

36TH  
ANNUAL  
*Report*  
2017



COMMUNAL CO-OPERATIVE  
CREDIT UNION LTD  
Halifax Street  
St. George's  
Telephone: (473) 440-1755/435-2309  
Fax: (473) 440-7545  
Email: [comcreditunion@thecommunalcu.com](mailto:comcreditunion@thecommunalcu.com)  
Website: [www.thecommunalcu.com](http://www.thecommunalcu.com)



459-3025



*"Experience What's Possible"*





## VISION statement

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

## 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.

## Theme for AGM 2018

“EMBRACING TECHNOLOGY TO ACHIEVE  
SUSTAINED GROWTH”

## 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

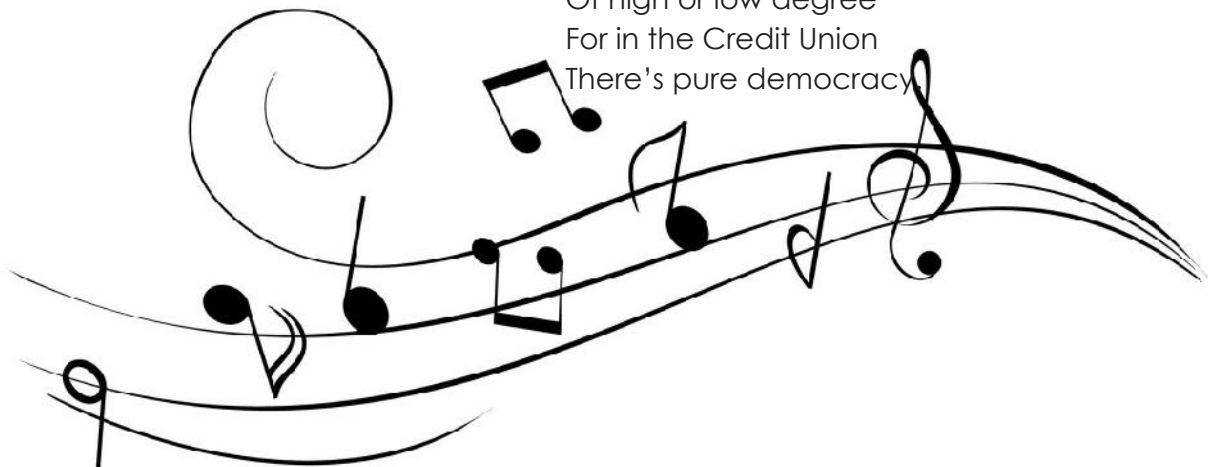
## OUR SONG

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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EMBRACING TECHNOLOGY TO  
ACHIEVE SUSTAINED GROWTH



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## NOTICE OF THE 36<sup>TH</sup> ANNUAL GENERAL MEETING

Dear Member,

Notice is hereby given that the 36th Annual General Meeting of The Communal Co-operative Credit Union Limited will be held on 30th June 2018 at the Grenada National Stadium Hospitality Centre at 1:00pm.

### AGENDA

1. Call to Order
2. Opening Ceremony
3. Ascertainment of Quorum
4. Adoption of Agenda
5. Standing orders
6. Minutes of 35<sup>th</sup> Annual General Meeting
  - a. Corrections and amendments
  - b. Confirmation
7. Matters arising
  - a. Reports for Discussion and Adoption
  - b. Board of Directors
  - c. Supervisory & Compliance Committee
  - d. Credit Committee
8. Financial Reports
  - a. Treasurer's Report
  - b. Auditor's Report
9. Any other business / Members concerns
10. Nominations Committee Report/Elections
11. Resolutions:
  - a. Payment of a Dividend;
  - b. Approval of 2018 Budget;
12. Conclusions
13. Refreshments

  
**SHAWNNA THOMAS-CUFFIE**  
Secretary



# CORPORATE INFORMATION

## **Communal Co-operative Credit Union Ltd**

Halifax Street  
St. George's  
Telephone: (473) 440-1755/435-2309  
Fax: (473) 440-7545  
Email: [comcreditunion@spiceisle.com](mailto:comcreditunion@spiceisle.com)  
Website: [www.thecommunalcu.com](http://www.thecommunalcu.com)

## **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**

CIBC First Caribbean International Bank Ltd.  
Grenada Co-operative Bank Ltd.  
Republic Bank Grenada Ltd.

## **Solicitors/Attorneys**

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

## **EXECUTIVE OFFICERS**

### **President:**

Claudia Alexis

### **Vice President:**

Jusceno Jacob

### **Treasurer:**

Joseph Sylvester

### **Secretary:**

Shawna Thomas-Cuffie

### **Assist. Secretary/Treasurer:**

Ernest Bleasdille

### **General Manager:**

Lydia Courtney-Francis

## 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'.  
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.





**MANAGEMENT TEAM:** Chinnel Andrews - Marketing Officer, Annmarie Montrose - Human Resource Manager, Lydia Courtney-Francis - General Manager, John Marryshow - Loans & Credit Administration Manager, Mellisa Telesford - Administrative Manager, Larissa La Touche-Francis - Compliance Officer and Fiona Alexander-Baptiste - Accountant



**LOANS DEPARTMENT:** L to R: Michelle Boney, Glennisha Williams, Lorna Cyrus, Kirlan Hosten, Stonna Barry, Shirley Stephen, John Marryshow.





**MEMBER SERVICE:** Jeanette Rattoo, Mary Holder, Betty Charles, Dawnleigh Carrington, Mellisa Telesford, Janelle Gabriel, Alana Pascal



**ACCOUNTS DEPARTMENT:** (L to R) Glendon Roberts, Koss St. Bernard, Shevon Noel, Carol Paul, Ryan Antoine, Fiona Alexander- Baptiste, Elvis Fredrick, Alison Noel, Brian Robinson, Karel Collier





**GUYAVE BRANCH**  
Verdessa Morain & Rhonda Charles



**CARRIACOU BRANCH**  
Cassandra Cox-Peters & Treicia Mitchell



**PERMONTEMPS BRANCH**  
Celia Samuel & Cordina Miller



**CARD SERVICES & ONLINE BANKING UNIT**  
Morland Humphrey, Karena Tyson & Kellon Passee



**DELINQUENCY & SECURITIES DEPARTMENT**  
Alonzo Pope, Jamie Julien & Larry La Touche



**MARKETING DEPARTMENT**  
Magdalene Steele & Chinnel Andrews

**IT DEPARTMENT**  
Jayde Williams & Lyndon Clyne





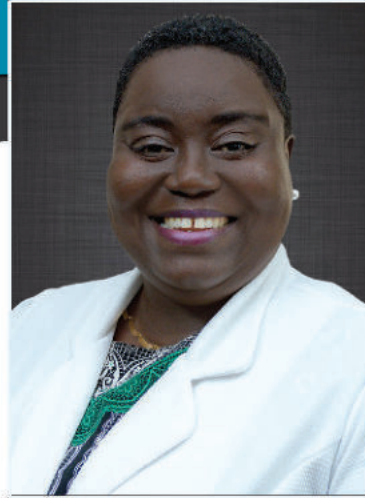
**CLAUDIA ALEXIS**  
President



**JUSCENO JACOB**  
Vice President



**JOSEPH SYLVESTER**  
Treasurer



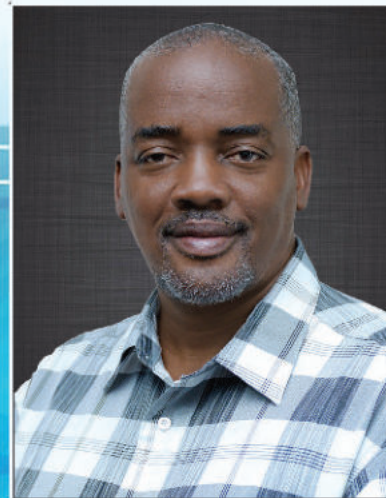
**SHAWNNA THOMAS-CUFFIE**  
Secretary



**ERNEST BLEASDILLE**  
Asst Secretary/Treasurer



**JENNIFER GULSTON-GITTENS**



**BABATUNDE OSHIKANLU**

# REPORT BOARD OF DIRECTORS

## INTRODUCTION

Fellow members, as we have concluded another year, the Board of Directors of The Communal is happy to present the report of the financial and operational performance of our Credit Union for 2017.

Firstly, we wish to thank you for giving us the opportunity to serve you and this very honorable institution of ours – The Communal. 2017 marked the end of our last three (3)-year Strategic Plan Cycle and this report will detail what was achieved as we continued to work towards the objective of strengthening our Credit Union.

The report would further detail how last year's theme "Growth Beyond Boundaries" inspired us to achieve the work we've set out. The whole intention was to continue building on the growth in 2016, with the overall objective of delivering improved services and benefits to our members, the use of technology being a significant part of that strategy. As the audited financial statements would show, we were able to achieve a surplus in 2017, and while a resolution was passed to stabilise the Institutional Share Capital of Communal, we were unable to achieve the required threshold; work will continued in 2018 in that regard. The Treasurer's Report provides more details on institutional capital and the impact on dividend payments and other benefits.

We would then look at the Strategic Plan for 2018-2020, and the resolutions to be passed, and Budget 2018 will be included at the end of this report for your approval.

Below is a brief synopsis of how the economy performed during the period under review.

### **GRENADA'S ECONOMIC PERFORMANCE 2017**

According to the 2018 Budget Presentation, Grenada's economy has been on a consistent path of economic expansion since 2013 and is poised to experience its fifth consecutive year of growth in 2017. Growth of 4.5% in real terms was provisionally estimated for the year, an improvement from the 3.7% growth on 2016.

The uptick in economic activity in 2017 was fueled mainly by expansion in the Construction, Tourism, Private Education and Manufacturing Sectors.

Despite the payments of over \$17.9 million to public workers in 2017, coupled with wage increases of 3%, and a reduction in Personal Income Tax rate from 15% to 10% for individuals earning between \$3,000 and \$5,000 per month, Grenada's fiscal position continued to be strong. A primary surplus of 4.7% of GDP was provisionally estimated for 2017, the third consecutive year of a primary surplus.

