND BECAUSE I GOT HELP WITH MY SIGHT."

We encourage our members to take advantage of this fund set up in honour of our dedicated sister who was the longest serving member of staff, and look forward to assisting more of our members in the coming year.

## OPERATING AND FINANCIAL PERFORMANCE 2018

Fellow members, as we have concluded another year, the Board of Directors of The Communal is pleased to present the report of the financial and operational performance of our Credit Union for 2018.

We recorded growth in all major categories of deposits, loans, assets and our capital. Details of this performance is highlighted in the Treasurer's Report and are further detailed in the Audited Financial Statements.



### Membership

Membership growth continued to be steady for Communal despite the high membership percentage to population statistics of the sector. In 2018, 1,707 new members joined our institution.



Of our current membership total, we continue to see women being slightly in the majority at 51.3%. Youth accounts for 46% of our membership. This amount is significant and Communal must find ways to cater to the needs of this segment. 49% of our membership continue to be concentrated in St. George.

Total Membership at December 31, 2018 was 24,286. The slight change in number is due mainly to database cleansing and dormant accounts.

These critical growth areas continue to show the trust and confidence members have placed in their union.

The uptick in economic activity in 2018 was fueled mainly by expansion in the Construction Sector, where we saw the completion of a major project for the Silver Sands Hotel; the winding down of this project could see negative impacts on employment rates and GDP performance. The government has passed a number of legislation to enable sectors like Tourism, Agriculture (Poultry & Farming) Private Education and Manufacturing Sectors to name a few to thrive, and has promised more development in the construction sector in 2019.

These temporary jobs and contract labour which is becoming so pervasive are impacting our member's well being to the extent of being able to secure long term funding to provide vital needs to their families such as housing, transportation, education, etc. We continue to work on an individual basis with these members as we endeavour to uplift their lives.

### Staff Training and Development

ATTENDEE	NAME OF WORKSHOP	FACILITATED BY	DATE ATTENDED
Ann-Montrose Koss St. Bernard	Caribbean Development Education Training	CaribDE	January 15 -19 2018
Michele Boney Chinel Andrews Larissa La-Touche-Francis Fiona Alexander-Baptiste Ann-Marie Montrose	Risk Management	ICAEC	April 5, 2018
Kirlan Hosten	Mortgage Underwriting Programme Module 2	ECHMB	April 23 -27, 2018
Lorna Cyrus Fiona Alexander-Baptiste Larissa La Touche-Francis	Credit Reporting in the ECCU	Caribbean Credit Bureau Limited	July 4, 2018
Morland Humphrey Lyndon Clyne	Operational and Product Marketing Seminar	Caribbean Credit Card Corporation	July 5 – 6, 2018
Lydia Courtney-Francis Fiona Alexander-Baptiste Larissa La Touche-Francis Elvis Frederick Lorna Cyrus	De-Risking/IFRS Implementation Training	Grenada Co-operative League Limited	July 19, 2018
Janelle Gabriel Glendon Roberts Lisa Simeon Shennel Alexander Leroy Peters	Enlightened Customer Care	Eddie Frederick	July 19, 2018
All Staff	AML/CTF Training	FIU	August 2018



Fiona Alexander-Baptiste Lydon Clyne	Sharetec Users' Conference	Bradford Scott, Texas USA	September 17-19, 2018
Koss St. Bernard	Managing for Results	Caribbean Institute of Leadership and Coaching	September – De- cember 2018
Kervis Renaud Tara Eastman-Charles Cherissa Rennie Suieann Telesford Janelle Gabriel	Grenada Credit Union Conference	Grenada Co-operative League	October 3-5, 2018
John Marryshow Kimberley Andrews Fiona Alexander-Baptiste Kervis Renaud	IFRS Training	Institute of Chartered Accountants of the Eastern Caribbean	November 28, 2018
Kirlan Hosten	Mortgage Underwriting Programme Module 2	ECHMB	November 19 -23, 2018
All Staff	Customer Care and Self Awareness	Eddie Frederick	December 2018

**Budget 2019**

During 2018, we were able to deliver on the signature items of the a new branch in Grand Anse Business centre with operation commencing in December 2018 and the official opening ceremony in January.

Communal has been receiving very positive feedback on this new initiative and a feature of the centre is included in this report.

Managing of our operating costs and looking for efficiency continues to be a high priority. No doubt operating costs are increasing in the market and Communal must look for ways to mitigate against those costs.

In 2018 the Board approved its Procurement Policy which now equips the office with the tools to maximise its procurement process, especially through competitive quotations and to find the best value for money both on operating costs and capital expenditure.

The focus on 2019 is to relocate and expand services on the sister isle of Carriacou as well as to measure the improvement and successes we expect the Grand Anse Business Centre to deliver.

The 2019 budget has taken account of these plans has been approved by Board and is now presented for your approval.

A copy of the budget is included at the end of this report.

**Strategic Plan 2019-2021**

No doubt, changing dynamics, environmental factors and membership demands are influential in Communal's strategic direction going forward.

Therefore our next 3-year strategic plan takes account of this, especially with respect to the new crypto-currency options that are becoming pervasive and reference to a society.



While being cognizant of the diversity of our membership, Communal cannot be left behind; as a result, we will be a pilot of the ECCB for its EC dollar Bitcoin Project later this year.

We are also positioning ourselves for the expected solidifying of the credit union sector in Grenada. With heightened regulation, changing technology and in the increased cost of doing business, we know that some of our smaller credit unions will need support in 2019 and Communal is well poised to deliver on this.

Investments will become one of the pillars for growth and providing even greater returns to members; diversification of income streams through various investment portfolios is a must. The Board has been exploring a number of options including growing the small business loan portfolio through the Grand Anse Business Centre, looking at funding new and green initiatives, investment in other companies and a capital expenditure project to include income generating assets. The resolution at today's meeting is a critical requirement to this growth enabler.

Other areas of focus in the strategic plan includes; Customer Service, Compliance, Business Continuity and Key Partnerships and Alliances. All these combined are designed to solidify and grow our business, remain relevant, while preparing us for the future, as we work exceedingly hard to sure up our operations in this ever competitive financial landscape.

We look forward to continue working with the management committees and management & staff of Communal and call on the support of you our members in achieving these goals.

## ACKNOWLEDGEMENTS

The success of Communal is attributable to the holistic effort and work of our management committees - Credit and the Supervisory and Compliance Committees, as well as the management and staff of Communal.

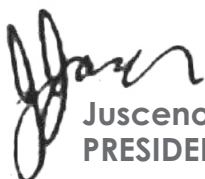
The Board therefore places on record, its sincere appreciation to all those parties in carrying out the work of our organisation and exercising good stewardship over its affairs.

We also thank our members for their continued trust in their credit union and for your business, as the communal success is your success.

As we celebrate our 55th Anniversary, we want to place on record, our special thanks to our founding members who created this institution for us, and of which, we are extremely proud.

We believe this year's theme is reminiscent of the journey we've taken together, as we, no doubt looks to pave the way ahead for our future generations.

Thanks to you All!



**Jusceno Jacob**  
PRESIDENT



# Treasurer's Report 2018

This year was an important one for us at The Communal as we migrated to our new software system in February 2018. Key was to ensure that all work spaces and programmes were working effectively and that the integrated financial statements were reported accurately. The cut over to the new system was very smooth with operations continuing as normal and no interruptions to member services. Communal is extremely proud to have this system in operation and we continue to monitor its efficiency.

The Treasurer presents the statement of Accounts for the year ended December 2018; this is in accordance with Section 56(E) of the Bye-Laws of Communal and is based on the Audited Financial Statements for the same period, as prepared by our auditors.

## Operating Performance 2018

### Income

Another strong year's performance was recorded by Communal, despite the current prevailing market conditions, where we had to manage the challenges of increased operating costs, and the competitive landscape for loans and other products.

Our results show that Communal continues to apply prudence and sound management, always focusing on efficiency, with the central focus always being you the member.

At the end of December 2018, Total Income was \$9,962,706 with a surplus after allocations of \$918,196.

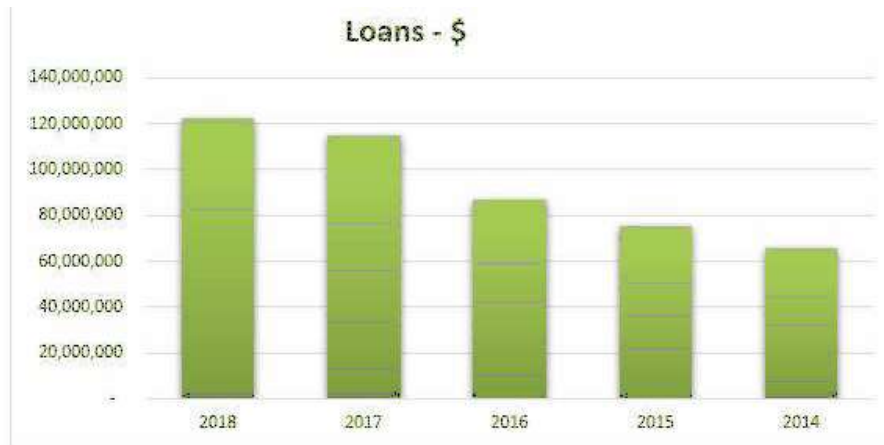
Total incomes continues to grow annually and we have seen over the past five years, a steady growth in this area.



## Loans

This asset category has been experiencing growth on a consecutive basis. We note that the category of loans is now expanding to the Agricultural Sector, which is commendable. More focus however, needs to be placed on rural lending to ensure development of the bread basket of our country.

The portfolio stood at \$122M at the end of December 2018, a year on year growth of EC\$7.5M or 7%.



## Deposits

Members deposits with Communal continues to grow and at the end of 2018, total deposits grew by 11% ending the year at EC\$163M.

The categories within the portfolio showing the biggest areas of growth are Members Savings Account by 15% from \$106M to \$123M and Retirement Savings growth of 10% from from \$4.3M to \$4.8M.

Communal offers members a range of savings products to suit their needs, from Piggy to Retirement Savings, all of which are made effective use of by our members.

The growth in deposits over the last five years is shown below.

