

## 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 2014

"Efficiency in Implementation"

### 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 receive;  
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 say or 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 be 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 harbour no prejudice  
Upon this theme we stand  
One man one vote for members  
Of high or low degree  
For in the Credit Union  
There's pure democracy.

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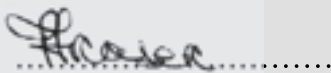
**NOTICE OF THE 33rd  
ANNUAL GENERAL MEETING**

Dear Member,

Notice is hereby given that the 33rd Annual General Meeting of The Communal Co-operative Credit Union Limited will be held on **Saturday 25th April 2015**, at the Grenada Boys Secondary School, Tanteen, St. George's, Grenada, beginning at 1.00 p.m.

**AGENDA**

1. Call to Order
2. Opening Ceremony
3. Ascertainment of Quorum
4. Adoption of Agenda
5. Standing orders
6. Minutes of 32nd Annual General Meeting
  - a. Corrections and amendments
  - b. Confirmation
  - c. Matters arising
7. Reports for Discussion and Adoption
  - a. Board of Directors
  - b. Supervisory Committee
  - c. Credit Committee
8. Financial Reports
  - a. Treasurer's Report
  - b. Auditor's Report
9. Any other business / Members concerns
10. Nominations Committee Report/Elections
11. Resolutions:
  - a. Approval of 2015 Budget
  - b. Setting of Maximum Borrowing Limit for 2015
  - c. Appointment of Auditors
12. Conclusions
13. Refreshments

  
.....  
Petra Fraser  
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

Republic Bank (G'da) Ltd  
CIBC First Caribbean International Bank

### SOLICITORS/ATTORNEYS

Law Office of George E. D. Clyne  
Wilkinson, Wilkinson & Wilkinson

### EXECUTIVE OFFICERS

#### President:

Michael Francois

#### Vice President:

Simeon Collins  
May 2013 – September 2014

#### Treasurer:

Kathy Ann Thompson

#### Secretary:

Petra Fraser

#### Assist. Secretary/Treasurer:

Jusceno Jacob

#### General Manager:

Lennox J. Andrews

## THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED STANDING ORDER

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

# Report

Board of Directors



*Michael Francois,  
President*

*Allan Simon*

*Kathy Ann Thompson,  
Treasurer*

*Petra Fraser,  
Secretary*



*Jusceno Jacob,  
Asst. Secretary/Treasurer*

*Claudia Alexis*

*Cecil Edwards*

*Joseph Sylvester*

*Wayne Sandiford*



*“Efficiency in Implementation”*

# REPORT FROM THE BOARD OF DIRECTORS

## INTRODUCTION

The Board of Directors of Communal is pleased to present the following report on the financial and administrative performance of our institution for the year 2014.

We begin by saying that 2014 was a special year for Communal. Faced with a small surplus in 2013, and having to deal with major changes in the financial landscape in the year, the Board gave specific directives to management to turn our performance around. Those directives resulted in a substantial improvement to our financial operations thereby allowing us to meet all of our statutory needs and the rebuilding of our accumulated reserves. Moreover, there have been some advances in the internal management and operations of the institution.

The specific events during the year that would have impacted most on the performance of our institution can be summarized as follows:

- The implementation of the government's structural adjustment programme which affected disposable income of our members and in which there are certain measures directed towards credit unions;
- The purchase of the loans sold to the Eastern Caribbean Home Mortgage Bank which impacted positively on our interest income;
- The launch of our International Debit Card which demonstrated our ability to satisfy the needs of our members

given the technological changes in the financial landscape of Grenada;

- The staging of a number of activities marking the Golden Jubilee Celebration of our institution. Those activities culminated with a Gala Event in which we recognized persons, staff and institutions that would have assisted our institution over those years;
- The restructuring of our Loans Department with the creation of Recoveries Unit aimed at reducing the level of delinquency and recovering income from written off loans;
- The completion of a new Strategic Plan for the period 2015-2017 which serves to guide the activities of Communal for the next three years;
- The recruitment of a Marketing Officer in the last quarter of the year, thereby creating the condition for implementing in full our previously prepared Marketing Strategy and Plan;
- The completion by our regulator GARFIN of its on-site inspection which report identified the areas for special attention over the next few years; and
- The closure of branches of other financial institutions, which increased our deposits and liquidity.

All these events took place in the midst of a financial landscape characterized by heavy competition and the absence of suitable in-



vestment opportunities. Moreover, as the financial space in Grenada becomes smaller, consideration was given to doing business outside of our narrow financial space.

Under these conditions it was indispensable that the Board held its usual monthly meetings. In addition had two retreats, one was with the Supervisory and the Credit Committees.

As our 2014 Theme "Living the Dreams of our Founders" suggested, during the year we were able to make our institution stronger and improved its image in the eyes of the population as reflected in a membership of 20,000.00 at the end of December 2014. Our founders, (and in particular those who were attended the Gala Event) would have been proud of our achievements today.

In what follows, we will outline the major achievements by departments. Before doing so we will provide a brief description on the performance of economy of Grenada in 2014 and then highlight our major financial and operational achievements. Following this, the 2015 Budget, and some Resolutions will be presented for your consideration and approval. Acknowledgements and Conclusions will end the report.

#### Grenada Economic Performance 2014

Preliminary estimates from the Ministry of Finance revealed that economic activity in Grenada was up 2.6% lower than the 3.1% recorded in 2013. The lower growth was related to a 5% decline in construction activity and also a 4% fall in value added in the manufacturing sector. Not many of our members are employed in the manufacturing sector, but we do have some members working in construction. This provided an explanation for the

delinquency seen in these sectors during the year.

The data however point out that the economic activity in the Agricultural sector grew by 23.1% reflecting the high output of crops, mainly cocoa and nutmegs. Not many of our members are farmers though.