The public debt as a percentage of GDP has progressively declined over the period 2015-2017, moving from 86.4% in 2015 to 79% in 2016. It is further estimated to reduce to 68.9% at the

end of 2017, primarily due to the successful debt restructuring engaged by Government over the period.

This country's favorable out turn would have had a positive impact on The Communal's financial performance, given the relationship between our members and the productive sectors of the economy.

## REVIEW OF COMMUNAL OPERATIONS FOR 2017

### Board of Directors

The following persons served on the Board for the period April 2017 – March 2018:

<b>Miss Claudia Alexis</b>	President
<b>Mr. Jusceno Jacob</b>	Vice President
<b>Mrs. Pearl Doughlin</b>	Treasurer
<b>Mrs. Jennifer Gulston-Gittens</b>	Secretary
<b>Mr. Joseph Sylvester</b>	Director
<b>Mrs. Natasha Marquez-Sylvester</b>	Director
<b>Mr. Ernest Bleasdille</b>	Director
<b>Mr. Babatunde Oshikanlu</b>	Director
<b>Mrs. Shawna Thomas-Cuffie</b>	Assistant Secretary/Treasurer

During the year Mrs. Gulston-Gittens resigned as Secretary. Due to commitments abroad, Mrs. Douglin and Mrs. Marquez-Sylvester resigned from the Board of Directors in January 2018.

The following appointments were made to fill the vacant executive positions

<b>Mrs. Shawna Thomas-Cuffie</b>	Secretary
<b>Mr. Joseph Sylvester</b>	Treasurer
<b>Mr. Ernest Bleasdille</b>	Assistant Secretary/ Treasurer

The vacant positions on the Board were left to be filled at the Annual General Meeting.

Meetings were held monthly to discuss the financial performance and operational business of The Communal. In particular, during the year, a strategic review was taken of the software used by the organization, as there were many challenges with its functionality. Critical analysis and real time information which was continuously required by the Board and Management to make decisions on business operations was not always readily available, hence it was concluded that the current software – Emortelle was no longer fit for purpose.

After careful evaluation, with business case analysis and presentations, The Communal decided to replace **Emortelle** with **Sharetec** – a credit union software widely used in the United



States and the Caribbean. This new software has the capability to provide state of the art features and technology in the financial services industry.

This new software was rolled out in the first quarter of 2018. The Board of Directors will like to thank Mrs. Courtney-Francis and her team for their hard work and dedication during the migration period which resulted in an almost seamless transition.

## **FINANCIAL OVERVIEW AND PERFORMANCE**

There continues to be fierce competition in the financial space in Grenada. With excess liquidity and the reduction in savings and investments rates, choices for investments continue to remain sparse.

Our investment portfolio that attracts the best returns for the time being is within Treasury Bills and the Bond Market as well as Fixed Deposits. With most financial institutions offering less than 1% on deposits, a significant portion of the portfolio in 2017 has been outside of Grenada.

### **Communal Achievements in 2017 as a Basis for Moving Forward**

In 2017 we continued our efforts to implement the activities outlined in the work plan which was based in part on the 2015-2017 Strategic Plan. The latter made reference to the fulfillment of five (5) major objectives, namely to:

1. Achieve a consistently above standard annual surplus;
2. Provide the highest level of satisfaction to current and prospective members;
3. Develop and maintain a cadre of highly skilled, motivated and productive staff;
4. Be the leading credit union in Grenada; and
5. Increase membership of Grenadians living abroad.

Our major achievements for 2017 are summarized as follows:

- Preliminary financials as at December 31, 2017 indicated a surplus of \$2.5M, 28% more than budgeted and 44% more than 2016;
- Two ATM machines were installed at our Headquarters on Halifax Street;
- 100 Members graduated from the Brian Campbell Skill Training Empowerment Programme, including 19 from Carriacou where the programme was held for the first time;
- Communal's Strategic Plan for the years 2017 – 2020 was formulated;
- The decision was taken to replace Emortelle with the Sharetec software;
- Submit FATCA reports for 2014-2016 as per regulations;
- The decision was taken to employ a Compliance Officer as of January 2018.

Moving forward we are guided by the activities of the 2018-2020 Strategic Plan that are scheduled to be implemented in 2018. Activities not completed in 2017 and are still relevant will form part of the 2018 work plan. These include training for staff, succession planning and the implementation of online banking.

## STAFF

For the year under review there were a number of staff changes, including increase in staff numbers.

The General Manager, Mr. Lennox Andrews retired at the end of May, 2017. The Finance and Operations Manager, Mrs. Shurla Harris-Fields acted in this position until her resignation in January 2018. The Communal family will like to thank Mr. Andrews and Mrs. Harris-Fields for their contributions over the years and extend to them the very best wishes in their future endeavours.

The search for the replacement General Manager began in the last quarter of 2017 and five (5) candidates were shortlisted. The Communal sought the services of an external employment agency as it wanted to ensure that industry HR practices and procedures were applied to this recruitment process. Mrs. Lydia Courtney- Francis was appointed General Manager in January 2018.

Mrs Lydia Courtney-Francis is an experienced professional who has an MBA in Financial Services from the University of East London and is a Fellow of the Association of Chartered Certified Accountants (FCCA). Mrs. Courtney-Francis is a Grenadian national who has worked in Grenada, the Caribbean and the UK and brings to the role several years' managerial experience, having worked in the telecommunications sector for almost thirty (30) years.

At Cable and Wireless, she held a number of positions, including Regional Head of Business Controls, Chief Financial Officer & Company Secretary, and acted as Chief Executive Officer on several occasions. She was also a member of the company's Regional Capital Expenditure Approvals Board and managed multimillion US dollar P&Ls throughout her career.

The Communal welcomes Mrs. Courtney- Francis and looks forward to working with her in the development of the organization.

Hiring for the critical role of Compliance Officer was also completed by the end of 2017. The successful candidate was appointed in January 2018.

Five (5) new persons joined the team in various positions during the period, while four (4) persons resigned from their positions within Communal.

## STAFF TRAINING AND DEVELOPMENT

For the year under review, The Communal continued its quest to ensure that staff remain abreast with evolving trends and receive the requisite training in line with their respective job positions within the Credit Union. As part of the training and development programme, various positions were rotated to acquaint staff with other areas of the operations as a means of expanding staff knowledge and providing for continuity.

Communal also continued its partnership arrangements and provided internship to students from St. George's University and T.A. Marryshow Community College.

The following table gives an outline of the areas of development during the fiscal year.

### TRAINING 2017

ATTENDEE	NAME OF WORKSHOP	FACILITATED BY	DATE ATTENDED
<b>Lorna Cyrus Jerome Thomas</b>	Caribbean Development Education Training	CaribDE	January 2017
<b>Elvis Frederick Lennox J. Andrews</b>	Best Practices in Financial Modeling and Valuation	Caricris	March 2017
<b>All Supervisors</b>	Performance management	MSF & Associates	April 2017
<b>Shurla Fields</b>	Leadercast	Business Support Centre	May 2017
<b>Ann-Marie Montrose Mellisa Telesford</b>	Social Dialogue	Grenada Employers' Federation	June 2017
<b>Lyndon Clyne</b>	Business Continuity and Disaster Management	Grenada Employers' Federation	June 2017
<b>Mellisa Telesford Elvis Frederick</b>	Strategic Planning	Grenada Chamber of Industry and Commerce	July 4 -5 2017
<b>Elvis Frederick</b>	IFRS	Institute of the Chartered Accountants of the Eastern Caribbean	October 2017
<b>Ann-Marie Montrose</b>	Managing for results	Caribbean Institute of Leadership and Coaching	September – December 2017
<b>Lyndon Clyne</b>	Cyber Security	Institute of the Chartered Accountants of the Eastern Caribbean	October 2017



<b>Lyndon Clyne</b> <b>Chinnel Andrews</b>	Digital Business Strategies	RHICS Technology	November 2017
<b>Stonna Barry</b> <b>Kirlan Hosten</b>	Credit Appraisal	MAREP	December 2017
<b>Shurla Fields</b> <b>John Marryshow</b>	IFRS 9	Grenada Co-operative League	December 2017

## MEMBERSHIP 2017

An analysis of our members continues to show growth year on year. The diversity of our membership both in terms of sectors and age is a constant trend. The Communal Co-operative Credit Union Limited continues to record a steady growth in its membership and for the year ended 2017, a total of 2,037 new accounts were opened, Total Membership recorded as at December 31, 2017 was 26,186.

The following table gives a summary of new members and non-members for the year ended December 31, 2017.

### MEMBERSHIP DISTRIBUTION BY LOCATION FOR THE YEAR ENDED DECEMBER 2017

PARISH	COUNT	TOTAL MEMBERSHIP
<b>Overseas</b>	223	2,411
<b>St. George</b>	939	12,984
<b>St. David</b>	355	3,976
<b>St. Andrew</b>	88	944
<b>St. Patrick</b>	32	410
<b>St. Mark</b>	37	414
<b>St. John</b>	286	3,413
<b>Carriacou &amp; Petite Martinique</b>	77	1,634
<b>Totals</b>	<b>2,037</b>	<b>26,186</b>

## STRATEGIC PLAN AND BUDGET 2018

The Strategic Plan in 2018 will focus on a number of areas geared toward Communal's sustained growth.

One of the focus areas will be on maximising the benefits from the roll out of our new computer system in March 2018, which brings a new suite of novel services to Communal members. This new software will improve the efficiency of our operations and enhance the services offered

to members. In particular, members will be able to take advantage of this new programme through time saving measures, like signing up for on-line banking, telephone banking and our international debit card. Members can now access their accounts anytime from anywhere in the world and also there is no need to spend time in queues at our offices. E-business will become a critical success factor for us with E-applications, E-Statements and E-Receipts, all geared toward reducing our carbon footprint and saving members' time. We encourage members to take advantage of these new services.

Part of our Strategic Plan also includes office expansion and as St. George's continues to become more congested, there will also be plans for a new branch in Grand Anse. It is critical for us to capitalize on the benefits of the ever increasing economic activities in that area as well as to bring service closer to existing membership base that we have in Grand Anse.