Year	2018	2017	2016	2015	2014
<b>Deposit Balance</b>	162,800,735	146,712,325	121,546,981	104,951,433	82,887,582
<b>Growth</b>	11%	21%	16%	27%	29%



## Members' Statement of Net Assets Owned:

Category			2017		2018		
	2,018	2,017	2016	Increase/ (Decrease)	%	Increase/ (Decrease)	%
Members' Qualifying Equity Shares	4,021,200	3,771,800	3471000	300,800	9%	249,400	7%
Members' Equity Shares	5,952,582	5,738,425	5,341,210	397,215	7%	214,157	4%
Savings and Deposits	162,800,735	146,712,325	121,846,981	24,865,344	20%	16,088,410	11%
Statutory Reserves	2,940,339	2,666,899	2,339,632	374,199	16%	22,658	8%
Other Reserves	121,404	171,124	125,410	48,061	38%	-49,720	-29%
Undistributed Surplus	5,805,185	4,147,103	3,077,563	1,254,923	41%	1,472,699	34%
Amounts Owed	4,017,740	6,650,527	2,575,270	4,075,257	158%	-2,632,787	-40%
<b>Our Net Assets</b>	<b>185,659,185</b>	<b>169,858,203</b>	<b>135,306,066</b>	<b>31,315,799</b>	<b>23%</b>	<b>15,800,982</b>	<b>9%</b>
Loans to Members	122,133,218	114,609,342	87,256,716	27,352,626	31%	7,523,876	7%
Investments	26,882,828	24,813,689	23,175,448	1,638,241	7%	2,069,139	8%
Cash in Hand and at Bank	21,671,370	18,329,725	19,157,287	-827,562	-4%	3,341,645	18%
Other Current Assets	5,897,329	4,235,240	1,855,970	2,613,932	141%	1,662,089	39%
Investment Property	1,460,001	1,514,733	1,569,465	-54,732	-3%	-54,732	-4%
Land and Building	6,495,539	4,859,533	4,849,970	9,563	0%	1,636,006	34%
Other Fixed Assets	1,118,900	1,495,941	912,210	583,731	64%	-377,041	-25%
<b>Agreeing Our Net Investments with Our Net Assets</b>	<b>185,659,185</b>	<b>169,858,203</b>	<b>138,777,066</b>	<b>31,315,799</b>	<b>23%</b>	<b>15,800,982</b>	<b>9%</b>

Below is the presentation of our comprehensive income statement to show the source of Communal's income, and the cost of our operations:

CATEGORY	2018	2017	Increase/ (Decrease)	%
Income on Members' Loans	9,962,706	8,959,852	1,002,854	11%
Interest on Investments	1,127,247	1,162,694	-35,447	-3%
Rental Income	240,910	246,100	-5,190	-2%
Other Income / Recoveries	1,089,152	845,959	243,193	29%
<b>TOTAL INCOME</b>	<b>12,420,015</b>	<b>11,214,605</b>	<b>1,205,410</b>	<b>11%</b>



<b>OUR COST TO OPERATE THE CREDIT UNION WAS:</b>				
Operating Expenses	6,870,342	5,918,007	952,335	16%
Interest to Members	4,387,399	3,770,954	616,445	16%
NET INCOME BEFORE PROVISIONS	1,162,274	1,525,644	-363,370	-24%
<b>FROM WHICH WE SET ASIDE:</b>				
Statutory Provision @ 20%	-232,455	-305,129	72,674	-24%
Development Fund to GCL	-11,623	-15,256	3,633	-24%
<b>NET SURPLUS</b>	<b>918,196</b>	<b>1,205,259</b>	<b>-287,063</b>	<b>-24%</b>
<i>TO WHICH WE ADD:</i>			-	
Undistributed Surplus From Previous Years	4,147,103	3,077,563	1,069,540	35%
Deduct Dividend Payment & Health Fund	-108,828	-135,719	26,891	-20%
Add Adjustments from Prior Years	796,111		796,111	
<b>LEAVING US WITH TOTAL UNDISTRIBUTED SURPLUS</b>	<b>5,752,582</b>	<b>4,147,103</b>	<b>1,605,479</b>	<b>39%</b>

As in the past year, Deposit Interest Payments to members has been growing year on year, with a growth rate of 16% for 2018 . This growth rate outstrips the growth rate of our net income.

Investment Income in financial assets remains stable at \$1.1M while Other Income continues to show steady growth year on year with us closing the year at \$1M. The main contributors to the growth in other income are Loan Application Fees and Miscellaneous Revenues.

The Communal therefore recorded a Net Surplus, after transfers, for the year 2018 of EC\$918K which is a decrease on 2017 performance of EC\$1.2M.

## IFRS 9 Implementation

For the first time in 2018, The Communal implemented the new standard on IFRS 9 Financial Instruments. This replaces the old calculation for Provision for Bad Debts.

The standard is instructive and the most fundamental difference in methodology is that IFRS 9 requires consideration of forward looking information about inherently uncertain events, while the current methodology only considers historical loss rates, adjusted for any judgement weightiness.



Field testing done by the International Accounting Standards Board (IASB) estimated that loan loss provisions are likely to increase by 44% on average, once IFRS 9 take effect in financial organisations.

Communal worked with an external consultant to ensure the full understanding of the methodology and has implemented the standard from January 1, 2018. In our case, a variance of 10% was estimated. However, total provision at the end of 2018 was EC\$624K, a reduction on prior year of 16%.

## PEARLS Ratio Analysis / New Reporting Requirements

PEARLS is being replaced by a new set of financial standards, which have been provided by the regulator - GARFIN.

In particular, a set of financial ratios or indicators designed specifically to analyze Capital Adequacy Requirement and Statutory Liquidity Compliance have been established for Credit Unions.

Institutional Capital is also expected to increase from 7% to 10% in 2019. According to the Regulator, this benchmark is in keeping with regional standards. For credit unions to achieve this new threshold, Institutional Shares must be increased.

At the end of December 2018, Communal's Institutional Capital stood at 6.83%, despite the tremendous effort post 2017 AGM to get members to increase their minimum share capital amount, coupled with growing the Net Income.

This now requires a renewed efforts on 2 fronts - increase in minimum qualifying share balance and growing the net income.

Our minimum share balance has been fixed at \$200.00 for a significant period of time. A resolution is included in today's papers to increase this threshold to a minimum of \$600.00. We encourage members to favourably consider this position in the interest of growth and stability of your credit union.

As is well known, payment of dividend is hinged on achievement of this 10% ratio in the future, and members are encouraged to give this favourable consideration.

The Benchmark for Liquidity Accuracy, which takes into account short term liability and unencumbered deposits is expected to be not less than 15%. Communal has maintained a good liquidity position with a ratio of 27.85% at year end.

While in general, Communal shows good performances on most of the indicators, there are a few critical indicators where improvements are needed. These indicators are a cause for concern and are highlighted below:-



## Effective Financial Structure:

This indicator can be considered the most important factor in determining how well the credit union is growing, its potential earning capacity and soundness.

Communal must achieve its Net Loans to Assets to assure growth and plans are in place to move the ratio from its current rate of 66% to the benchmark of 70-80%.

Likewise, Savings Deposits to Assets and has been performing above the 80% maximum threshold set. Communal has been attracting increased deposits as displayed above and while this is encouraging, we must utilise this effectively to seek growth and expansion of the business. The current ratio is 87.68%, above the benchmark of 70-80%.

## Asset Quality:

Communal should aspire for the assets of the credit union to be primarily involved in generating income. Non-earning Assets do not generate income and make a contribution to surplus.

The Non-Assets ratio has been historically high and currently stands at 11%; while this is an improvement on last year's figure, it remains higher than the standard of 5%.

Going forward Communal must consider further investment in incoming generating assets that exceeds its non-earning capacity.

Delinquency is the other ratio considered in this category, and while IFRS9 has superseded provisioning for bad debts, it is critical that members obligation to the credit union is met timely; the new standard can have implications for long term growth and sustainability of Communal as debts in excess of 90 days are deemed life time provision.

## Rates of Return and Costs:

These rates measure how Communal is earning and paying on its assets, liability and capital as these are indicative of how well we can reward our members, while remaining competitive in this market. All these rates are well in line.

Cost of operations to assets are also very well within the benchmark at 3.51% against a benchmark of 10%.

## Liquidity:

Liquidity determines our ability to meet our obligations - both short-term and long-term. Excess liquidity in the market is being experienced by Communal as well and must find creative ways to utilise this cash in our current accounts.



The three (3) ratios in this category have not met benchmark for another year; the adjusted liquidity ratio, taking into consideration unencumbered deposits, stands at ratio of 27.35% against a minimum of 15%.

### Signs of Growth:

The ratios measure the membership growth as well as the financial growth of Communal. We have exceeded the requirement on Institutional Capital with a growth rate of 19.1% year on year against a benchmark of 5%. However this was not sufficient to meet the IC ratio of 7%.

While not fully achieving the benchmark, we have seen credible growth rates in 2 of the 4 categories, despite the competitive and liquid landscape in the financial services sector. Loan: Assets grew by 6.56%, whereas the requirement is  $\geq 10\%$ ; similarly against a benchmark of 20% for Deposits:Assets, we achieved 10.97%.

Membership can be deemed at maturity with over 24K members; account dormancy and cleansing of records has seen a slight reduction in this ratio performing negatively by -6%. We will continue to pursue our outreach to the Diaspora for continued growth in this area.



## PEARLS RATIO ANALYSIS

PEARLS RATIO	Benchmark	Actual Ratio 2018	Actual Ratio 2017
<b>PROTECTION</b>			
Total Charge-Off of Delinquent Loans >12 months	100%	100.00%	100.00%
Net Allowance for Loan Losses/ Allowances Required for Loans Delinquent less than 12 months	35%	35.00%	35.00%
<b>EFFECTIVE FINANCIAL STRUCTURE</b>			
Net Loans / Total Assets	70-80%	65.78%	67.47%
Savings Deposits / Total Assets	70-80%	87.68%	86.37%
Institutional Capital / Total Assets	Min 7%	6.83%	6.23%
Members Shares/Total Assets	10-20%	5.37%	5.60%
<b>ASSET QUALITY</b>			
Non-Earning Assets / Total Assets	<=5%	11.07%	15.72%
<b>RATES OF RETURN &amp; COSTS</b>			
Financial Investment Income / Avg. Financial Investments	Market Rate 3%	3.99%	4.53%
Int. Cost on Savings Deposits / Avg Savings Deposits	Market Rate 2%	2.84%	2.61%
Int. Cost on External Credit / Avg. External Credit	Market Rate 9-10%	0.00%	0.00%
Operating Expenses / Average Total Assets	10%	3.51%	3.35%
<b>LIQUIDITY</b>			
Liquid Assets-STerm Liabilities / Unemcumbered Deposits	Min. 15%	27.35%	25.01%
Liquidity Reserves / Savings Deposits	10%	26.15%	29.41%
Non-Earning Liquid Assets / Total Assets	<1%	8.22%	9.65%
<b>SIGNS OF GROWTH</b>			
Growth in Loans to Members	≥ 10%	6.56%	31.35%
Growth in Savings Deposits	20%	10.97%	20.41%
Growth in Institutional Capital	>5%	19.71%	19.10%
Growth in Membership	>12%	-6.06%	9.46%



## Acknowledgment

My first term as Treasurer of Communal has been a rewarding one, well supported by my fellow directors, other committee members, management and staff. Having served in various other capacities previously, the transition was a smooth one.

I must commend the management and staff of Communal for steering the ship, in what could be considered a difficult and challenging year, one froth with a competitive landscape and a market where a number of non-traditional financial institutions are emerging; institutions with no formal office structure and much less costs to bear than Communal.

You would have read and heard from today's proceedings of the tremendous achievements nonetheless, and we should all be proud as members and owners of Communal of what we have been able to achieve in the current climate.

I now call on you to play your role effectively in assuring the survival of your organisation - make us your first choice financial institution and service your obligations diligently and without fail.

And most of all, honour the principles and guidelines of The Communal unstintingly and to ensure that in this age of high scrutiny and regulations, you do all that is necessary to ensure compliance and good governance and that none of your actions can contribution to harm or damage to this organization of ours.

I thank you and look forward to being of service to Communal in the future.



**DAVID BRUNO,  
TREASURER.**



# Credit Committee Report

For the period ended 31st December 2018

The Credit Committee submits its annual report to the Communal Co-operative Credit Union Board of Directors informing of the performance for the year to date 2018.

The 36th Annual General meeting of the Communal Cooperative Credit Union was held on 30th June, 2018. At the meeting Mrs Glendalyn Phillip was elected as a member to serve on the Credit Committee. Her appointment was in accordance with No. 59 of Article XVII of the Bye laws which states:

“that the composition of the Credit Committee shall consist of at least five (5) but no more than seven (7) members”.

Subsequent to the staging of the 2018 AGM the Committee comprised the following persons:-

- Mr. Thomas Jerome
- Mr. Austin Redhead
- Mrs. Roselyn Telesford
- Ms. Rhona Andrew
- Mr. Kurt Hercules
- Mrs. Glendalyn Phillip

Mr. Kurt Hercules was appointed as the new chairman of the committee replacing Mr. Jerome Thomas who served as chairman for the previous term. The roles and responsibilities and the purpose of the Committee was outlined to members for the benefit of its proper functioning.

Throughout the period, meetings were held every Tuesday. At these meetings members reviewed and deliberated on all the loans application within the committee's approval limit. This function is a collaborative effort between the Loan Officers, Management and the Committee. Thus setting out to arrive at the best decisions, being cognisant to the CCCU Mission statement, which is to enhance the quality of life for its members while at the same time safeguarding the assets of the institution and its members.

In 2018, the Committee received and reviewed 155 applications and the decisions made are as follows:

- Approved – 106
- Declined – 26
- Other (Board of Directors/Deferred) – 23

The loans declined were due to the following:

- High Debt service ratio
- Inability to repay loan
- Inadequate securities
- History of delinquencies with other Financial Institutions



## ANALYSIS OF LOANS

The table and chart below depicts the category, purpose and value of the loan applications processed in 2018.

For the period January to December 2018, a total of 2656 loans were processed and disbursed by the loans department with a total value of EC\$56.8 million. As of the end of the review period the credit union's largest concentration of loans resided in the financing the purchasing of homes, and construction which with a total value of EC\$13.03 million. A review of the top five categories of loan applications indicated that house purchase, construction and repairs, motor vehicle purchase, personal borrowings, and business purposes accounted for 73.1% of the total loans processed for the period. These loans had a total combined value of approximately EC\$41.53 million.

### Delinquency Report

One of the roles of Credit Committee is to provide oversight of the loan portfolio in accordance with section 60 of the Co-operative Society Act. The Credit Committee also has the responsibility to monitor delinquent loans throughout the period. The committee requested from the loans department, a number of delinquent loan files for review over the period.

From a review of the delinquent loan files, the committee was of the view that in some cases there could be a more active approach to follow up regarding the delinquent loan portfolio. Discussions were also held with the Loans Manager and it was indicated that the loans department pays closer attention to the level of delinquency and perform the required follow ups associated with those loans.

The committee also requested that the person responsible for the Recoveries Department be present on days when delinquent loan files are reviewed. We have found this necessary to provide clarity during the review process. Moving forward, the Credit Committee intends to increase the focus on the review of the delinquent loan portfolio.

### Recommendation

The Committee recommends the following:-

The hiring of an Internal Auditor remains one of the key recommendations being put forward by the Credit Committee, as the volume of loans outside of and below the authorized limit has increased substantially. This person should also be assigned the responsibility of monitoring delinquent loans, and also ensure that loan disbursements are in accordance with the established lending policy and guidelines.

A more proactive approach with regards to the review of the delinquent loan portfolio and active follow up with members to meet their obligations in this regard. This is important as the delinquent loans form a critical component of the Credit Union's asset base.

In the absence of a Credit Bureau, focus should be placed on the verification of information presented including credit scores (submitted by members in the diaspora), credit history,

financial obligations to other institutions, job letters, addresses and other supporting information from members in the diaspora who are applying for loans. This is important as the Credit Union continues to target new and existing members in order to grow the loan portfolio.

## Conclusion

As your Credit Committee, we wish to extend our sincere appreciation to the Board of Directors, Supervisory & Compliance Committee, the Management and Staff of Communal for the support provided over the past year in enabling us to execute our duties. And to you, our membership for continuing to access the services of your credit union, a heartfelt thank you.

Let us continue to support to distinguished organisation, which belongs to all of us, for you are the owners, you are the main stakeholders, you are the beneficiaries. And it is making this noble institution your first choice financial for doing business, that will ensure it meets the regulatory requirements in this critical area of Quality of Financial Assets.

We congratulate those of you who see it fit to do your business with Communal and implore the rest of the membership to do likewise. Together let's make this Communal a strong and successful business.



**Kurt Hercules**  
**CHAIRMAN**



### CREDIT COMMITTEE:

L to R (Kurt Hercules, Rona Andrew, Roslyn Telesford, Austin Redhead,  
Glendalyn Phillips, Jerome Thomas)



# SUPERVISORY AND COMPLIANCE COMMITTEE'S REPORT

For the year ended December 31, 2018

This report was prepared in accordance with the requirements of Section 66(1) (F) of the Co-Operative Societies Act No. 08 of 2010 and the By-Laws of The Communal Credit Union which was revised in May 2015.

The Supervisory and Compliance Committee is pleased to present its report for the year ending December 31, 2018 at this the 37th Annual General Meeting of the Communal Credit Union. The report covers the period January to December 2018 and presents an appraisal and opinion of the performance, actions, considerations and activities completed during the year under review.

The Committee acknowledges the seven overarching principles of the Credit Union League which was sanctioned by the Credit Union National Association (CUNA) in the execution of its functions. The seven principles are as follows:-

1. Voluntary and open membership;
2. Democratic member control;
3. Member's economic participation;
4. Autonomy and independence;
5. Education, Training and Information;
6. Co-operation among Co-operatives;
7. Concern for community.

## COMPOSITION OF THE COMMITTEE

Subsequent to the Annual General Meeting, the Supervisory and Compliance Committee was constituted on July 18, 2018. Mrs. Theresa Benjamin-Noel was elected to serve as Chairman and Ms. Kenita Paul elected as Secretary.

Your esteemed committee comprises of the following members and particulars of attendances are captured in the table below:

<b>Mrs. Theresa Noel</b>	-	Chairman
<b>Ms. Kenita Paul</b>	-	Secretary
<b>Mr. Devon La. Touche</b>	-	Member
<b>Mr. Anthony Phillip</b>	-	Member



## MEETINGS AND ATTENDANCE

Members	Portfolio	Regular Meetings		Joint Committee Meetings	
		No. of Meeting Held	Attendance	No. of Meeting Held	Attendance
*Theresa Noel	Chairman	14	08	04	02
Kenita Paul	Secretary	14	14	04	03
Devon La Touche	Member	14	14	04	04
Anthony Phillip	Member	14	14	04	04
*Lou Ann Phillips-Henry	Member	14	06	04	02
*David Bruno		14	03	04	01

\*Lou Ann Phillips-Henry demitted office in July 2018 (unexpired term)

\*David Bruno demitted office in April 2018 (unexpired term) transferred to the BOD

\*Theresa Noel joined committee July 2018.

## METHOD OF OPERATIONS

The role of the Supervisory and Compliance Committee is to act as an internal auditor to safeguard the assets of the Communal Credit Union by reviewing and sample testing operational procedures; monitoring the management of the Credit Union and ensuring compliance within the Act, regulations, By-laws and policies of the Credit Union. To this end, the Supervisory and Compliance Committee (SCC) accomplished the following tasks during the period under review:

1. Performed Cash Counts at all branches;
2. Verified Assets Register Management and Assets Protection;
3. Reviewed member's Equity Share register;
4. Reviewed the Board Minutes;
5. Reviewed Bank Reconciliations;
6. Reviewed Members Complaints;
7. Conducted Meeting with the Compliance Officer;
8. Reviewed the Membership Data;
9. Monitored the Management Committee meeting attendance;
10. Reviewed the loan files of Directors and Committee members to ensure proper servicing and no impairment in the security offered;
11. Examination of Audited Financial Statement;
12. Examined random monthly samples of new loan applications and existing loans;



13. Analyzed the top fifty (50) largest delinquency loan files;
14. Verified and reviewed monthly financial statements and financial reports;
15. Monitored the performance of the institutional capital;
16. Conducted a Meeting with the Credit Committee.

The Committee would also like to take this opportunity to express thanks to all requisite staff for their co-operation and patience during these undertakings.

### **Findings Related to The Scope of Works Undertaken**

- a. Results for the Cash Counts were satisfactory;
- b. Attendance by management committee members were generally good;
- c. Meetings were held as needed and the annual report was prepared;
- d. Management was notified that some of the procedures related to its recovery methods that needs to be strengthened;
- e. The Security and Delinquency unit needs to be more aggressive in its approach when dealing with members whose loans have become delinquent.

## **RECOMMENDATIONS**

In order to improve the general operations of The Communal Credit Union, the Supervisory and Compliance Committee offered the following recommendations:

1. Development and promotion of new products and services for members and direct targeting to increase loan portfolio;
2. Promotion of the Communal's vision and core principles at all branches aimed at educating members;
3. Investment in attractive and lucrative long-term investment opportunities to increase earning capacity;
4. Continuous training opportunities for staff and committee members to develop competencies and efficiencies;
5. Create innovative ways to stimulate interest amongst members to increase the level of participation in Communal activities especially the Annual General Meeting and the Credit Union Day celebrations.

## CONCLUSION

The Supervisory and Compliance Committee wishes to express appreciation for the invaluable assistance, guidance and commitment of the Board of Directors, Credit Committee, General Manager, Managers, Supervisors, Staff, Grenada Cooperative League and GARFIN in making it possible for this Committee to accomplish its task during the period under review.

As chairperson of the Supervisory and Compliance Committee, I have been privileged to work with a dedicated team and would like to take this opportunity to extend gratitude for their time and the wisdom that they have provided.

**Theresa Benjamin-Noel**  
**CHAIRPERSON**



**SUPERVISORY COMMITTEE:**

L to R (Devon La Touche, Theresa Noel, Anthony Phillip, Kenita Paul)



# NOMINATION'S COMMITTEE REPORT

## ANNUAL GENERAL MEETING 2019

### INTRODUCTION

The Board of Directors, at its meeting on February 21, 2019 acting in accordance with Article XIII (41) (2), appointed a Nomination's Committee for the purpose of proposing members to fill vacancies for which elections would be held at the 37th Annual General Meeting.

The Nomination's Committee comprised of the following persons:

**Mrs. Jennifer Gulston-Gittens** - Board Member

**Mrs. Mellisa Robertson** - Member of Staff

**Mrs. Dawn Walker** - Member

### Board of Directors:

Mr. Ernest Bleasdille and Ms. Shawwna Thomas-Cuffie have completed their first term and have agreed to continue for a second term.

Mr. Babatunde Oshikanlu resigned during the year 2018 and was replaced by Mr. Phil Antoine, whose appointment was made by the Board of Directors in accordance with the By-laws.

### Supervisory Committee:

Mr. Anthony Phillip and Ms. Kenita Paul have completed their first term and have agreed to continue for a second term.

During the year, Mrs. Lou-Ann Phillips-Henry resigned leaving the position vacant.

### Credit Committee:

Mr. Jerome Thomas has resigned from the Credit Committee during the year and Ms. Rona Andrews is due to retire.

Ms. Roslyn Telesford has completed her first term and has agreed to continue for a second term.

The General Membership at this meeting may make its own nominations from the floor to fill any vacancies on the respective committees. The criteria for accepting nominations and the recommendations to fill the vacancies on the management committee are based on International Credit Union norms of good governance especially covering the principles of integrity, together with the following:



- Commitment to serve without reward;
- Availability to attend meetings;
- Good financial standing with the Credit Union;
- Expertise and experience;
- Demonstration of interest in the Credit Union Movement;
- Good inter-personal skills/team player.

The Nomination Committee's recommendations are as follows:

	RETIRED/RESIGNED	NOMINATED	TERM
Supervisory Committee	Mrs. Lou-Ann Phillips-Henry	Ms. Desnor Paul	1st
Credit Committee	Mr. Jerome Thomas	Ms. Sandra P. Aird	1st
	Ms. Rona Andrew	Mr. Allen Gilbert	1st

The following persons will continue to serve unfinished terms on the various committees:

BOARD OF DIRECTORS	YEAR ELECTED	END OF FIRST TERM	END OF SECOND TERM
Ms. Claudia Alexis	2014	2017	2020
Mr. Jusceno J. Jacob	2014	2017	2020
Mrs. Jennifer Gulston-Gittens	2015	2018	2021
Mr. Ernest Bleasdille	2016	2019	2022
Ms. Shawna Thomas-Cuffie	2016	2019	2022
Ms. Petra Fraser	2018	2021	2024
Mr. Jude Hector	2018	2021	2024
Mr. David Bruno	2018	2021	2024
Mr. Phil Antoine	2018	2021	2024



## SUPERVISORY COMMITTEE

Mr. Devon La Touche	2014	2017	2020
Mr. Anthony Phillip	2016	2019	2022
Ms. Kenita Paul	2016	2019	2022
Mrs. Theresa Noel	2018	2021	2024

## CREDIT COMMITTEE

Mr. Austin Redhead	2018 (served unexpired term)	2018	2021
Ms. Roslyn Telesford	2016	2019	2022
Mr. Kurt Hercules	2017	2020	2023
Mrs. Glendalyn Phillip-Samuel	2019	2022	2025

The Nominations Committee expresses thanks to the Management Committee for the opportunity to recommend persons to serve on the various committees for the ensuing period and all persons who have indicated interest.