Promotion of The Communal is also high on our agenda this year, as we seek to educate our members, make Communal much more visible and to become a household in Grenada. We are also focused on the Diaspora with the whole objective of Communal being the first choice to that community of persons. We will build on the success of 2016 with a number of new initiatives in this area, all geared to better serving our membership base.


The 2018 budget has taken account of these plans and is presented for your approval. A copy of the budget is included at the end of this report.

## **ACKNOWLEDGEMENTS**

The Board wishes to record its appreciation to the other two (2) management committees – Credit and Supervisory & Compliance, and the management and staff of The Communal for their support throughout the past year, without whom the successes of 2017 could not be achieved.

Special recognition has to be given to our members, a number that continues to grow year on year. This not only demonstrates how well persons view The Communal, but of their growing trust to enter into business with us. To those members who continue to honour their obligations in a timely manner, we thank you for being good stewards.

Engendering our Credit Union's philosophy, and honoring the theme of people serving people, is the ethos under which we as Board of Directors render our services. We thank you for giving us the opportunity to serve as we work tirelessly to build a financially sound organization, one that can bring satisfactory returns to you, our members.



**Miss Claudia Alexis  
President**



**Mrs. Shawna Thomas-Cuffie  
Secretary**

# TREASURER'S REPORT

2017

The statement of Accounts for the year ended December 2017 is being presented by the Treasurer; this is in accordance with Section 56(E) of the Bye-Las of Communal and is based on the Audited Financial Statements for the same period, as prepared by our auditors Pannel Kerr Foster (PKF).

The statement allows for the analysis of Communal's financial performance for 2017 under the following headings:

- Communal Assets and Liabilities for 2017;
- Communal Comprehensive Income for 2017; and
- Major Financial indicators as indicated by PEARLS.

## COMMUNAL'S ASSETS AND LIABILITIES 2017

### Assets

At the end of December 2017, Communal's Total Assets stood at \$169.9M, a growth of 22.4% over the prior year.



Our Loans showed a growth rate of 31.3% on 2016, ending the year with a portfolio of EC\$114.6M. Communal has to stay current in this very competitive financial environment and has been monitoring the sector in order to offer very competitive rates to our members.

Other factors contributing to this growth in Total Assets is our Receivables and Prepayment, which ended the year at EC\$4.2M compared to \$1.7M in 2016; the main increase being the ATM receivables account of EC\$3.2M, representing billable amounts to other financial institutions who use our ATM services. The delay in settlement was mainly due to the late receipt of settlement files. This has affected both receivables and liabilities between our related parties for ATM services to members. These have all since been settled.

Non-earning Assets amounted to EC\$22.5M at year end, recording marginal growth on 2016 by 7.4%. While we've seen reduction in cash and cash equivalents from EC\$19.2M to EC\$18.3M, and that the absolute percentage has dropped from 91.2% in prior year to 81.2% of Total Non-current Assets in the current year, this high concentration of cash needs to be better managed to earn more timely income for Communal.

## **Liabilities**

Based on clear regulations from GARFIN, it has now become necessary to display Qualifying Shares as a separate category on the face of the Statement of Financial Position. Such shares are permanent and non-withdrawable.

At the end of 2017 the balance in this share category increased from EC\$3.5M to EC\$3.8M, while the total Institutional Capital (Statutory Reserves, Accumulated Surplus and Qualifying Shares) amounted to EC\$10.6M, a growth of 19.1% year on year.

This year, we are reporting Institutional Capital at 6.3%, below the benchmark of 7% required by the regulations. As this figure did not show much improvement on prior year, we regret to report that The Communal will not be able to pay any dividends nor an incentive payment, as this has been deemed contrary to what the new GARFIN regulations require.

While the Resolution of 2016 on non-withdrawal of shares has been implemented, there are a number of members below the minimum EC\$200.00 requirement, thus impacting the strength of the institutional capital. It is therefore incumbent on members to understand the importance of this category of shares.

Work will commence to contact these members to have them regularize their position which makes them effective members of the credit union and to take advantage of all that full membership offers. We also need to educate members further on the non-withdrawal of institution capital.

## Members' Statement of Net Assets Owned: Summary

Category	2017	2016	Increase/ (Decrease)	%
Members' Qualifying Equity Shares	3,771,800	3,471,000	300,800	9%
Members' Equity Shares	5,738,425	5,341,210	397,215	7%
Savings and Deposits	146,712,325	121,846,981	24,865,344	20%
Statutory Reserves	2,666,899	2,339,632	374,199	16%
Other Reserves	171,124	125,410	48,061	38%
Undistributed Surplus	4,147,103	3,077,563	1,254,923	41%
Amounts Owed	6,650,527	2,575,270	4,075,257	158%
<b>Our Net Assets</b>	<b>169,858,203</b>	<b>138,777,066</b>	<b>31,315,799</b>	<b>23%</b>
Loans to Members	114,609,342	87,256,716	27,352,626	31%
Investments	24,813,689	23,175,448	1,638,241	7%
Cash in Hand and at Bank	18,329,725	19,157,287	(827,562)	-4%
Other Current Assets	4,235,240	1,855,970	2,613,932	141%
Investment Property	1,514,733	1,569,465	(54,732)	-3%
Land and Building	4,859,533	4,849,970	9,563	0%
Other Fixed Assets	1,495,941	912,210	583,731	64%
<b>Agreeing Our Net Investments with Our Net Assets</b>	<b>169,858,203</b>	<b>138,777,066</b>	<b>31,315,799</b>	<b>23%</b>

## COMPREHENSIVE INCOME

The Communal's income continues to grow annually, and in 2017, the total amount increased by 17% on prior year, while our main income source, loan interest, also grew by 17%.

It should be noted that Deposit Interest Payments to members has been growing year on year, and this growth rate, at 22% in 2017, is actually outstripping the growth rate of our net income.

Other income generating sources are from Investment Income in financial assets and Other Income, which both grew by 12% and 48.5% respectively on 2016. The main contributors to the growth in other income are application fees and miscellaneous revenues.

Of the total income earned, EC\$5.2M covers our general administrative expenses; while bad debt expense of EC\$746K, higher than 2016 by EC\$343K, was mainly due to adjustments to reflect the current run rate at which the provisions should be made. Bad debt provisioning is under review, with the implementation of IFRS 9 in 2018 and Communal, as well as the entire credit union sector, can expect further impact on its provisions for bad debt expenses due to this new financial standard.

In keeping with the statutory requirements, transfers totaling \$0.3M has been made to the statutory reserve and the development fund.

The Communal therefore recorded a Net Surplus, after transfers for the year 2017, of EC\$1.2M, which is a marginal decrease on 2016 performance of EC\$1.4M.

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

Category	2017	2016	Increase/ (Decrease)	%
Income on Members' Loans	8,959,852	7,667,676	1,292,176	17%
Interest on Investments	1,162,694	1,037,245	125,449	12%
Rental Income	246,100	245,520	580	0%
Other Income / Recoveries	845,959	611,429	234,530	38%
<b>TOTAL INCOME</b>	<b>11,214,605</b>	<b>9,561,870</b>	1,652,735	17%
<i>OUR COST TO OPERATE THE CREDIT UNION WAS:</i>				
Operating Expenses	5,918,007	4,682,505	1,235,502	21%
Interest to Members	3,770,954	3,093,449	677,505	22%
NET INCOME BEFORE PROVISIONS	<b>1,525,644</b>	<b>1,785,916</b>	-260,272	-1%
<i>FROM WHICH WE SET ASIDE:</i>				
Statutory Provision @ 20%	(305,129)	(357,183)	-52,054	-1%
Development Fund to GCL	(15,256)	(17,859)	-2,603	-1%
NET SURPLUS	<b>1,205,259</b>	<b>1,410,874</b>	<b>-314,929</b>	-1%
<i>TO WHICH WE ADD:</i>				
Undistributed Surplus From Previous Years	3,077,563	1,730,052	1,347,511	78%
Deduct Dividend Payment & Health Fund	(135,719)	(63,363)	(72,356)	114%
LEAVING US WITH UNDISTRICTED SURPLUS	4,147,103	3,077,563	1,069,540	35%

## PEARLS RATIO ANALYSIS

PEARLS is a set of financial ratios or indicators designed specifically to analyze the performance of credit unions by setting benchmarks for six (6) categories of indicators (Protection, Effective Financial Structure, Asset Quality, Rates of Return and Costs, Signs of Growth). The



following table shows the performance of these ratios in 2017 with comparative figures for 2016 and the quality of these benchmarks.

	<b>Required Ratio</b>	<b>Actual Ratio 2017</b>	<b>Actual Ratio 2016</b>	<b>Ratings</b>
<b>PROTECTION</b>				
Total Charge-Off of Delinquent Loans >12 months	100%	100.00%	100.00%	Good
Net Allowance for Loan Losses/ Allowances Required for Loans Delinquent less than 12 months	35%	35.00%	35.00%	Good
<b>EFFECTIVE FINANCIAL STRUCTURE</b>				
Net Loans / Total Assets	70-80%	67.47%	62.88%	Poor
Savings Deposits / Total Assets	70-80%	86.37%	87.80%	Poor
Institutional Capital / Total Assets	Min 7%	6.23%	6.39%	Fair
Members Shares/Total Assets	10-20%	5.60%	6.35%	Fair
<b>ASSET QUALITY</b>				
Total Loan Delinquency / Gross Loan Portfolio	<=5%	4.77%	5.06%	Excellent
Non-Earning Assets / Total Assets	<=5%	15.72%	17.50%	Poor
<b>RATES OF RETURN &amp; COSTS</b>				
Total Financial Investment Income / Average Financial Investments	Market Rate 3%	4.53%	4.89%	Excellent
Total Interest Cost on Savings Deposits / Average Savings Deposits	Market Rate 2%	2.61%	2.66%	Excellent
Total Interest Cost on External Credit / Average External Credit	Market Rate 9-10%	0.00%	0.00%	Excellent
Total Operating Expenses / Average Total Assets	10%	3.35%	3.34%	Excellent
<b>LIQUIDITY</b>				
S.T Investments + Liquid Assets - S.T Payables / Savings Deposits	Min. 15%	25.01%	34.12%	Excellent
Liquidity Reserves / Savings Deposits	10%	29.41%	34.74%	Excellent
Non-Earning Liquid Assets / Total Assets	<1%	9.65%	12.37%	Poor
<b>SIGNS OF GROWTH</b>				
Growth in Loans to Members	≥ 10%	31.35%	15.94%	Excellent
Growth in Savings Deposits	20%	20.41%	16.10%	Good
Growth in Institutional Capital	>5%	19.10%	28.92%	Excellent
Growth in Membership	>12%	9.46%	8.73%	Fair

## COMMENTARY ON PEARLS RATIOS:

While in general, Communal shows a good to excellent performance on most of the indicators, there are a few critical indicators on which the ratings are either Fair or Poor. These indicators are highlighted below:-

### **Effective Financial Structure:**

This category of indicators has been and continues to perform below the required benchmark.

In particular, Net Loans to Assets has been below the benchmark for quite some time now and a target of 15% increase in the portfolio on prior year has been set as part of the Strategic Plan in 2018 to improve on this performance. However, in tandem with that, we have to monitor the growth in Assets to ensure the target achieved.

Likewise, Savings Deposits to Assets has been performing above the 80% maximum threshold set. An evaluation of our deposits held, how we manage future deposits and the high costs associated with such deposits must form part of the strategic objectives of Communal. We intend to take immediate action to bring this ratio under control.

### **Asset Quality**

In 2017, there has been a slight improvement in the Non-earning Assets ratio; however, this is about 3 times and still far below the requirement. A proper analysis of the Cash and Cash Equivalents will be done, together with appropriate cash flow forecasting to ensure that the Cash Retained is adequate to meet business needs and any excess, appropriately invested.

Delinquency Ratio at December 31, 2017, with a rate of 4.77%. Work continues to monitor and measure this ratio on a timely basis.

### **Rates of Return and Costs**

We continue to show excellent performance in all of the indicators in this category; Communal continues to examine the market for the best return on investments and to pay competitive rates on savings and deposits.

### **Liquidity**

We have seen excellent performance in two of the three liquidity ratios' despite slight decline on prior year 2016. The non-earning asset ratio continues to be significantly higher than the benchmark, although we have seen a drop from 12.37% in 2016 to 9.65% in 2017.

## Signs of Growth

Communal shows strong signs on growth with two of the four ratios returning excellent performances above the benchmark. Our loan portfolio in particular, has grown from 15.94% to 31.35% year on year. While growth in membership is considered fair, the rate however has improved year on year. It will be a challenge to grow exponentially in this small population size and more concentration needs to be placed on the diaspora to make Communal the Credit Union of choice.

In summary, the PEARLS ratio indicates that Communal continues to show a stable and satisfactory financial performance in 2017. More focus has to be placed on our indicators in the Effective Financial Structure and Asset Quality categories, as these will become very important to the survival of the Communal in the longer term.

## ACKNOWLEDGEMENTS

I wish to express my sincere appreciation for the contributions of my fellow Board members and the management of Communal in enabling me to fulfill my duties as Treasurer of The Communal. It has been an extremely rewarding experience.

And as I make my exit from the Board of Communal, let me place on record my thanks to the members for the opportunity to serve this noble organization over the past two (2) terms. Ours, is like no other, not just one of people serving people, but bettering the lives of people.

Further, you the membership must also see the importance of fulfilling your obligations to this institution and to do what you know is right and just – to faithfully honour your lending obligations always, to abide by the principles and guidelines of The Communal unstintingly, and to ensure that at no time, your actions contribute to bringing the name of this good organization into disrepute.

Let me take this opportunity to wish Communal continued success as it charts its future course, positively impacting the lives of you, our members, and the nation as a whole.



**JOSEPH SYLVESTER**  
Treasurer



# CREDIT COMMITTEE REPORT



(L to right): Austin Redhead, Roslyn Telesford, Jerome Thomas: Chariman, Rona Andrew: secretary, Kurt Hercules

## CREDIT COMMITTEE REPORT

For the period ended 31<sup>st</sup> December 2017

The Credit Committee submits its annual report to its valued members informing of the performance for the year 2017.

The 35th Annual General meeting of the Communal Cooperative Credit Union was held on 23rd March 2017. At the meeting Mr. Kurt Hercules was elected as a member to serve on the Credit Committee. His 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 2017 AGM the Committee comprised the following:-

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

The roles and responsibilities and the purpose of the Committee was outlined to members for the benefit of its proper functioning.

Meetings are held every Tuesdays and at the meetings members carefully deliberate on all the loan applications received. This function is a collaborative effort between the loans officers, Management and the Committee thus setting out to arrive at the best decisions and being cognisant to the CCU 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.

2017, the Committee received and reviewed 164 applications and the decisions are as follows:

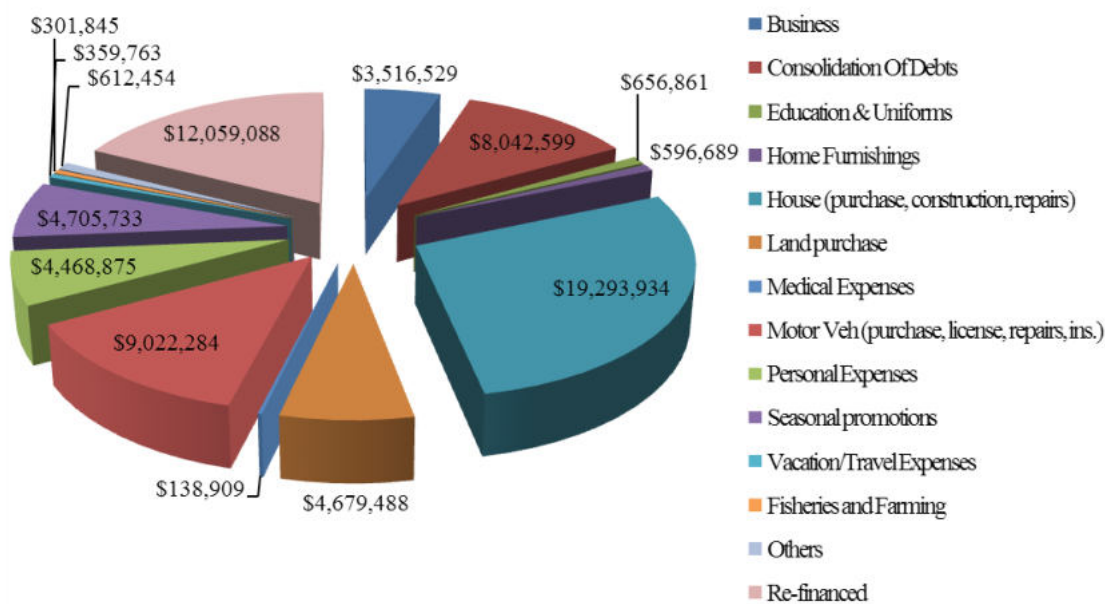
- Approved - 119
- Declined - 25
- Other (Board of Directors/Deferred) - 20

The loans declined were due to the following:

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

#### ANALYSIS OF LOANS

The table and chart below depicts the category, purpose and value of the loan applications processed in 2017.



Purposes	2017			2016		
	Amount	No.	Amt. %	Amount	No.	Amt. %
Business	\$ 3,516,529	75	5.14%	\$ 2,044,626	51	4%
Consolidation Of Debts	\$ 8,042,599	89	11.75%	\$ 4,211,116	45	8.46%
Education & Uniforms	\$ 656,861	29	0.96%	\$ 919,517	21	1.85%
Home Furnishings	\$ 596,689	25	0.87%	\$ 367,297	13	0.74%
House (purchase, construction, repairs)	\$ 19,293,934	222	28.18%	\$ 8,473,718	173	17.02%
Land purchase	\$ 4,679,488	57	6.84%	\$ 3,182,675	33	6.39%
Medical Expenses	\$ 138,909	13	0.20%	\$ 144,535	17	0.29%
Motor Vehicle (purchase, license, repairs.)	\$ 9,022,284	277	13.18%	\$ 5,738,158	158	11.53%
Personal Expenses	\$ 4,468,875	951	6.53%	\$ 3,831,167	793	7.70%
Seasonal promotions	\$ 4,705,733	498	6.87%	\$ 2,895,060	370	5.82%
Vacation/Travel Expenses	\$ 359,763	37	0.53%	\$ 509,168	29	1.02%
Fisheries and Farming	\$ 301,845	12	0.44%	\$ 294,884	13	0.59%
Others	\$ 612,454	16	0.89%	\$ 672,571	16	1.35%
Re-financed	\$ 12,059,088	712	17.62%	\$ 16,494,920	809	33.14%
<b>Total</b>	<b>\$ 68,455,050</b>	<b>3012</b>	<b>100%</b>	<b>\$ 49,779,412</b>	<b>2541</b>	<b>100%</b>

In 2017 a total of 3012 loan applications were processed by the loans department. This represented an overall increase of 529 (20.8%) applications processed from the previous year. A review of the top five (5) categories of loan applications indicated that house purchase, construction and repairs, loan refinancing, motor vehicle, and personal borrowings associated with seasonal promotions accounted for 77.6% of the total loans processed for the period. These loans had a total combined value of approximately EC\$53.12 million. This amount increased by approximately EC\$18.7 million (38%) from the previous year.

Throughout the period the Credit Committee raised a number of concerns regarding the processing of loan applications, some of which were addressed by the loans manager. These concerns included;

The notification of the committee when there is loan special, properly indicating the terms and conditions associated with the specials.

A review of the existing loans policy and the loans department adherence to procedures and guidelines and contained in the lending policy.

More attention to detail by loans officers as relates to the preparation of loan applications for submission to the credit committee and the board of directors.

## DELINQUENCY REPORT

One of the roles of the credit committee is to provide oversight of the loan portfolio in accordance with section 60 of the cooperative society act. The Credit Committee also has the



responsibility of monitoring the delinquency of loans throughout the period. From discussions with the loans manager it was indicated that the loans department needs to pay close attention to the level of delinquency and performs the required follow ups associated with those loans.