**Jennifer Gulston-Gittens (Mrs.)**  
**CHAIRPERSON**



# Budget 2019

	Budget 2019	Actual 2018	Reforecast 2018	Budget 2018	Actual 2017	% Growth
<b>INCOME</b>						
Income from loans	11,475,150	10,335,766	10,309,246	10,659,813	8,959,852	11%
Rental	241,200	240,910	242,400	246,000	246,100	0%
Investments	1,330,108	1,127,247	1,213,548	1,272,292	1,162,694	18%
Miscellaneous	887,344	716,092	600,092	375,051	845,959	24%
<b>TOTAL INCOME</b>	<b>13,933,802</b>	<b>12,420,015</b>	<b>12,365,286</b>	<b>12,553,156</b>	<b>11,214,605</b>	<b>12%</b>
<b>EXPENSES</b>						
Interest on Members Deposits	4,415,204	4,387,399	4,323,473	3,504,242	3,770,954	1%
Personnel Costs	2,925,629	2,473,521	2,440,315	2,586,347	2,017,253	18%
Financial Charges	24,000	31,167	31,286	86,288	88,588	-23%
Governance	119,971	131,949	129,068	150,067	83,625	-9%
Depreciation	973,429	837,351	741,723	515,258	576,371	16%
Utilities	462,343	391,792	349,507	323,872	284,182	18%
Members Loan/Savings Insurance	482,209	419,312	421,315	342,426	313,472	15%
Marketing & Scholarship	812,946	459,882	407,450	497,077	299,709	77%
General Admin	602,713	583,218	451,233	396,834	805,185	3%
Delinquency	660,000	623,966	570,000	370,000	745,670	6%
Office Rental	179,280	93,655	102,855	189,880	29,800	91%
Business Insurance	71,210	79,729	75,403	82,537	59,492	-11%
League Dues	115,000	115,000	115,000	115,000	115,000	0%
Honorarium	103,500	101,587	117,540	112,800	81,875	2%
Building, Equip. Maint, Taxes	269,856	342,015	237,155	238,674	244,955	-21%
Security Equipment and service	181,000	154,885	146,854	159,849	150,612	17%
Credit Union Celebrations	40,000	31,312	27,538	25,000	22,218	28%
<b>TOTAL EXPENSES</b>	<b>12,438,288</b>	<b>11,257,740</b>	<b>10,687,715</b>	<b>9,696,150</b>	<b>9,688,961</b>	<b>10%</b>
<b>SURPLUS</b>	<b>1,495,514</b>	<b>1,162,275</b>	<b>1,677,571</b>	<b>2,857,006</b>	<b>1,525,644</b>	<b>29%</b>





**DREAMS COME HOME**

# COMMUNAL MORTGAGE

Interest rates as low as

**4.99%**



Get The Communal Experience.....  
Where Dreams Come Home

Promotion ends July 31 2019. Terms and Conditions Apply

Call us or visit our offices today to speak to a Loans Representative.

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## CUSTOMER APPRECIATION DAY



Showing appreciation



Appreciation shared with General Manager Mrs. Lydia Courtney-Francis



Member appreciation



**THE COMMUNAL AND YOU:**



Celebrating **55** Years, Focused on Transformation & New Experiences.



Communal Bus Branding & Bus Shed

## GRENADA DAY CANADA & USA



Communal team at Grenada Day



Communal team display



Communal logo display at Grenada Day



Meeting with delegates



Team Grenada



**THE COMMUNAL AND YOU:** Celebrating **55** Years, Focused on Transformation & New Experiences.



**THE COMMUNAL ST. GEORGE'S PRIMARY SCHOOL SPORTS 2018**

St. George's Primary school road race boys



St. George's Primary School road race boys division



Medal presentation



St. George's Primary School road race girls division



Winners of the road race

**CREDIT UNION DAY 2018**



Celebrating Credit Unionism



Credit Union parade St. Mark's



Celebrating 54 years as a Credit Union



Credit Union Day Carriacou



Parade in the streets of St. Mark's



Credit Union parade Carriacou

## OUT REACH ACTIVITIES



St. George's Anglican Junior School visit to the office



Tour of the various departments



Opening & briefing of session



Grenada Trade Center expo



Brief insight of how the organisation functions



Thank you message & review of what was learnt



Display at Retired Teachers expo



Awardees of scholarships & grants from the Rodney Mauricette Program



Presentation to the winners of Junior Achievement

## BRIAN CAMPBELL PROGRAM 2018



Brian Campbell Graduation ceremony



Brian Campbell Floral



Brian Campbell Furniture Making



Brian Campbell Floral decoration



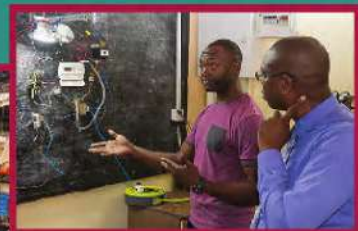
Brian Campbell Floral assortments



Brian Campbell Garment Construction



Air Conditioning & Refrigerating 1



Air Conditioning & Refrigerating 2

## COMMUNAL MOTHERS' DAY SPECIAL



Father's Day winner



Prize presentation



Another winner of radio quiz



Congratulation to the winner of the Mother's Day promotion



Winner of Communals' Mother's Day promotion



Winner of Mother's Day radio quiz



Arrival at destination

## GRAND ANSE BUSINESS CENTER



Board & Management of Communal



Launch of New Connex ATM machine



Office view inside



Ribbon cutting ceremony



Grand Anse Business Center at FoodFair Shopping Complex



Inside view of Business Center



Press conference at the Business Center



A whole New Experience  
**Communal New Business Centre**  
**NOW OPEN**



Situated at the **GRAND ANSE FOOD FAIR SHOPPING CENTRE COMPLEX**

**OUR OPENING HOURS:** Mondays to Thursday 9 am - 4:30 pm  
Fridays 9 am - 5:00 pm

## Our services

have now been expanded to include **Small Business Advisory**. We can partner with you to grow your business from an idea, taking it from the boundaries of today to the endless possibilities of tomorrow.

Our newly established **Business Centre** provides the right impetus to give you that whole new experience **in financing/banking**

Does the thought of traffic congestion overwhelm you? Then worry no more.  
At our **Business Centre** we offer **ease of parking**.

Our doors are open to all  
*Be part of this New Experience*



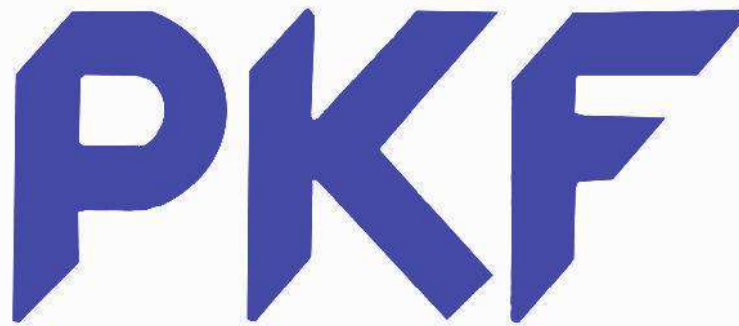
## **BE PROACTIVE AND UPDATE YOUR MEMBER INFORMATION TODAY!**

**THE FOLLOWING ARE REQUIRED FOR UPDATING INFORMATION ON MEMBER ACCOUNTS:**

- ✓ Two Valid Ids: A Passport, Drivers License, National Id, NIS Card.**
- ✓ Proof of Residence Address: E.g Utility Bill or Bank Statement.**
- ✓ Proof of Income/Employment: Signed Job Letter, Contract or Payslip.**
- ✓ Contact Information: Telephone Number, E-mail Address.**

**MEMBER INFORMATION UPDATES ARE IN AN EFFORT TO COMPLY WITH FINANCIAL REGULATIONS REQUIREMENTS. ANY CHANGES IN THE ABOVE LISTED ARE TO BE UPDATED BY MEMBERS.**

**VISIT ANY OF OUR BRANCHES TODAY TO UPDATE YOUR MEMBER ACCOUNT INFORMATION.**



Accountants &  
business advisers

**THE COMMUNAL CO-OPERATIVE  
CREDIT UNION LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST DECEMBER, 2018**



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2018**

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS' OF THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Communal Co-operative Credit Union Limited (“the Credit Union”), which comprise the statement of financial position at December 31, 2018, and the statement of comprehensive income, statement of changes in members’ equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other information included in the Credit Union’s 2018 Annual Report***

Other information consists of the information included in the Credit Union’s 2018 Annual Report, other than the financial statements and our auditor’s report thereon. Management is responsible for the other information.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS' OF  
THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**(continued)**

**Report on the Audit of the Financial Statements (continued)**

***Other information included in the Credit Union's 2018 Annual Report (continued)***

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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. In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Credit Union either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS' OF  
THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED  
(continued)**

**Report on the Audit of the Financial Statements (continued)**

*Auditor's Responsibility for the Audit of the Financial Statements (continued)*

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

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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS' OF  
THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**(continued)**

**Report on the Audit of the Financial Statements (continued)**

***Auditor's Responsibility for the Audit of the Financial Statements (continued)***

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

GRENADA

May 22<sup>nd</sup>, 2019

A handwritten signature of the PKF firm, written in black ink.

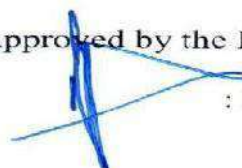
Accountants & Business Advisers

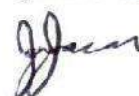
**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED  
STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2018**

	Notes	<b>2018</b>	2017
<b>EARNINGS ASSETS</b>			
Investment property	4	1,460,001	1,514,733
Members' loans	5	122,133,218	114,609,342
Investment securities at amortised cost	6	26,882,828	24,713,944
Investment security at fair value through OCI	6	<u>99,745</u>	<u>99,745</u>
<b>Total earning assets</b>		<b><u>150,575,792</u></b>	<b><u>140,937,764</u></b>
<b>NON-EARNING ASSETS</b>			
Property, plant and equipment	7	6,495,539	6,355,474
Intangible assets	8	<u>1,118,900</u>	<u>-</u>
		<b><u>7,614,439</u></b>	<b><u>6,355,474</u></b>
<b>Other Assets</b>			
Inventories	9	113,367	72,572
Receivables and prepayments	10	5,696,292	4,162,668
Cash and cash equivalents	11	<u>21,671,370</u>	<u>18,329,725</u>
<b>Total non-earning assets</b>		<b><u>27,481,029</u></b>	<b><u>22,564,965</u></b>
<b>TOTAL ASSETS</b>		<b><u>\$185,671,260</u></b>	<b><u>\$169,858,203</u></b>
<b>CAPITAL AND LIABILITIES</b>			
<b>Institutional Capital</b>			
Members qualifying equity shares	12	4,021,200	3,771,800
Statutory reserve	13	2,921,270	2,666,899
Accumulated surplus		<u>5,729,862</u>	<u>4,147,103</u>
		<b><u>12,672,332</u></b>	<b><u>10,585,802</u></b>
<b>Members' Equity Shares</b>		<b><u>5,952,582</u></b>	<b><u>5,738,425</u></b>
<b>Other Funds and Reserves</b>			
Development fund	14	11,623	15,256
Micro-capital grant	15	-	54,697
Special fund	16	48,089	33,652
Members' health fund reserve	17	<u>60,739</u>	<u>67,519</u>
		<b><u>120,451</u></b>	<b><u>171,124</u></b>
<b>TOTAL EQUITY</b>		<b><u>18,745,365</u></b>	<b><u>16,495,351</u></b>
<b>Current Liabilities</b>			
Members' deposits	18	162,800,735	146,712,325
Non-interest bearing liabilities	19	<u>4,125,160</u>	<u>6,650,527</u>
<b>TOTAL LIABILITIES</b>		<b><u>166,925,895</u></b>	<b><u>153,362,852</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>\$185,671,260</u></b>	<b><u>\$169,858,203</u></b>