While we appreciate the work being done by the delinquency officers, we recommend that a greater drive be made in reducing delinquent loans and action must be taken at the first sign of delinquency. Moving forward, the credit committee would take a more proactive approach with regards to the review of the delinquent loan portfolio.

## **RECOMMENDATION**

The Committee recommend the following:-

The hiring of an internal auditor, who will assist with the monitoring of delinquency loans and to also ensure that loan applications are processed in accordance with the established lending policy.

## **ACKNOWLEDGMENT:**

Profound gratitude is extended to members, the Board of Directors, our beloved Management and Staff for their sterling support and look forward to greater collaboration in 2018.



**Mr. Jerome Thomas**  
Chairman

# SUPERVISORY AND COMPLIANCE COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2017



L to right): Anthony Phillip, Lou-Ann Phillip-Henry, Devon La Touche: Secretary, Kenita Paul and Mr. David Bruno: Chairman

## THE COMMITTEE

The Supervisory and Compliance Committee is pleased to present its report to the members of The Communal Cooperative Credit Union (CCCU) Limited for the financial year ended December 31st, 2017.

At the 35th Annual General Meeting held on 25th April, 2017, Mrs. Lou Ann Phillips was elected to serve on the Supervisory & Compliance Committee to replace Mrs. Dawn Walker.

The other members of the Committee were:

- Mr. Devon La Touche
- Mr. David Bruno
- Mr. Anthony Phillip
- Ms. Kenita Paul

Subsequent to the Annual General Meeting Mr. David Bruno and Ms. Kenita Paul were elected as Chairman and Secretary respectively.

## MEETINGS

The scheduled monthly meetings of the Supervisory and Compliance Committee (SCC) were well attended. Members also attended the Extraordinary Credit Committee (ECC) meetings that were scheduled from time to time to approve loans for staff and other members of the Management Committee. Three Joint Committee meetings were held in 2016/2017.

**The Role of the Supervisory and Compliance Committee** is to act as an internal auditor to safeguard the assets of the Communal Co-operative Credit Union by reviewing and sample testing operational procedures; monitoring the management of the credit union; and ensuring compliance with the Act, Regulations, By-laws and Policies of the Credit Union.

## APPOINTMENT

On January 2, 2017 The Communal Credit Union employed Mrs. Mapp as an Internal Auditor, who reported to the Supervisory & Compliance Committee as was stipulated in her job description; however on September 15th 2017 she resigned from her post as Internal Auditor. During her tenure with the Credit Union, she carried out extensive work, which included the preparation and submission of a number of reports.

Some of which are as follows:

- Comprehensive Risk control log.
- Employee Dissatisfaction Survey
- Review of the Payroll System
- Internal Audit Charter
- Other adhoc reports.

The Credit Union benefited greatly from the work done by Mrs. Mapp and wishes her the best in her future endeavours.

## SCOPE OF WORK

In addition to the review of monthly Reports and/or Minutes of the Board of Directors, which included reports from the Treasurer, Credit Committee and General Manager, the Supervisory and Compliance Committee carried out the following activities during the period under review.

- Examination of the Audited Financial Statements for 2016 and the associated Management Letter;
- Monitored the attendance of all Management Committee Meetings.



- Performed cash counts in accordance with the bye Laws;
- Reviewed the payroll and performance assessment forms for 2016
- Reviewed the Investment and LP /LS Policy;
- Reviewed Management Loan Files;
- Reviewed the Delinquency Loan Files;
- Reviewed Communal Investment Portfolio;
- Reviewed additions to 2016 Fixed Assets and the respective Insurance Policies;
- Reviewed the Re-activated Dormant Accounts.

Selected a sample of members deposits to which confirmations were sent to verify the accuracy of the members saving book and the Credit Union's record.

## FINDINGS

- The Committee met with Management to review the issues raised in the 2016 Management Letter from the external auditors. The issues raised were adequately addressed; however there needs to be improvement on the timeliness of management responses to the External Auditors on matters raised.
- Attendance by management Committee member was relatively good;
- Results from the Cash Counts were satisfactory; however areas for improvement were noted.
- The Committee was of the opinion that the employee performance assessment forms requires reviewing. Based on the review of the performance assessment forms, the Committee believes that these forms need to be reviewed to be more up to date and relevant.
- The policies were adhered to in general based on the Committee's review.
- The Committee found all the relative documentation were on file;
- The re-activated accounts were not signed by the Internal Auditor or the Supervisory & Compliance Committee in accordance with policy.

## RECOMMENDATIONS

- The Committee recommends that the Re-activated Dormant Accounts should be signed off on as required by The Credit Union's policies and procedures.

## OBSERVATIONS

- The Supervisory and Compliance Committee notes that for the period under review no complaint was brought to its attention pursuant to Section 74 (B) (7) of the By-Laws, which states that the Supervisory and Compliance Committee shall 'receive and investigate any complaints made by any member affecting the proper management of the society'.

## ACKNOWLEDGEMENTS

The Supervisory and Compliance Committee expresses heartfelt thanks to The Communal Co-operative Credit Union members for giving us the opportunity to serve you. No member of the committee is due for retirement.

We would also like to express our thanks to the Board of Directors, Credit Committee and the Management and Staff for their co-operation and assistance. We look forward to further serving you in 2018.



**Mr. David Bruno**  
Chairman

# NOMINATIONS COMMITTEE REPORT

ANNUAL GENERAL MEETING 2018

## INTRODUCTION

The Board of Directors, at its meeting on January 28, 2018 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 36th Annual General Meeting.

To continue to meet the needs of our members, the decision was taken at a Joint Committee meeting held April 11, 2018 to increase the composition of the Credit Committee to six (6) members; as stated in the Byelaws Article XVII (59), Page 20 "The Credit Committee shall be elected at the Annual General Meeting and shall consist of at least five (5) but no more than seven (7) members, none of which shall be a member of the Board, or the Supervisory & Compliance Committee or an Officer of the Society, except that the Secretary, Treasurer or General Manager may be ex-officio members of the Committee".

The Nomination's Committee comprised of the following persons:

- Ms. Ernest Bleasdille - Board Member
- Ms. Mellisa Telesford - Member of Staff
- Mr. Isaac Bhagwan - Member

### **Board of Directors:**

Mr. Joseph Sylvester has completed his second term and is due to retire. Mrs. Jennifer Gulston-Gittens has completed her first term and has agreed to continue for a second term.



Mrs. Natasha Marques-Sylvester and Ms. Pearl Doughlin resigned during the year 2017.

### **SUPERVISORY & COMPLIANCE COMMITTEE:**

During the year, due to resignations/end of term by Board members, the much needed expertise of Financial Accounting/Management was lost from the Board. In order to fill that gap, Mr. David Bruno has volunteered his services to the Board as the Supervisory and Compliance Committee (SCC) has sufficient skills in that area.

To serve on the Board, Mr. Bruno has therefore resigned from SCC.

### **CREDIT COMMITTEE:**

Mr. Austin Redhead was appointed by the Board of Directors to serve Ms. Kizzie Simon unexpired term. Mr. Redhead 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
<b>Board of Directors</b>	Mr. Joseph Sylvester	Ms. Petra Fraser	1st
	Ms. Pearl Doughlin	Mr. Jude Hector	1st
	Mrs. Natasha Marques-Sylvester	Mr. David Bruno	1st
<b>Supervisory &amp; Compliance Committee</b>	Mr. David Bruno	Mrs. Theresa Noel	1st
<b>Credit Committee</b>		Mrs. Glendalyn Phillip-Samuel	1st

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

<b>Board of Directors</b>	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
Mr. Babatunde Oshikanlu	2017	2020	2023

<b>Supervisory &amp; Compliance Committee</b>			
Mr. Devon La Touche	2014	2017	2020
Mr. Anthony Phillip	2016	2019	2022
Ms. Kenita Paul	2016	2019	2022
Mrs. Lou-Ann Phillip-Henry	2017	2020	2023

<b>Credit Committee</b>			
Mr. Austin Redhead	Serving unexpired term	2018	2021
Ms. Rhona Andrews	Serving unexpired term	2019	
Ms. Roslyn Telesford	2016	2019	2022
Mr. Kurt Hercules	2017	2020	2023

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.



**ERNEST BLEASDILLE** (Mr.)  
Chairperson

## BUDGET 2018

The details of the 2018 budget are presented in the following table for approval.

The following is the projected outcome compared to 2017 Actuals:

- Total income is projected to grow by 12%
- Total expenses will increase by 9%
- The operating Surplus see a growth of 29% on prior year

<b>INCOME</b>	<b>Actual 2016</b>	<b>Budget 2017</b>	<b>Actual 2017</b>	<b>Budget 2018</b>
Income from loans	7,977,375	8,581,823	9,486,505	10,659,813
Rental	245,520	246,000	246,100	246,000
Investments	1,037,245	1,177,212	1,162,694	1,272,292
Miscellaneous	301,709	226,142	317,291	375,051
<b>TOTAL INCOME</b>	<b>9,561,849</b>	<b>10,231,177</b>	<b>11,214,606</b>	<b>12,555,174</b>
<b>EXPENSES</b>				
Interest on members deposits	3,011,747	3,269,150	3,770,954	3,504,242
Personnel Costs	1,839,303	2,135,255	2,158,169	2,854,659
Financial Charges	87,919	91,754	114,495	86,288
Governance	133,943	145,656	135,243	150,067
Depreciation	499,526	500,000	576,622	515,258
Utilities	318,084	275,902	293,236	323,872
Members loan/savings Insurance	270,075	312,504	313,472	342,426
Marketing & Scholarship	249,995	233,899	303,590	597,077
General Admin	254,026	250,957	584,242	396,834
Delinquency	402,639	270,000	745,670	894,804
Office Rental	29,880	30,478	29,880	189,880
Business insurance	70,506	75,403	59,492	82,537
League Dues	115,000	115,000	115,000	115,000
Honorarium	83,900	120,000	81,875	112,800
Building, Equip, Maint, Taxes	261,365	252,779	235,902	238,674
Security Equipment and service	128,847	123,314	146,110	159,849
Credit Union celebrations	19,199	17,356	25,009	25,000
<b>TOTAL EXPENSES</b>	<b>7,775,954</b>	<b>8,219,406</b>	<b>9,688,962</b>	<b>10,589,266</b>
<b>SURPLUS</b>	<b>1,785,895</b>	<b>2,011,771</b>	<b>1,525,644</b>	<b>1,965,907</b>



# RODNEY MAURICETTE MEMORIAL SCHOLARSHIP PROGRAM RECIPIENTS



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THE COMMUNAL CO-OPERATIVE  
CREDIT UNION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2017



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017

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

***Opinion***

We have audited the financial statements of the Communal Co-operative Credit Union Limited, which comprise the statement of financial position at December 31, 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

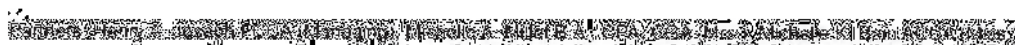
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

***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.

***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.



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

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 management 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.

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.



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

- 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.
- 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

June 8<sup>th</sup>, 2018

A handwritten signature of 'PKF' in black ink, enclosed in a light green rectangular box.

Accountants & Business Advisers



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED  
STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2017

	Notes	2017	2016
<b>EARNINGS ASSETS</b>			
Investment property	4	1,514,733	1,569,465
Members' loans	5	114,609,342	87,256,716
Loans and receivables financial assets ]	6	7,806,971	6,731,641
Available for sale financial assets	6	99,745	99,745
Held-to-maturity financial assets	6	<u>16,906,973</u>	<u>16,344,062</u>
Total earning assets		<u>140,937,764</u>	<u>112,001,629</u>
<b>NON-EARNING ASSETS</b>			
Property, plant and equipment	7	<u>6,355,474</u>	<u>5,762,180</u>
<b>Other Assets</b>			
Inventories	8	72,572	83,788
Receivables and prepayments	9	4,162,668	1,772,182
Cash and cash equivalents	10	<u>18,329,725</u>	<u>19,157,287</u>
Total non-earning assets		<u>22,564,965</u>	<u>21,013,257</u>
<b>TOTAL ASSETS</b>		<u>\$169,858,203</u>	<u>\$138,777,066</u>
<b>CAPITAL AND LIABILITIES</b>			
<b>Institutional Capital</b>			
Members qualifying equity shares	11	3,771,800	3,471,000
Statutory reserve	12	2,666,899	2,339,632
Accumulated surplus		<u>4,147,103</u>	<u>3,077,563</u>
		<u>10,585,802</u>	<u>8,888,195</u>
<b>Members' Equity Shares</b>		<u>5,738,425</u>	<u>5,341,210</u>
<b>Other Funds and Reserves</b>			
Development fund	13	15,256	29,541
Micro-capital grant	14	54,697	54,696
Special fund	15	33,652	5,372
Members' health fund reserve	16	<u>67,519</u>	<u>35,801</u>
		<u>171,124</u>	<u>125,410</u>
<b>TOTAL EQUITY</b>		<u>16,495,351</u>	<u>14,354,815</u>
<b>Current Liabilities</b>			
Members' deposits	17	146,712,325	121,846,981
Non-interest bearing liabilities	18	<u>6,650,527</u>	<u>2,575,270</u>
<b>TOTAL LIABILITIES</b>		<u>153,362,852</u>	<u>124,422,251</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>\$169,858,203</u>	<u>\$138,777,066</u>

The notes on pages 52 to 76 form an integral part of these financial statements

*Bohlenis* : Director

*Johnston* : Director



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2017

	Notes	2017	2016
<b>INCOME</b>			
Interest income – members’ loans		8,959,852	7,667,676
Less: Interest payments to members		<u>3,770,954</u>	<u>3,093,449</u>
Net interest income		5,188,898	4,574,227
Interest - financial assets		1,162,694	1,037,245
Other operating income	19	<u>767,074</u>	<u>516,574</u>
Net income		<u>7,118,666</u>	<u>6,128,046</u>
General and Administrative Expenses (Schedule A)		(5,172,337)	(4,279,866)
Bad debts recovered		78,885	94,855
Rental income		246,100	245,520
Bad debts expense		<u>(745,670)</u>	<u>(402,639)</u>
		<u>(5,593,022)</u>	<u>(4,342,130)</u>
Net surplus for the year before transfers		1,525,644	1,785,916
Deduct: Transfer to statutory reserve		(305,129)	(357,183)
Transfer to development fund		<u>(15,256)</u>	<u>(17,859)</u>
Net surplus for the year after transfers		<u>\$1,205,259</u>	<u>\$1,410,874</u>

The notes on pages 52 to 76 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, 2017

	Qualifying Shares	Non-Qualifying Shares	Statutory Reserve	Other Fund and Reserves	Accumulated Surplus	Total
Balance at 1 <sup>st</sup> January, 2016	3,228,000	4,948,760	1,971,187	86,950	1,730,052	11,964,949
Net movement in shares	243,000	392,450	-	-	-	635,450
Entrance fees	-	-	11,262	-	-	11,262
Net movement on other funds and reserves	-	-	357,183	38,460	(438,405)	(42,762)
Net surplus for the year	-	-	-	-	1,785,916	1,785,916
Balance at 31 <sup>st</sup> December, 2016	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
Balance at 31 <sup>st</sup> December, 2017	<u>\$3,771,800</u>	<u>\$5,738,425</u>	<u>\$2,666,899</u>	<u>\$171,124</u>	<u>\$4,147,103</u>	<u>\$16,495,351</u>

The notes on pages 52 to 76 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, 2017

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Net surplus for the year before transfers	1,525,644	1,785,916
Adjustments for non-cash transactions:		
Depreciation	576,371	499,526
Loss on disposal of property, plant and equipment	<u>321</u>	<u>2,485</u>
<b>Operating surplus before working capital changes</b>	2,102,336	2,287,927
Decrease/(increase) in inventories	11,216	(3,981)
Increase in receivables and prepayments	(2,390,486)	(853,642)
Increase in members' deposits	24,865,344	16,895,548
Increase in non-interest bearing liabilities	<u>4,075,257</u>	<u>754,128</u>
<b>Net cash provided by operating activities</b>	<u>28,663,667</u>	<u>19,079,980</u>
<b>Cash flows from investing activities</b>		
Increase in financial assets	(1,638,241)	(6,293,877)
Purchase of property, plant and equipment	(1,115,254)	(316,873)
Increase in members' loans	<u>(27,352,626)</u>	<u>(11,994,208)</u>
<b>Net cash used in investing activities</b>	<u>(30,106,121)</u>	<u>(18,604,958)</u>
<b>FINANCING ACTIVITIES</b>		
Entrance fees received	22,138	11,262
Net movement in other funds and reserves	(105,261)	(42,762)
Shares issued	<u>698,015</u>	<u>635,450</u>
<b>Net cash provided by financing activities</b>	<u>614,892</u>	<u>603,950</u>
Net (decrease)/ increase in cash and cash equivalents	(827,562)	1,078,972
Cash and cash equivalents - at beginning of the year	<u>19,157,287</u>	<u>18,078,315</u>
- at end of the year	<u>\$18,329,725</u>	<u>\$19,157,287</u>
<b>REPRESENTED BY:</b>		
Cash on hand	2,458,502	662,267
Cash at bank	13,941,155	16,913,799
Short-term investment	<u>1,930,068</u>	<u>1,581,221</u>
	<u>\$18,329,725</u>	<u>\$19,157,287</u>

The notes on pages 52 to 76 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, 2017

**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 forty-three (43) persons during the year (2016:40).

**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***

- (i) There are no new standards, amendments or interpretations that are effective for the first time for the financial year beginning on or after 1st January, 2017 that would be expected to have a material impact on the Credit Union's financial statement.
- (ii) Amendments and interpretations issued but not effective for the financial year beginning 1st January, 2017 and not early adopted. These either do not apply to the activities of the Credit Union or have no material impact on its financial statements.



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES

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

<i>Standard</i>	<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
IAS 28	Investments in Associates and Joint Ventures	1 <sup>st</sup> January, 2019
IAS 40	Investment Property: Transfers of Investment Property (amendments)	1 <sup>st</sup> January, 2018
	Investment Property: Long-term Interests in Associates and Joint Ventures (amendments)	1 <sup>st</sup> January, 2019
IFRS 2	Share-based payment: Classification and Measurement of Share-based payment Transactions (amendments)	1 <sup>st</sup> January, 2018
IFRS 4	Insurance contracts: Overlay/deferral approach (amendment)	1 <sup>st</sup> January, 2018
IFRS 9	Financial Instruments: Classification and Measurement	1 <sup>st</sup> January, 2018
	Financial Instruments: Prepayment features with negative compensation (amendment)	1 <sup>st</sup> January, 2019
IFRS 15	Revenue from Contracts with Customers	1 <sup>st</sup> January, 2018
IFRS 16	Leases	1 <sup>st</sup> January, 2019



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<i>Standard</i>	<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
IFRS 17	Insurance Contracts	1 <sup>st</sup> January, 2021
IFRIC 22	Foreign Currency Transactions and Advance Consideration (interpretation)	1 <sup>st</sup> January, 2018
IFRIC 23	Uncertainty over Income Tax Treatments (interpretation)	1 <sup>st</sup> January, 2019

(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%
Moto vehicle	20%

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(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***

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

Financial assets and financial liabilities are recognised on the Credit Union's statement of financial position when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial liabilities are derecognised 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 paid is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments (continued)*

*Financial assets*

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Credit Union commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

The Credit Union classifies its financial assets into the following categories: loans to members, loans and receivables, held-to-maturity and available-for-sale. Management determines the appropriate classification of its financial assets at the time of purchase and re-evaluates this designation at every reporting date.

*Loans to members*

Loans are financial assets provided directly to members. These carry fixed or determinable payments and are not quoted in an active market and are stated at principal amounts outstanding net of any unearned interest and allowances for impairment losses.