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on May 22<sup>nd</sup>, 2019 and signed on its behalf:

 : Director

 : Director



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

	Note	2018	2017
<b>INCOME</b>			
Interest income – members’ loans		9,962,706	8,959,852
Less: Interest payments to members		<u>4,387,399</u>	<u>3,770,954</u>
Net interest income		5,575,307	5,188,898
Interest - financial assets		1,127,247	1,162,694
Other operating income	20	<u>1,025,545</u>	<u>767,074</u>
Net income		<u>7,728,099</u>	<u>7,118,666</u>
General and Administrative Expenses (Schedule A)		(6,246,376)	(5,172,337)
Bad debts recovered		63,607	78,885
Rental income		240,910	246,100
Expected credit loss expense		<u>(623,966)</u>	<u>(745,670)</u>
		<u>(6,565,825)</u>	<u>(5,593,022)</u>
Net surplus for the year before transfers		1,162,274	1,525,644
Deduct: Transfer to statutory reserve		(232,455)	(305,129)
Transfer to development fund		<u>(11,623)</u>	<u>(15,256)</u>
Net surplus for the year after transfers		<u>\$918,196</u>	<u>\$1,205,259</u>

The accompanying notes form an integral part of these financial statements



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

	Qualifying Shares	Non-Qualifying Shares	Statutory Reserve	Other Fund and Reserves	Accumulated Surplus	Total
Balance at 1 <sup>st</sup> January, 2017	3,471,000	5,341,210	2,339,632	125,410	3,077,563	14,354,815
Net movement in shares	300,800	397,215	-	-	-	698,015
Entrance fees	-	-	22,138	-	-	22,138
Net movement on other funds and reserve	-	-	305,129	45,714	(456,104)	(105,261)
Net surplus for the year	-	-	-	-	1,525,644	1,525,644
<b>Balance at 31<sup>st</sup> December, 2017</b>	<b>3,771,800</b>	<b>5,738,425</b>	<b>2,666,899</b>	<b>171,124</b>	<b>4,147,103</b>	<b>16,495,351</b>
Accumulated depreciation adjustment	-	-	-	-	262,738	262,738
Net movement in shares	249,400	214,157	-	-	-	463,557
Entrance fees	-	-	21,916	-	-	21,916
Net movement on other funds and reserve	-	-	232,455	(50,673)	(344,077)	(162,295)
Liability no longer payable	-	-	-	-	501,824	501,824
Net surplus for the year	-	-	-	-	1,162,274	1,162,274
<b>Balance at 31<sup>st</sup> December, 2018</b>	<b>\$4,021,200</b>	<b>\$5,952,582</b>	<b>\$2,921,270</b>	<b>\$120,451</b>	<b>\$5,729,862</b>	<b>\$18,745,365</b>

The accompanying notes form an integral part of these financial statements



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

	<b>2018</b>	2017
<b>Cash Flows from Operating Activities</b>		
Net surplus for the year before transfers	1,162,274	1,525,644
Adjustments for non-cash transactions:		
Depreciation	557,626	576,371
Amortisation	279,725	-
Loss on disposal of property, plant and equipment	<u>299</u>	<u>321</u>
<b>Operating surplus before working capital changes</b>	1,999,924	2,102,336
(Increase)/decrease in inventories	(40,795)	11,216
Increase in receivables and prepayments	(1,533,624)	(2,390,486)
Increase in members' deposits	16,088,410	24,865,344
(Decrease)/increase in non-interest bearing liabilities	<u>(2,525,366)</u>	<u>4,075,257</u>
<b>Net cash provided by operating activities</b>	<u>13,988,549</u>	<u>28,663,667</u>
<b>Cash flows from investing activities</b>		
Increase in investment securities	(2,168,884)	(1,638,241)
Purchase of property, plant and equipment	(380,520)	(1,115,254)
Purchase of intangible asset	(1,398,625)	-
Increase in members' loans	<u>(7,523,876)</u>	<u>(27,352,626)</u>
<b>Net cash used in investing activities</b>	<u>(11,471,905)</u>	<u>(30,106,121)</u>
<b>FINANCING ACTIVITIES</b>		
Entrance fees received	21,916	22,138
Net movement in other funds and reserves	(162,296)	(105,261)
Shares issued	463,557	698,015
Transfer of liability no longer needed	<u>501,824</u>	<u>-</u>
<b>Net cash provided by financing activities</b>	<u>825,001</u>	<u>614,892</u>
Net increase/(decrease) in cash and cash equivalents	3,341,645	(827,562)
Cash and cash equivalents - at beginning of the year	<u>18,329,725</u>	<u>19,157,287</u>
- at end of the year	<u>\$21,671,370</u>	<u>\$18,329,725</u>
<b>REPRESENTED BY:</b>		
Cash on hand	2,091,006	2,458,502
Cash at bank	13,596,421	13,941,155
Short-term investment	<u>5,983,943</u>	<u>1,930,068</u>
	<u>\$21,671,370</u>	<u>\$18,329,725</u>

The notes accompanying form an integral part of these financial statements



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

**1. CORPORATE INFORMATION**

The Credit Union was registered on 19th October, 1965 under the Co-operative Societies Ordinance as amended by the Co-operative Societies Act No. 8 of 2011 for the purpose of affording members of the Credit Union the opportunity to accumulate savings and to obtain credit for provident or productive purposes at reasonable rates of interest. The Credit Union employed on average fifty-six (56) persons during the year (2017:43).

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

***(a) Basis of Preparation***

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention. Interest income however is recorded on the cash basis which is not in accordance with IFRS. The financial statements are expressed in Eastern Caribbean Currency Dollars.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 3.

***(b) New Accounting Standards, Amendments and Interpretations***

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Credit Union's annual financial statements for the year ended December 31, 2017 except for the adoption of new standards and interpretations below.

***IFRS 9 Financial Instruments (effective 1 January, 2018)***

IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. The Credit Union has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in Accumulated Surplus as of 1 January, 2018 and are disclosed in this note.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES**

*(b) New Accounting Standards, Amendments and Interpretations*

*(i) New accounting standards, amendments and interpretations (continued)*

***IFRS 9 Financial Instruments(continued)***

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets - fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) have been replaced by:

- Debt instruments at amortised cost (AC)
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at fair value through profit or loss (FVPL)
- Equity instruments at FVOCI by irrevocable designation, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets (residual categories) at fair value through profit or loss (FVPL)

The accounting for financial liabilities remains largely the same as it was under IAS 39 which is at amortised cost.

The Credit Union's classification of its financial assets and liabilities is in Note 2(e). The quantitative impact of applying IFRS 9 as at 31 December, 2018 is disclosed in the transition disclosures in this note.

**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***b) Changes in accounting policies and disclosures (continued)***

***(i) New accounting standards, amendments and interpretations (continued)***

***IFRS 9 Financial Instruments(continued)***

*Changes to impairment calculation*

The adoption of IFRS 9 has changed the Credit Union's accounting for financial assets impairment by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Credit Union to record an allowance for ECLs for all financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

***IFRS 7 Financial Instruments: Disclosures Revised***

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 - Financial Instruments: Disclosures revised was up-dated and the Credit Union has adopted it, together with IFRS 9, for the year beginning 1 January, 2018. Changes include transition disclosures as shown in this note.

*Transition disclosures*

The following sets out the impact of adopting IFRS 9 on the statement of financial position, which is the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures (continued)

(i) New accounting standards, amendments and interpretations (continued)

Transition disclosures

	IAS 39		Reclassification		Remeasurement		IFRS 9	
	Category	Amount	Amount	Amount	ECL	Amount	Category	
<b>Financial assets</b>								
Members' loan	L&R	114,609,342	-	114,609,342	-	114,609,342	AC	
Loans and receivables financial assets	L&R	7,806,971	(7,806,971)	-	-	-	AC	
Available-for-sale financial assets	AFS	99,745	(99,745)	-	-	-	AC	
Held-to-maturity financial assets	HTM	16,906,973	(16,906,973)	-	-	-	AC	
Receivables and prepayments	L&R	4,162,668	-	4,162,668	-	4,162,668	AC	
Cash and cash equivalents	L&R	18,329,725	-	18,329,725	-	18,329,725	AC	
Investment securities – amortised cost (AC) from loans and receivables (L&R) and held-to-maturity (HTM) financial assets		-	24,713,944	24,713,944	-	24,713,944	AC	
Investment security – Equity – FVOCI from available-for-sale (AFS) financial assets		-	99,745	99,745	-	99,745	FVOCI	
		<u>\$163,502,729</u>	<u>\$ -</u>	<u>\$163,502,729</u>	<u>\$ -</u>	<u>\$163,502,729</u>		
<b>Financial liabilities</b>								
Members' deposits	AC	146,712,325	-	146,712,325	-	146,712,325	AC	
Non-interest bearing liabilities	AC	<u>6,650,527</u>	-	<u>6,650,527</u>	-	<u>6,650,527</u>	AC	
		<u>\$153,362,852</u>	<u>\$ -</u>	<u>\$153,362,852</u>	<u>\$ -</u>	<u>\$153,362,852</u>		

**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***b) Changes in accounting policies and disclosures (continued)***

***(i) New accounting standards, amendments and interpretations (continued)***

As of 1 January 2018, the Credit Union has re-classified its previous loans and receivable and held-to-maturity financial assets portfolio as investment securities at amortised cost. These instruments met the solely payments of principal and interest (SPPI) criterion, were not actively traded and were held with the intention to collect cash flows and without the intention to sell.

The Credit Union designated its previously available-for-sale equity securities as equity securities at FVOCI.

The Credit Union's IFRS 9 categories therefore include amortised cost (AC) and fair value through other comprehensive income (FVOCI).

The impact of transition to IFRS 9 accumulated surplus are as follows:

***IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)***

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in scope for other standards, such as IAS 17 Leases (or IFRS 16, once effective). It also provides a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets including property, equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***b) Changes in accounting policies and disclosures (continued)***

***(i) New accounting standards, amendments and interpretations (continued)***

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The standard is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive.

When IFRS 15 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or a modified retrospective approach which is applied as an adjustment to the Accumulated Surplus on the date of adoption. When the latter approach is applied it is necessary to disclose the impact of IFRS 15 on each line item in the financial statements in the reporting period.

The adoption of this standard has no impact on the Credit Union.

***IFRS 2 Classification and Measurement of Share-based Payment Transactions –  
Amendments to IFRS 2 (effective 1 January 2018)***

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transactions
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The adoption of this standard has no impact on the Credit Union.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*b) Changes in accounting policies and disclosures (continued)*

*(i) New accounting standards, amendments and interpretations (continued)*

*IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)*

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The adoption of this standard has no impact on the Credit Union.

*(ii) Standards in issue not yet effective*

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Credit Union's financial statements. The Credit Union intends to adopt these standards where appropriate, when they become effective.

- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement (Effective 1 January 2019)
- IFRS 16 Leases (Effective 1 January 2019)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (Effective 1 January 2019)
- IFRS 17 insurance Contracts (Effective 1 January 2021)
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an investor or Joint Venture – Amendments to IFRS 10 and IAS 28 (Effective date postponed indefinitely)
- IFRS 9 – Prepayment features with negative compensation (Effective 1 January 2019)

*(iii) Improvements to International Financial Reporting Standards*

The annual improvements process of the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRSs.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*b) Changes in accounting policies and disclosures (continued)*

*(iii) Improvements to International Financial Reporting Standards (continued)*

The following amendments are applicable to annual periods beginning on or after 1 January 2019.

<b>IFRS</b>	<b>Subject of Amendment</b>
IFRS 3	Business Combinations – Previously held interests in a joint operation.
IFRS 11	Joint Arrangements – Previously held interests in a joint operation.
IAS 12	Income Taxes – Income tax consequences of payments on financial instruments classified as equity.
IAS 23	Borrowing Costs – Borrowing costs eligible for capitalization.

*(c) Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amounts or are recognized 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.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum
Buildings	2.5%
Leasehold improvements	20%
Furniture, fixtures and equipment	10%
Computers	20%
Motor vehicle	20%



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(c) Property, plant and equipment***

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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.

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

***(d) Investment property***

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in production or supply of goods or services or for administrative purpose.

Investment property of the Credit Union comprises of land and building situated at Herbert Blaize Street, St. George's held for long-term rental yields and which is not occupied by the Credit Union. Investment property is treated as a long-term investment and is carried at cost less depreciation. The Credit Union investment property is being depreciated using the straight-line method over a period of forty (40) years.

***(e) Financial instruments***

***(i) Classification and measurement***

***Initial recognition***

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Credit Union recognises loans to borrowers on the date on which they are originated. All other financial instruments (including regular-way purchases and sale of financial assets) are recognised on the trade date, which is the date on which the Credit Union becomes a party to the contractual provisions of the instrument.

***Initial measurement***

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from this amount.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial Instruments (continued)*

(i) *Classification and measurement (continued)*

*Measurement categories of financial assets and liabilities*

From 1<sup>st</sup> January, 2018 the Credit Union classifies all of its assets at either:

- Amortised cost or
- FVOCI

Before 1<sup>st</sup> January, 2018, the Credit Union classified its financial assets as held-to-maturity, loans and receivables and available-for-sale.

The Credit Union retained the existing requirements in IAS 39 for the classification of financial liabilities which is at amortised cost.

*Amortised cost*

From 1<sup>st</sup> January, 2018 the Credit Union measures its cash and cash equivalents, investment securities, members' loans and receivables and prepayments at amortised cost. Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets in this category are those that are designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

The Credit Union irrevocably elected to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income.

When equity investment designated as measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to accumulated surplus.

Dividend income from equity instruments measured at FVOCI is recorded in comprehensive income as other income when the right to the payment has been established.

**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(e) Financial Instruments (continued)***

***(ii) Impairment***

*Impairment of financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Credit Union to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

From 1<sup>st</sup> January 2018 the Credit Union has been recording an allowance for expected credit losses for all members loans and individual receivables and prepayments.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Credit Union expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures which are credit impaired or for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Credit Union considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Credit Union may also consider a financial asset to be in default when internal or external information indicates that the Credit Union is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Credit Union.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(e) Financial Instruments (continued)*

*(ii) Impairment (continued)*

*Impairment of financial assets (continued)*

Based on the above process, the Credit Union classifies its ECLs into Stage 1, Stage 2 and Stage 3.

***Stage 1***

When financial assets are first recognised, the Credit Union recognises an allowance based on 12 months ECLs. Stage 1 financial assets also include facilities where the credit risk has improved and the financial assets have been reclassified from Stage 2.

***Stage 2***

When financial assets have shown a significant increase in credit risk since origination, the Credit Union records an allowance for the Lifetime ECLs. Stage 2 also include facilities, where the credit risk has improved, and financial assets have been reclassified from Stage 3.

***Stage 3***

Financial assets considered credit-impaired. Here the Credit Union records an allowance for the Lifetime ECLs.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the asserted period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including repayments of principal and interest, whether scheduled by contract or otherwise.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and the cash flows expected to be received. It is usually expressed as a percentage of the EAD.

**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Financial Instruments (continued)**

**(ii) Impairment (continued)**

The maximum period for which the credit losses are determined is the contractual life of a financial instrument.

**Calculation of ECLs**

*Stage 1*

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Credit Union calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

*Stage 2*

When financial assets have shown a significant increase in credit risk since origination, the Credit Union records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the loan.

*Stage 3*

For financial assets considered credit-impaired, the Credit Union recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets.

**(iii) Impairment of other financial assets**

**Investment securities and Cash and cash equivalents**

The Credit Union's cash at bank and investment securities are deposits placed with reputable institutions and countries where there has been no significant default. The Credit Union therefore considers the risk of default to be low. The ECLs on these instruments were therefore determined to be zero.

**Receivables and prepayments**

The Credit Union's receivables and prepayments are mostly short-term with minimal exposure to risk. The ECLs on these instruments were assessed on an individual basis.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) *Financial Instruments (continued)***

**(iv) *Write offs***

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally when the Credit Union determines that the borrower does not have assets or resources of income that would generate sufficient cash flows to repay the amount subject to the write-off. However, the financial assets could still be subject to enforcement activities in order to comply with the Credit Union's procedures.

**(v) *Derecognition of financial assets***

The Credit Union derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Credit Union recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Credit Union retains substantially all the risks and rewards of ownership of a transferred financial asset, the Credit Union continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in comprehensive income.

**(vi) *Financial liabilities***

When financial liabilities are recognised, they are measured at fair value of the consideration given plus transactions costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost.

Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration price is recognised in the statement of comprehensive income.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and at bank and short-term investments with maturity dates of three (3) months or less.

**(g) Receivables and prepayments**

Receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

**(h) Accounts payables**

Payables are obligation to pay for goods or services that have been acquired in the ordinary course of the business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

**(i) Equity shares**

Members' shares are classified as equity.

**(j) Provisions**

Provisions are recognised when the Credit Union has a legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

**(k) Employee benefits**

*Pension benefits*

The Credit Union operates a defined contribution pension plan which is administered by a registered insurance company in Grenada. The Credit Union pays fixed contributions into the fund and has no legal or constructive obligation to pay further contributions. The Credit Union's contribution is recorded as an expense in the statement of comprehensive income.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(l) Revenue recognition***

*i) Interest income*

Interest income is recognized on an accrual basis.

*ii) Investment income*

Investment income is recognized on an accrual basis.

*ii) Rental income*

Rental income is recognised on the accrual basis.

***(m) Dividends***

Dividends that are paid during the period are accounted for as an appropriation of surplus in the statement of changes in members' equity.

***(n) Foreign currencies***

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the statement of financial position date. The resulting profits and losses are dealt with in the statement of comprehensive income. There are no foreign currency borrowings.

***(o) Borrowings***

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortized cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Credit Union has an unconditional right to defer settlement of the liability for at least twelve (12) months after the statement of financial position date.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(p) Finance cost**

Finance cost is recognised in the statement of comprehensive income as an expense in the period in which they are incurred.

**(q) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment or investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognized on a straight-line basis over the lease term. Leases entered into by the Credit Union are all operating leases. Payments made under operating leases are charged to the statement of comprehensive income in accordance with the terms of the lease.

**(r) Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered into with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

**(s) Intangible assets**

*Computer software*

Intangible assets acquired separately are shown at historical cost less accumulated amortisation. Amortisation is charged to comprehensive income on a straight-line basis over the intangible assets' estimated useful lives which does not exceed ten (10) years.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Credit Union's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements are set out below.

*Fair value of equity investments*

The fair values of financial instruments that are not quoted in active markets are determined using the last traded value for the investment. Where no such value exists costs is used as an appropriate estimate of fair value.

*Property, plant and equipment*

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

*Calculation of expected credit loss allowances*

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to change in circumstances and of forecast economic conditions. The Credit Union's historical credit loss experience and forecast of economic conditions may also not be representative of actual default in the future.

**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**4. INVESTMENT PROPERTY**

	<b>2018</b>	2017
Written down value – 1 <sup>st</sup> January, 2018	1,514,733	1,569,465
Less: Depreciation for the year	<u>(54,732)</u>	<u>(54,732)</u>
Balance at 31 <sup>st</sup> December, 2018	<u>\$1,460,001</u>	<u>\$1,514,733</u>
Investment property at cost	2,375,542	2,375,542
Less: Accumulated depreciation	<u>(915,541)</u>	<u>(860,809)</u>
Balance at 31 <sup>st</sup> December, 2018	<u>\$1,460,001</u>	<u>\$1,514,733</u>

**5. MEMBERS' LOANS**

Total loans	123,704,538	116,322,517
Less: Allowance for expected credit loss	<u>(1,571,320)</u>	<u>(1,713,175)</u>
	<u>\$122,133,218</u>	<u>\$114,609,342</u>

These loans are secured by mortgages, bills of sale and personal guarantees. Interest is payable at rates ranging between 5% and 15% per annum.



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)

6. INVESTMENT SECURITIES

	2018	2017
<i>Debt securities at amortised cost (previously loan and receivable and held-to-maturity under IAS 39)</i>		
First Citizens Investment Services	2,714,375	2,648,287
Grenada Co-operative League Limited - Deposit (i)	568,218	551,668
- Deposit (ii)	245,171	242,743
Grenada Public Service Co-operative Credit Union Limited	1,781,355	1,729,471
Grenada Union of Teachers Co-operative Credit Union Limited	1,180,660	1,146,272
Grenville Co-operative Credit Union Limited	1,327,186	1,288,530
Gateway Co-operative Credit Union Limited	200,000	200,000
Eastern Caribbean Home Mortgage Bank – 1 year bond	2,000,000	1,000,000
Government of St. Lucia – 2 year bond	1,748,077	700,000
Government of St. Lucia – 5 year bond	2,000,000	2,000,000
Government of St. Lucia – 6 year bond	700,000	700,000
Government of St. Lucia - 365 day Treasury Bills	1,949,553	2,891,967
Government of Grenada – 365 day Treasury Bills	5,939,013	2,975,155
Government of St. Vincent – 5 year Treasury Notes	600,000	600,000
Government of St. Vincent – 3 year Treasury Notes	509,000	1,509,000
Government of St. Vincent – 7 year bond	561,787	663,929
Government of Antigua – 180 day Treasury Bills	550,850	535,789
Government of Antigua – 365 day Treasury Bills	407,583	1,431,133
Government of Antigua – 2 year Treasury Notes	400,000	400,000
Government of Antigua – 3 year Treasury Notes	1,000,000	1,000,000
Government of Dominica – 5 year Bond	<u>500,000</u>	<u>500,000</u>
	<u>\$26,882,828</u>	<u>\$24,713,944</u>
<i>Equity security at fair value through other comprehensive income (previously available-for-sale under IAS 39)</i>		
19,949 ordinary shares in the Grenada Co-operative League Limited	<u>\$99,745</u>	<u>\$99,745</u>



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)