*Loans and receivables*

Investments classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The Credit Union's loans and receivables comprise of fixed deposits which are stated at cost or cost less provision for impairment if necessary.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments (continued)*

*Held-to-maturity*

Investments classified as held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Credit Union has both the intent and the ability to hold to maturity. These investments are stated at cost.

*Available-for-sale*

Investments are classified as available-for-sale as they are intended to be held for an indefinite period. These investments may be sold in response to needs for liquidity. These investments are carried at fair value, based on quoted market prices where available. However, where a reliable measure is not available, cost is appropriate. The majority of these investments continue to be carried at cost as in almost all cases they are not traded on an active market and methods of reasonable estimation of fair value are unavailable.

*Impairment of financial assets*

The Credit Union assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Credit Union about the following loss events:

- (i) Significant financial difficulty of the issuer or obligor.
- (ii) A breach of contract, such as default or delinquency in interest or principal payments.
- (iii) It is becoming probable that the borrower will enter in bankruptcy or other financial organization.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments (continued)*

- (iv) The disappearance of an active market for that financial asset because of financial difficulties.
- (v) Observable data indicating that there is a measurable decrease in the estimated cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Credit Union or national or economic conditions that correlate with defaults on assets in the Credit Union.

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

*Impairment of financial assets*

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

- (i) Loans to members

All non-performing and individually significant loans are individually reviewed and specific provisions made for the impaired portion based on the requirements of the Co-operative Societies Act and the PEARLS Standards which recommends that delinquent loans less than three hundred and sixty-five (365) days in arrears are provided for to the extent of 35% while those in excess of that period are provided for in full.

When all efforts have been exhausted to recover a non-performing loan, that loan is deemed uncollectible and written off against the related provision for loan losses.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments (continued)*

(ii) Financial assets measured at cost

The difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been, had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the statement of comprehensive income.

*Financial Liabilities*

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

Financial liabilities are derecognised 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 paid is recognised in the statement of comprehensive income.

(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*

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.



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(l) *Revenue recognition*

i) *Interest income*

Interest income is recognized on a cash basis.

ii) *Investment income*

Investment income is recognized on an accrual basis.

ii) *Rental income*

Rental income is recognised on the accrual basis.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*(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.

*(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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 available-for-sale 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 the investment is carried at cost less impairment.

*Impairment of financial assets*

Management assesses at each statement of financial position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

*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.



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

4. INVESTMENT PROPERTY

	2017	2016
Written down value – 1 <sup>st</sup> January, 2017	1,569,465	1,624,197
Less: Depreciation for the year	(54,732)	(54,732)
Balance at 31 <sup>st</sup> December, 2017	<u>\$1,514,733</u>	<u>\$1,569,465</u>
Investment property at cost	2,375,542	2,375,542
Less: Accumulated depreciation	(860,809)	(806,077)
Balance at 31 <sup>st</sup> December, 2017	<u>\$1,514,733</u>	<u>\$1,569,465</u>

5. MEMBERS' LOANS

Total loans	116,322,517	88,456,259
Less: Provision for loan losses	(1,713,175)	(1,199,543)
	<u>\$114,609,342</u>	<u>\$87,256,716</u>

These loans are secured by mortgages, bills of sale and personal guarantees. Interest is payable at rates ranging between 6% and 12% per annum.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

6. FINANCIAL ASSETS

	2017	2016
<i>Loans-and-receivables</i>		
First Citizens Investment Services	2,648,287	2,200,535
Grenada Co-operative League Limited - Deposit (i)	551,668	535,600
- Deposit (ii)	242,743	237,960
Grenada Public Service Co-operative Credit Union Limited	1,729,471	1,679,098
Grenada Union of Teachers Co-operative Credit Union Limited	1,146,272	627,448
Grenville Co-operative Credit Union Limited	1,288,530	1,251,000
Gateway Co-operative Credit Union Limited	<u>200,000</u>	<u>200,000</u>
	<u>\$7,806,971</u>	<u>\$6,731,641</u>
<i>Held-to-maturity</i>		
Eastern Caribbean Home Mortgage Bank – 1 year bond	1,000,000	1,000,000
Government of St. Lucia – 2 year bond	700,000	200,000
Government of St. Lucia – 180 day Treasury Bills	-	697,547
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	2,891,967	2,392,466
Government of Grenada – 365 day Treasury Bills	2,975,155	3,477,506
Government of St. Vincent – 5 year Treasury Notes	600,000	600,000
Government of St. Vincent – 3 year Treasury Notes	1,509,000	1,500,000
Government of St. Vincent – 7 year bond	663,929	-
Government of Antigua – 180 day Treasury Bills	535,789	1,017,562
Government of Antigua – 365 day Treasury Bills	1,431,133	1,008,981
Government of Antigua – 2 year Treasury Notes	400,000	250,000
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>\$16,906,973</u>	<u>\$16,344,062</u>
<i>Available-for-sale</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, 2017  
(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, 2016</b>							
Cost	5,785,575	124,746	1,469,152	927,386	-	-	8,306,859
Accumulated depreciation	(846,423)	(56,107)	(924,732)	(587,011)	-	-	(2,414,273)
<b>NET BOOK VALUE</b>	<b>\$4,939,152</b>	<b>\$68,639</b>	<b>\$544,420</b>	<b>\$340,375</b>	<b>\$-</b>	<b>\$-</b>	<b>\$5,892,586</b>
<b>For the year ended 31<sup>st</sup> December, 2016</b>							
Opening book value	4,939,152	68,639	544,420	340,375	-	-	5,892,586
Additions for the year	29,916	-	137,205	39,757	-	-	316,873
Disposal during the year	-	-	(251)	(2,234)	-	-	(2,485)
Depreciation charge for the year	(119,098)	(20,170)	(134,480)	(149,047)	-	-	(444,794)
<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>Balance at 31<sup>st</sup> December, 2016</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	1,115,254
Transfer	75,000	-	(101,083)	26,083	-	-	-
Disposals 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	1,578,759	1,373,907	109,995	551,109	9,720,379
Accumulated depreciation	(1,087,918)	(101,008)	(1,184,034)	(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>

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

**8. INVENTORIES**

	2017	2016
IDC Material	40,131	53,351
Stationery and office supplies	18,342	27,791
Advertising and promotional materials	<u>14,099</u>	<u>2,646</u>
	<u>\$72,572</u>	<u>\$83,788</u>

**9. RECEIVABLES AND PREPAYMENTS**

Matured financial assets	1,745,282	1,745,282
Payroll deductions	275,081	282,294
Other receivables	3,476,233	1,122,423
Interest on investments	<u>411,354</u>	<u>367,465</u>
	5,907,950	3,517,464
Less: Provision for impairment	<u>1,745,282</u>	<u>1,745,282</u>
	<u>\$4,162,668</u>	<u>\$1,772,182</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 for in full as there is considerable doubt concerning recovery.

**10. CASH AND CASH EQUIVALENTS**

Short-term investment	1,930,068	1,581,221
Cash on hand	2,458,502	662,267
Cash at bank	<u>13,941,155</u>	<u>16,913,799</u>
Cash and cash equivalents	<u>\$18,329,725</u>	<u>\$19,157,287</u>

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

11. EQUITY SHARES

(i) *Qualifying shares*

These totaled \$3,771,800 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 \$5,738,425 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

12. STATUTORY RESERVE

	2017	2016
Balance at 1 <sup>st</sup> January, 2017	2,339,632	1,971,187
Add: Transfer from surplus	305,129	357,183
Entrance fees	<u>22,138</u>	<u>11,262</u>
Balance at 31 <sup>st</sup> December, 2017	<u>\$2,666,899</u>	<u>\$2,339,632</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.

13. 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.

14. MICRO CAPITAL GRANTS

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

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

15. SPECIAL FUND

	2017	2016
Balance at 1 <sup>st</sup> January, 2017	5,372	1,103
Add: Allocation for the year	100,000	40,000
Less: Expenses for the year	(71,720)	(35,731)
Balance at 31 <sup>st</sup> December, 2017	<u>\$33,652</u>	<u>\$5,372</u>

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

16. MEMBERS' HEALTH FUND RESERVE

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

17. MEMBERS' DEPOSITS

Term deposits	28,050,895	26,061,876
Regular savings	106,751,468	86,536,733
Special savings	479,933	251,393
Education savings plan	902,682	789,891
Retirement savings plan	4,323,150	3,046,811
Escrow savings	3,540,125	3,033,868
Gold account	291,847	379,851
Su Su savings	176,583	168,909
Other deposits	<u>2,195,642</u>	<u>1,577,649</u>
	<u>\$146,712,325</u>	<u>\$121,846,981</u>

Interest is payable on these amounts at rates varying between 2% and 5% per annum.



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

**18. NON-INTEREST BEARING LIABILITIES**

	2017	2016
Interest payable	356,538	349,851
Death claims payable	210,383	184,119
Sundry creditors and accruals	84,449	85,781
Other payables	<u>5,999,157</u>	<u>1,955,519</u>
	<u>\$6,650,527</u>	<u>\$2,575,270</u>

**19. OTHER OPERATING INCOME**

Sale of passbooks	1,884	1,932
Information booklets	-	1,195
I.D. cards	20,639	19,281
Application fees	524,675	309,700
Miscellaneous	<u>219,876</u>	<u>184,466</u>
	<u>\$767,074</u>	<u>\$516,574</u>

**20. INCOME TAX**

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

**21. 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



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)**

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

*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.