7. PROPERTY, PLANT AND EQUIPMENT

	Land and Building	Leasehold Improvement	Furniture Fixtures and Equipment	Computer Equipment and Software	Motor Vehicle	Work-in-Progress	Total
<b>Balance at 1<sup>st</sup> January, 2017</b>							
Cost	5,815,491	124,746	1,603,907	955,784	109,995	-	8,609,923
Accumulated depreciation	(965,521)	(76,277)	(1,057,013)	(726,933)	(21,999)	-	(2,847,743)
<b>NET BOOK VALUE</b>	<b>\$4,849,970</b>	<b>\$48,469</b>	<b>\$546,894</b>	<b>\$228,851</b>	<b>\$87,996</b>	<b>\$-</b>	<b>\$5,762,180</b>
<b>For the year ended 31<sup>st</sup> December, 2017</b>							
Opening book value	4,849,970	48,469	546,894	228,851	87,996	-	5,762,180
Additions for the year	56,960	34,413	75,934	396,839	-	551,109	1,115,255
Transfer	75,000	-	(101,083)	26,083	-	-	-
Disposal during the year	-	-	-	(322)	-	-	(322)
Depreciation charge for the year	(122,397)	(24,731)	(127,020)	(225,492)	(21,999)	-	(521,639)
<b>NET BOOK VALUE</b>	<b>\$4,859,533</b>	<b>\$58,151</b>	<b>\$394,725</b>	<b>\$425,959</b>	<b>\$65,997</b>	<b>\$551,109</b>	<b>\$6,355,474</b>
<b>Balance at 31<sup>st</sup> December, 2017</b>							
Cost	5,947,451	159,159	1,578,758	1,373,907	109,995	551,109	9,720,379
Accumulated depreciation	(1,087,918)	(101,008)	(1,184,033)	(947,948)	(43,998)	-	(3,364,905)
<b>NET BOOK VALUE</b>	<b>\$4,859,533</b>	<b>\$58,151</b>	<b>\$394,725</b>	<b>\$425,959</b>	<b>\$65,997</b>	<b>\$551,109</b>	<b>\$6,355,474</b>
<b>For the year ended 31<sup>st</sup> December, 2018</b>							
Opening book value	4,859,533	58,151	394,725	425,959	65,997	551,109	6,355,474
Additions for the year	18,000	520,526	209,186	145,616	-	534,761	1,428,089
Transfers during the year	-	-	-	-	-	(1,047,569)	(1,047,569)
Adjustment to accumulated depreciation	-	-	150,950	111,788	-	-	262,738
Disposals during the year	-	-	-	(299)	-	-	(299)
Depreciation charge for the year	(122,847)	(27,022)	(119,625)	(211,401)	(21,999)	-	(502,894)
<b>NET BOOK VALUE</b>	<b>\$4,754,686</b>	<b>\$551,655</b>	<b>\$635,236</b>	<b>\$471,663</b>	<b>\$43,998</b>	<b>\$38,301</b>	<b>\$6,495,539</b>
<b>Balance at 31<sup>st</sup> December, 2018</b>							
Cost	5,965,451	679,685	1,787,944	1,518,028	109,995	38,301	10,099,404
Accumulated depreciation	(1,210,765)	(128,030)	(1,152,708)	(1,046,365)	(65,997)	-	(3,603,865)
<b>NET BOOK VALUE</b>	<b>\$4,754,686</b>	<b>\$551,655</b>	<b>\$635,236</b>	<b>\$471,663</b>	<b>\$43,998</b>	<b>\$38,301</b>	<b>\$6,495,539</b>



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)

8. INTANGIBLE ASSETS

	2018	2017
<i>Computer software:</i>		
Additions	<u>1,398,625</u>	<u>-</u>
Gross carrying amounts 31 <sup>st</sup> December, 2018	1,398,625	-
Amortisation	<u>(279,725)</u>	<u>-</u>
Net carrying amount 31 <sup>st</sup> December, 2018	<u>\$1,118,900</u>	<u>\$-</u>

9. INVENTORIES

IDC Material	27,682	40,131
Stationery and office supplies	13,139	18,342
Advertising and promotional materials	<u>72,546</u>	<u>14,099</u>
	<u>\$113,367</u>	<u>\$72,572</u>

10. RECEIVABLES AND PREPAYMENTS

Matured financial assets	1,745,282	1,745,282
Payroll deductions	139,745	275,081
Other receivables	5,234,879	3,476,233
Interest on investments	<u>375,633</u>	<u>411,354</u>
	7,495,539	5,907,950
Less: Allowance for expected credit loss	<u>1,799,247</u>	<u>1,745,282</u>
	<u>\$5,696,292</u>	<u>\$4,162,668</u>

Matured financial assets relate to matured fixed deposits with British American Insurance Company Limited and CLICO International Life totaling \$1,745,282. This amount has been provided been provided for in full as there is considerable doubt concerning recovery.

**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**11. CASH AND CASH EQUIVALENTS**

	<b>2018</b>	2017
Short-term investment	5,983,943	1,930,068
Cash on hand	2,091,006	2,458,502
Cash at bank	<u>13,596,421</u>	<u>13,941,155</u>
	<u>\$21,671,370</u>	<u>\$18,329,725</u>

**12. EQUITY SHARES**

**(i) Qualifying shares**

These totaled \$4,021,200 at the end of the year and are mandatory non-withdrawable shares. There are of nominal value of \$5.00. Each member is required to own forty (40) fully paid up shares of \$5.00.

**(ii) Non-Qualifying shares**

These totaled \$5,952,582 at the end of the year and represent non-mandatory shares purchased by members and shares which have not met the mandatory amount of \$200.00

**13. STATUTORY RESERVE**

Balance at 1 <sup>st</sup> January, 2018	2,666,899	2,339,632
Add: Transfer from surplus	232,455	305,129
Entrance fees	<u>21,916</u>	<u>22,138</u>
Balance at 31 <sup>st</sup> December, 2018	<u>\$2,921,270</u>	<u>\$2,666,899</u>

In accordance with Section 125 (4) of the Co-operative Societies Act No. 8 of 2011, at least 20% of the surplus for the year shall be transferred to a Reserve Fund. Entrance fees collected during the year are also credited to this reserve.

**14. DEVELOPMENT FUNDS**

This fund is calculated at 1% of the surplus for the year and is payable to the Grenada Cooperative League Limited in accordance with Section 126 of the Co-operative Societies Act No. 8 of 2011.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**15. MICRO CAPITAL GRANTS**

This represents un-disbursed finding originally provided to the Credit Union by donor organisations to facilitate micro-capital activities.

**16. SPECIAL FUND**

	<b>2018</b>	2017
Balance at 1 <sup>st</sup> January, 2018	33,652	5,372
Add: Allocation for the year	100,000	100,000
Less: Expenses for the year	<u>(85,563)</u>	<u>(71,720)</u>
Balance at 31 <sup>st</sup> December, 2018	<u>\$48,089</u>	<u>\$33,652</u>

This fund was created to assist with members' empowerment and development.

**17. MEMBERS' HEALTH FUND RESERVE**

2% of the previous year's operating surplus is allocated to this fund to provide medical assistance to members.

**18. MEMBERS' DEPOSITS**

Term deposits	27,390,071	28,050,895
Regular savings	123,022,088	106,751,468
Special savings	405,325	479,933
Education savings plan	682,020	902,682
Retirement savings plan	4,771,765	4,323,150
Escrow savings	3,681,369	3,540,125
Gold account	108,945	291,847
Su Su savings	170,350	176,583
Other deposits	<u>2,568,802</u>	<u>2,195,642</u>
	<u>\$162,800,735</u>	<u>\$146,712,325</u>

Interest is payable on these amounts at rates varying between 0.2% and 5% per annum.





**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

(continued)

**19 NON-INTEREST BEARING LIABILITIES**

	<b>2018</b>	2017
Interest payable	414,367	356,538
Death claims payable	232,167	210,383
Sundry creditors and accruals	141,819	84,449
Other payables	<u>3,336,807</u>	<u>5,999,157</u>
	<u>\$4,125,160</u>	<u>\$6,650,527</u>

**20. OTHER OPERATING INCOME**

Sale of passbooks	1,363	1,884
I.D. cards	14,319	20,639
Application fees	373,060	524,675
Miscellaneous	<u>636,803</u>	<u>219,876</u>
	<u>\$1,025,545</u>	<u>\$767,074</u>

**21. INCOME TAX**

The Credit Union is exempt from the payment of Income Tax under Section 25 (P) of the Income Tax Act 1994.

**22. COMPARATIVE FIGURES**

Certain of the 2017 comparative have been reclassified to conform to the current year's financial statement presentation. These changes have no impact on the surplus reported for the previous year.

**23. COMMITMENTS**

**(i) Undisbursed Members' Loans**

At the date of the statement of financial position, the un-disbursed loans committed amounted to seven hundred and twelve thousand, nine hundred and forty-five dollars (\$712,945).



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

(continued)

**23. COMMITMENTS (continued)**

**(ii) Operation Lease**

As at 31<sup>st</sup> December, 2018, the Credit Union was committed to lease payments as follows:

	<b>2018</b>	2017
Within one (1) year	145,200	34,800
Between one (1) to two (2) years	<u>175,100</u>	<u>69,600</u>
	<u>\$320,300</u>	<u>\$104,400</u>

**24. FINANCIAL RISK MANAGEMENT**

The Credit Union’s activities expose it to the following risk from the use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate
- Operational risk

*Risk management structure*

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles are carried out by the executive management of the Credit Union in compliance with the policies approved by the Board of Directors.

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

The following committees are part of the management team of the Credit Union.

*Credit Committee*

This committee considers all applications for loans and makes recommendations to the Board in respect of the applications and performs such duties as prescribed in the articles of the Co-operative Act, the regulations and the By-Laws of the Credit Union.

**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

(continued)

**24. FINANCIAL RISK MANAGEMENT**

*Supervisory Committee*

The supervisory committee examines the books of the Credit Union, confirms the deposits of the members and performs such other duties as are prescribed by the Co-operative Act, the regulation and the By-Law of the Credit Union.

*Investment Committee*

The Investment Committee is elected by the Board of Directors. This Committee assists in identifying the current and future investment opportunities available to the Credit Union.

***Credit risk:***

Credit risk is the risk of financial loss to the Credit Union if a member or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Credit Union's receivables from the inability of members to repay loans, the inability of investments and cash and cash equivalents to be recuperated or interest on them to be realized, and receivables to not materialize.

***Management credit risk***

The Credit Union's main objective as regards to credit risk is to protect against any unwanted counterparty credit exposures, maintain credit risk at a manageable level and identify and avoid material credit failure that would impart earnings.

The Credit Union measures and manages credit risk on an aggregate basis by including all existing relationships with a particular customer or related entity of the same corporate organization. When measuring credit risk, the Credit Union takes a conservative view towards uncertainty and error in the direction of overstating the risk.

***Loans***

Exposure to credit risk is managed through regular analysis of the ability of borrowers to settle outstanding balances and meet repayment obligations, and by changing lending limits when appropriate.