*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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

*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, 2017  
(continued)

21. 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	
	2017	2016
Cash and cash equivalents	18,329,725	19,157,287
Financial assets	24,813,689	23,175,448
Receivables and prepayments	4,162,668	1,772,182
Members' loans	<u>114,609,342</u>	<u>87,256,716</u>
	<u>\$161,915,424</u>	<u>\$131,361,633</u>

Concentration of credit risk on members' loans:

House/land purchase	56,026,091	51,385,822
Motor vehicle	14,066,816	4,845,624
Business	6,453,781	266,017
Personal/other	<u>39,775,829</u>	<u>31,958,796</u>
	<u>\$116,322,517</u>	<u>\$88,456,259</u>

**Analysis of members' loans that are past due but not impaired:**

	Past due and not impaired					Total
	Neither past due nor impaired	1-3 months	3-6 months	6-12 months	Over 1 year	
<b>2017</b>	<u>\$106,403,396</u>	<u>\$2,773,611</u>	<u>\$1,536,861</u>	<u>\$1,210,074</u>	<u>\$2,685,400</u>	<u>\$114,609,342</u>
<b>2016</b>	<u>\$81,631,720</u>	<u>\$2,351,351</u>	<u>\$673,244</u>	<u>\$1,558,034</u>	<u>\$1,042,367</u>	<u>\$87,256,716</u>



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

Analysis of financial assets individually impaired:

	Carrying Amount	Provision	Net book value	
			2017	2016
Members' loans	\$ <u>5,548,428</u>	\$ <u>1,713,175</u>	\$ <u>3,835,253</u>	\$ <u>3,274,067</u>
Receivables and prepayments	\$ <u>1,745,282</u>	\$ <u>1,745,282</u>	\$ _____-	\$ _____-

**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.

**Provision for loan losses**

Allowance for doubtful loans are based on the requirement of The Co-operative Societies Act – (Act. No. 8 of 2011) and the PEARLS standards which recommends that delinquent loans less than three hundred and sixty five (365) days in arrears are provided for to the extent of 35% while those in excess of that period are provided for in full.

**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.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017

(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

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.

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.

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(continued)

21. FINANCIAL RISK MANAGEMENT (continued)

*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.

*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, 2017

(continued)

22. RELATED PARTY TRANSACTIONS

Key management

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

		2017	2016
(a)	Compensation:		
	Salaries	\$505,143	\$418,361
(b)	Other balances:		
	Loans	\$1,081,782	\$719,096
	Deposits	\$945,303	\$330,506
	Shares	\$14,455	\$8,925





THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED 31ST DECEMBER, 2017

SCHEDULE A

GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Salaries and wages	1,809,200	1,494,197
Uniform expenses	18,483	35,505
Staff incentives and benefits	2,211	3,120
National Insurance Scheme contributions	76,171	67,427
Telephone and electricity	284,182	310,208
Stationery and office supplies	137,680	101,910
Insurance - members	313,472	270,075
- general	59,492	70,506
Donations and subscription	63,332	30,006
Travel and accommodation	108,774	87,539
Advertising and promotion	236,377	117,858
Annual General Meeting/Committee Meeting expenses	83,625	69,124
Affiliation fees	13,350	-
Audit fees	25,000	17,000
Miscellaneous expenses	35,358	21,422
Repairs and maintenance	223,739	249,202
Bank charges	88,588	59,618
League dues	115,000	115,000
Postage	1,799	4,771
Scholarship fund	15,433	26,747
Depreciation - property, plant and equipment	521,639	444,794
- investment property	54,732	54,732
Stipend and honorarium	81,875	83,900
Credit Union Day celebration	22,218	19,199
Computer maintenance and expenses	3,798	1,675
Land tax and water rates	21,216	20,039
Pension and medical plan contributions	111,188	100,655
Professional services	46,674	32,131
Employees and members' development	105,036	100,986
Security	150,612	128,847
Carriacou office - rent	11,880	11,880
Gouyave office - rent	18,000	18,000
Cumis licence fee	19,924	20,891
I.D. cards	802	600
Officials development	-	22,757
Loss on disposal of property, plant and equipment	321	2,485
IDC office expenses	30,969	26,035
GARFIN fees	10,000	10,000
Shared network fees	15,525	29,025
ATM differences written off	<u>234,662</u>	<u>-</u>
	<u>\$5,172,337</u>	<u>\$4,279,866</u>

# Resolutions

## **1. 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.

## **2. 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.

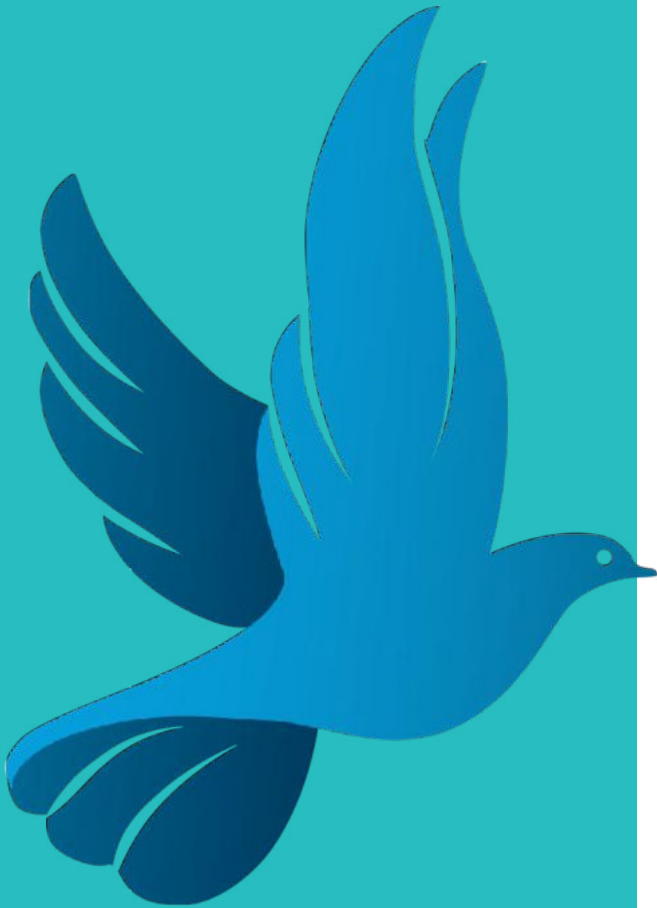
## **3. APPOINTMENT OF AUDITORS**

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-appointed as the Credit Union's auditors for the year 2018.

# Deceased Members 2017



Rolda F. Williams	Mont Tout, Grand Anse, St. George
Raphael Roberts	Grand Mal, St. George
Ignatius Julien	Requin, St. David
Selwyn Chetram	Mt. Granby, St. John
Nicole Mc Queen	Perdmontemps, St. David
Peter Nathaniel	Clozier, St. John
Leroy Hypolite	Belle Vue, St. David
Virginia Horsford	Westerhall, St. David
Wain T. Lewis	New Westerhall, St. David
Catherine Simeon	Beaton, St. David
David C. Blackburn	Lucas Street, St. George
Rawle Dragon	Windsor Forest, St. David
Gemma Bishop	Marlmount, St. David
Augustine Seales	Woburn, St. George
Nicholas Hankey	715 Ashford Street, Brooklyn N.Y.11207 U.S.A
Denis James	Perdmontemps, St. David
Angelina Jacob	Westerhall, St. David
Sebastian V. Richards	Calliste, St. George
Mary Haynes	Grand Anse, St. George
Agnes Haynes	57 Grove Green Rd, Leytonstone E11 4EG, U. K.
Anne Clarke	La Digue, St. Andrew
Magna B. Charles	Calliste, St. George
Sherman Amade	La Borie, St. George
Dorah De Gale	938 E 88th Street, Brooklyn, N.Y. 11236, U.S.A.
Irene Scott-Francis	Perdmontemps, St. David
Michael Telesford	Mardigras, St. Paul's, St. George
Edward W. Washington	P.O. Box 10170, St. Thomas USVI 00801
Marvin John-Purcell	Corinth, St. David
Claris T. Celestine	Champfleur, St. David
Joan Simon	Perdmontemps, St. David
Stanley T. A. Roberts	Perdmontemps, St. David
Cosnell A. J. Tobin	Mardigras, St. Paul's, St. George
Marcia Murrell	New Hampshire, St. George
Leticia Crosby-Samuel	Grand Anse, St. George
Sharon Lewis-Edwards	Calivigny, St. George
Diana Thomas	Perdmontemps, St. David
Michael Lewis	Grand Anse, St. George
Catherine Marryshow	Vendomme, St. George
Catherine Hector	Perdmontemps, St. David
Andre Forsyth	Cherry Hill, St. George
Loris Warren	Non-Pariel, St. Mark
Gerald Pysadie	Grand Anse, St. George
Rollin Williams	Boca, St. George
Phyllis Hartman	450 E 34th Street, Brooklyn N.Y. 11203, U. S. A
Robert R. Elcock	Westerhall, St. David
David La Touche	Vincennes, St. David
Jean Gloria Primus	Top Hill, Carriacou
Septimus Simon Antoine	La Mode, St. George
Carlyle Barry	Mongo Rd, Gouyave Estate. St. John
Mary F. Samuel	Fontenoy, St. George
Joseph Mitchell	Windsor Forest, St. David



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# NOMINATION FORM

## THE COMMUNAL CO-OPERATIVE CREDIT UNION LTD.

### Board of Directors:

A. PETRA FRASER

B. JUDE HECTOR

C. DAVID BRUNO

D. \_\_\_\_\_

### Supervisory & Compliance Committee:

E. Theresa Noel

F. \_\_\_\_\_

### Credit Committee:

G. Glendalyn Phillip-Samuel

H. \_\_\_\_\_

EMBRACING TECHNOLOGY TO ACHIEVE SUSTAINED GROWTH

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## G.U.T. CREDIT UNION'S MESSAGE

*In joyous solidarity the Grenada Union of Teachers Co-operative Credit Union greet you the members of The Communal Co-operative Credit Union, at your 36th Annual General Meeting.*

*Congratulations on another successful year (2017) of creating value for your members, while navigating a volatile financial and economic environment. We stand with you in cooperative spirit, recognizing that the needs and dreams of our members, collectively, is bigger than any one institution.*

*Your theme testify of your appreciation that your members desire better and relevant experiences to match their changing needs. As you peruse this vision of creating "A Whole New Experience" for your members, we implore that you peruse it with passion and member centric approach, as you build a better institution, taking advantages of joint initiatives and synergies with your fellow co-operatives. Together we can create new opportunities and growth in the credit union movement.*

*Best wishes for 2018 and beyond.*