***Other financial assets***

With respect to credit risk arising from the other financial assets of the Credit Union, which comprise cash and cash equivalents and investments, the Credit Union's exposure to credit risk arises from default of the counter-party. The Credit Union seeks to hold its funds with financial institutions which management regards as sound. The markets for investments are monitored regularly to ensure the returns are guaranteed.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**24. FINANCIAL RISK MANAGEMENT (continued)**

*Exposure to credit risk*

The Credit Union's maximum exposure to credit risk before collateral held and other credit enhancement is as follows:

	Maximum exposure	
	<b>2018</b>	2017
Cash and cash equivalents	21,671,370	18,329,725
Investment securities	26,982,573	24,813,689
Receivables and prepayments	5,696,292	4,162,668
Members' loans	<u>122,133,318</u>	<u>114,609,342</u>
	<u>\$176,483,553</u>	<u>\$161,915,424</u>

Concentration of credit risk on members' loans:

House/land purchase	66,990,203	56,026,091
Motor vehicle	12,509,178	14,066,816
Business	7,557,559	6,453,781
Personal/other	<u>36,647,598</u>	<u>39,775,829</u>
	<u>\$123,704,538</u>	<u>\$116,322,517</u>



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)

24. FINANCIAL RISK MANAGEMENT (continued)

*Credit risk (continued)*

*Analysis of gross carrying amount and corresponding ECL are as follows:*

*Members' loans*

	Stage 1	Stage 2	Stage 3	Total
<b>Balance at 31<sup>st</sup> December, 2018</b>				
Gross loans	110,485,304	2,317,038	10,902,196	123,704,538
ECL	-	-	(1,571,320)	(1,571,320)
Net balance	<u>\$110,485,304</u>	<u>\$2,317,038</u>	<u>\$9,330,876</u>	<u>\$122,133,218</u>
ECL as a percentage of gross loans	0.00%	0.00%	14.41%	1.27%
<b>Balance at 1<sup>st</sup> January, 2018</b>				
Gross loans	106,403,396	2,773,611	7,145,510	116,322,517
ECL	-	-	(1,713,175)	(1,713,175)
Net balance	<u>\$106,403,396</u>	<u>\$2,773,611</u>	<u>\$5,432,335</u>	<u>\$114,609,342</u>
ECL as a percentage of gross loans	0.00%	0.00%	23.98%	1.47%
			<b>2018</b>	<b>2017</b>
Stage 1			89.31%	91.47%
Stage 2			1.87%	2.38%
Stage 3			<u>8.81%</u>	<u>6.14%</u>
			<u>100.00%</u>	<u>\$100.00%</u>



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)

24. FINANCIAL RISK MANAGEMENT (continued)

*Credit risk (continued)*

*Analysis of gross carrying amount and corresponding ECL are as follows:*

*Receivables and prepayments*

Balance at 31 <sup>st</sup> December, 2018	Stage 1	Stage 2	Stage 3	Total
Gross balances	5,738,183	-	1,745,282	7,483,465
ECL	(53,966)	-	(1,745,282)	(1,799,248)
Net balance	<u>\$5,684,217</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,684,217</u>
ECL as a percentage of gross balance	0.94%	0.00%	100.00%	24.04%

**Balance at 1<sup>st</sup> January, 2018**

Gross balances	4,162,668	-	1,745,282	5,907,950
ECL	-	-	(1,745,282)	(1,745,282)
Net balances	<u>\$4,162,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,162,668</u>
ECL as a percentage of gross balance	0.00%	0.00	100.00%	29.54%

	2017
Stage 1	70.46%
Stage 2	0.00%
Stage 3	<u>29.54%</u>
	<u>\$100.00%</u>

**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**24. FINANCIAL RISK MANAGEMENT (continued)**

***Write off policy***

The Credit Union writes off a loan when it determines that the loan is uncollectible after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer meet the obligation, and that proceeds from collateral will not be sufficient to recover the entire exposure.

***Collateral***

The amount and type of collateral required depends on an assessment of the credit risk of the counter-party. The Credit Union has guidelines that set out the acceptability of different types of collateral.

The types of collateral held by the Credit Union are registered mortgages over property, bills of sale on motor vehicles and other assets, liens on deposits and shares, guarantees and promissory notes.

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

***Liquidity risk:***

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

***Management of liquidity risk***

The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation. Liquidity, funding risk, and related processes and policies are overseen by management of the Credit Union.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**24. FINANCIAL RISK MANAGEMENT (continued)**

***Management of liquidity risk (continued)***

Liquidity management is primarily designed to ensure that funding requirement of the Credit Union can be met or to satisfy the demands of customers for additional borrowing. The primary source of funds of the Credit Union is from members' deposit. Additional funds are also sourced through credit facilities from the Credit Union's bankers.

All of the Credit Union's financial liabilities at year end are payable on demand.

***Currency risk***

Currency risk is the risk that the value of cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Credit Union operates primarily in the Eastern Caribbean Dollars and is therefore not subject to significant foreign currency risk. However, some of its transactions are in United States Dollars but as the Eastern Caribbean Dollar is pegged to the United States Dollar, there are no significant currency risk exposures.

***Interest rate risk:***

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

***Exposure to interest rate risk***

Floating rate instrument expose the Credit Union to cash flow interest risk whereas fixed rate instruments expose the Credit Union to fair value interest rate risk.

***Management of interest risk rate***

The Credit Union's exposure to interest risk is managed through the matching of funding products with financial services and monitoring market conditions and yields.



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**24. FINANCIAL RISK MANAGEMENT (continued)**

***Operational risk:***

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personal, 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 good corporate behaviour. Operational risk arises from all of the Credit Union's operations. The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Credit Union's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Risk mitigation, including insurance where this is effective



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2018  
(continued)**

**25. RELATED PARTY TRANSACTIONS**

A Number of transactions have been entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and at market rates.

Key management comprises directors and senior management of the Credit Union. Compensation to and other balances with these individuals are as follows:

	<b>2018</b>	2017
(a) Balances held by directors and key management at year-end were:		
Loans and advances	<u>\$634,338</u>	<u>\$1,081,782</u>
Deposits and shares	<u>\$1,146,954</u>	<u>\$959,758</u>
(b) Compensation paid to key management		
Salaries	<u>\$576,658</u>	<u>\$505,143</u>



**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**

**GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED 31ST DECEMBER, 2018**

**SCHEDULE A**

**GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2018</b>	2017
Salaries and wages	2,071,324	1,809,200
Uniform expenses	40,307	18,483
Staff incentives and benefits	60	2,211
National Insurance Scheme contributions	88,607	76,171
Telephone and electricity	372,558	284,182
Stationery and office supplies	150,388	137,680
Insurance - members	419,312	313,472
- general	79,729	59,492
Donations and subscription	112,367	63,332
Travel and accommodation	57,794	108,774
Advertising and promotion	321,923	236,377
Annual General Meeting/Committee Meeting expenses	74,156	83,625
Affiliation fees	-	13,350
Audit fees	27,500	25,000
Miscellaneous expenses	29,224	35,358
Repairs and maintenance	336,827	223,739
Bank charges	31,167	88,588
League dues	115,000	115,000
Postage	2,288	1,799
Scholarship fund	25,592	15,433
Depreciation - property, plant and equipment	502,894	521,639
- investment property	54,732	54,732
Amortisation of intangible asset	279,725	-
Stipend and honorarium	101,587	81,875
Credit Union Day celebration	31,312	22,218
Computer maintenance and expenses	5,188	3,798
Land tax and water rates	19,234	21,216
Pension and medical plan contributions	119,533	111,188
Professional services	78,042	46,674
Employees and members' development	109,271	105,036
Security	154,885	150,612
Carriacou office - rent	11,880	11,880
Gouyave office - rent	26,000	18,000
Grand Anse office - rent	55,775	-
Cumis/Share Tec licence fee	141,889	19,924
I.D. cards	102	802
Officials development	44,419	-
Loss on disposal of property, plant and equipment	299	321
IDC office expenses	20,541	30,969
GARFIN fees	10,000	10,000
Shared network fees	15,525	15,525
ATM differences written off	107,420	234,662
	<u>\$6,246,376</u>	<u>\$5,172,337</u>

# Resolution

## 1. Approval of Budget

**Whereas** it is required by the Byelaws Article XI, Section 37 B-8 to receive and approve the budget for the current financial year

And whereas the Budget is presented at the Annual General Meeting for approval

Be it resolved that the 2019 Budget, be approved as presented by this Annual General Meeting.

## 2. Approval of Borrowing Limit

**Whereas** it is required by the Byelaws Article XI - Section 37 B-14 that the Annual General Meeting must set the maximum borrowing limit for the ensuing year of our credit union;

**And whereas** The Communal Co-operative Credit Union Ltd will be expanding its investment opportunities that will sustain and grown the credit union,

And whereas such investment will require Communal to borrow in 2019 to purchase or build a property, that will incur Capital Expenditure costs,

**Be it resolved** that the borrowing limit for the year 2019 be \$20,000,000.00 for investment purposes.

## 3. Appointment of Auditors

Whereas it is the requirement of Section 136 (c) that, appointment of Auditors for the credit Union shall be on a rotation basis, and no one auditor can serve the Credit Union for more than five (5) consecutive years

And Whereas the firm of Parnell Kerr Foster (PKF) has served The Communal satisfactorily for more than twenty (20) consecutive years due to the unavailability of a suitable alternative

Be it resolved that a new auditor, in the firm of BDO Eastern Caribbean, on the approved list of the Regulator, be appointed as auditors for the ensuing year, in order to conform to the regulations

## 4. Increase in Qualifying Share Capital Per Member

**Whereas** Article VIII of the Byelaws requires a member to hold 40 shares at a par value of \$5.00 each;



**And Whereas** GARFIN, the Regulatory Body for Credit Unions has mandated that Institutional Capital be increased from 7% to 10% and has further recommended an increase in Permanent Shares owned by members in order to meet the new standard

**And Whereas** Communal's Share Capital Ratio has been approximately 6.8% for the past three (3) years, and an increase in such shares will assist in meeting the established Qualifying Shares Ratio

**Be It Resolved** that the permanent Share Capital of The Communal be increased to \$600.00 per person. And be it further resolved that such permanent shares are non-withdrawable from The Communal

**Be It also Resolved** that the Byelaws be updated to reflect this change.



# Deceased Members 2018

<b>Philomina Castillo</b>	Upper Depradine Street, Gouyave, St. John
<b>Carolyn Peters Moses</b>	Perdmontemps, St. David
<b>Steve Scipio</b>	Paddock, St. George\934 Dumont Ave, Brooklyn N.Y. 11207, U.S.A
<b>Theresa Joseph</b>	Mt. Gay, St. George
<b>Ashley Theodore</b>	Morne Jaloux, St. George
<b>Adrian Sealey</b>	Paddock, St. George
<b>Michael R. Bishop</b>	Jean Anglais, St. George
<b>Clare Williams</b>	Lower Depradine Street, Gouyave, St. John
<b>Harold O. Andrew</b>	Tempe, St. George
<b>Hermine Patterson</b>	Beaulieu, St. George
<b>Peter S Williams</b>	Windsor Forest, St. David
<b>Chevon Patrice</b>	Brizan, St. George
<b>Beverly Commissiong</b>	Central Gouyave Estate, St. John
<b>Shane Niles</b>	Corinth, St. David
<b>George Stiell</b>	St. John's Street, St. George
<b>Louisa Joseph</b>	Mt. Parnassus, St. George
<b>Theresa Olive Cameron</b>	Palmiste, St. John
<b>Brian Stroude</b>	Springs, St. George
<b>Ann V. Regis</b>	Requin, St. David
<b>Adrian Paterson</b>	Perdmontemps, St. David
<b>Kathleen Park-Williams</b>	Morne Jaloux, St. George
<b>Sally Ann Collins</b>	Perdmontemps, St. David
<b>Wilbur Devonish</b>	Moliniere, St. George
<b>Kelly Charles</b>	Grand Anse, St. George
<b>Aldon Fortune</b>	Calivigny St. George
<b>Claude St.Louis</b>	La Tante, St. David
<b>Saskia Mc Intosh</b>	Cherry Hill, St. George
<b>David Gooding</b>	Woodlands, St. George
<b>Tori Clarence</b>	La Mode, St. George
<b>Nicole Dennie</b>	Westerhall, St. David
<b>Thaddeus Gabriel</b>	Perdmontemps St.David
<b>Esias James</b>	Brothers, Gouyave, St. John
<b>Derek Slocombe</b>	Marian, St. George
<b>Bernard Milkson</b>	Grand Anse, St. George
<b>Garcia Hyacinth</b>	New Westerhall, St. David
<b>Holas Baptiste</b>	Union, St. Mark



# NOMINATION FORM

THE COMMUNAL CO-OPERATIVE CREDIT UNION LTD

## Board of Directors:

A. \_\_\_\_\_

B. \_\_\_\_\_

## Supervisory Committee:

A. Desnor Paul

B. \_\_\_\_\_

C. \_\_\_\_\_

## Credit Committee:

A. Sandra P Aird

B. Allen Gilbert

C. \_\_\_\_\_





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**COMMUNAL**  
**AND YOU**

Celebrating 55 Years, Focused on  
Transformation & New Experiences.  
*37th Communal Credit Union Annual Report*