On the fiscal side, there have been improvements in government current account with the implementation of the structural adjustment programme which aimed at raising revenue through taxes and lowering expenses.

Inflation has remained relatively low during the year.

## Review of Communal Operations for 2014

### Board of Directors

The following persons served on the Board for the period April 2014-December 2014:

Mr. Michael Francois	– President
Mr. Simeon Collins	– Vice President <sup>1</sup>
Mrs. Kathy-Ann Thompson	– Treasurer
Miss Petra Fraser	– Secretary
Mr. Juceno Jacob	– Asst. Secretary/ Treasurer
Ms. Claudia Alexis	– Member
Mr. Cecil Edwards	– Member
Dr. Wayne Sandiford	– Member
Mr. Joseph Sylvester	– Member
Mr. Allan Simon	– Member

The Board met monthly to receive the reports from the General Manager on the financial and managerial operations of the institution.

<sup>1</sup>Mr. Collins demitted office in September to take up employment abroad. His replacement was Mr. Allan Simon.



*Standing – Front row: Dawnleigh Carrington, Betty Charles, Chinnel Alexander, Denise Ghita, Candelia Fortune, Alison Noel  
 Standing – Back Row L to R: Lance Smith, Karel Collier, Lyndon Clyne, Shennel Andrews, Larry La Touche, Shirley Stephen, Ayana Russell, Elvis Frederick, Ann Marie Montrose, Koss St. Bernard, Lorna Cyrus, John Marryshow, Dean Hazzard, Kirlan Hosten, Alonzo Pope  
 Sitting: L to R: Carol Paul, Stonna Barry, Celia Samuel, Shurla Harris-Fields, Lennox J. Andrews, Mellisa Telesford, Verdessa Morain, Ronda Charles, Fiona Alexander-Baptiste*

The Board also had two retreats to prepare the Strategic Plan for the period 2015-2017. There were also three joint committee meetings with the Supervisory and Credit Committees.

The Board also intensified the work of its sub committees in providing technical assistance and advice to management in the execution of their duties. The Finance, Marketing and Investment sub committees were particularly active during the year. In that regard, the Board would like to recognize the outstanding work of Director Collins who served on all three committees.

#### Financial Performance 2014

The report from our external auditor states an operating surplus before transfers of \$623,622.00, substantially higher than the \$221,678 achieved in 2013. Interest income from members' loans grew by 14.5% and operating expenses were up 14.7%. At the end of December 2014, our total assets stood at \$94.6M from \$79.8M of the previous year.

#### Administrative and Operational Achievements 2014

We now proceed to highlight our major achievements.

#### Administrative

- In 2014 Communal reached fifty (50) years as a financial institution operating in Grenada. This Golden Jubilee achievement was celebrated with the implementation of a number of activities. The activities began with a press conference in which we informed the general public of our plans; and this was followed by a Church Service at the Springs Open Bible Church. The activities culminated with a Gala Event in which some 50 individuals, staff and institutions at home and abroad were recognized officially for their contribution to the growth and development of our institution. The Gala Event was attended by the Minister of Cooperatives who gave the feature address and by local and foreign dignitaries;
- We continued with our usual participation in credit union activities at home and abroad. These were the celebrations marking International Credit Union Day, and the Caribbean Confederation of Credit Unions which was held in the Bahamas;



*Carriacou: Treicia Frank, Cassandra Peters*

- In the last quarter of the year, we completed a new Strategic Plan for the period 2015-2017. This Plan outlines the activities to be implemented over the next three years to ensure that our institution remains relevant in the financial landscape of Grenada. The plan was designed under the Theme: "Exporting the Services of Communal" recognizing that given our narrow and competitive domestic financial space our institution needs to promote its services abroad to improve its financial performance;
- Our Loans Department was expanded with the creation of a Recoveries Unit with the specific task of lowering the delinquency ratio and increasing collections from written off loans;
- We established a working relationship with CariCRIS, the credit rating agency in the Caribbean. We received a presentation from this institution on the importance of a credit rating for our institution, but a formal decision has not been taken to proceed as such;
- Once again we received training in diverse areas relative to the operations

of our institution. The training is detailed later in this report;

- GARFIN, our regulator completed its on-site inspection of our institution. The inspection covered the operations of Communal as at September 2014 using management accounts and comparative information from the audited statements for the years 2012 and 2013. The inspection was a risk based assessment and identified in part the areas of our operations which require close monitoring and corrective action. These areas will receive our full attention as of 2015;

### Marketing

- Our International Debit Card was launched in April 2014 following extensive collaboration with the Grenada Cooperative Bank (our service provider). At the launch addresses were given by the Minister of Cooperatives, the Manager of the Grenada Cooperative Bank and of the Grenada Public Service Cooperative Credit Union. These institutions are members of the Connex Card family. The Debit Card is featured in the center pages of this report;
- In the last quarter of the year we recruited a Marketing Officer to undertake the implementation of the remaining activities in the 2013 Marketing Strategy and Plan. Since then our Web Site has been upgraded and our Face book page is regularly visited by members. We are in the process of completing a general advertisement for our institution and specific

actions are being taken to heighten membership use of our International Debit Card.

### Financial

- The Finance Committee of the Board provided specific actions to the Recoveries Unit on reducing delinquency and collecting bad debts. These actions would have resulted in a fall in the level of delinquency and an increase in our "other income"; thereby accounting for the improved performance in 2014;
- The Investment Committee of the Board also provided technical advice to management in the identification of suitable investment opportunities and in updating the investment policy. These actions would have in part accounted for the higher intake in investment income; and
- With the growth in liquidity since the early months of the year, the decision was taken to purchase the loans sold to ECHMB last year. The result was an increase in our income from loans, another factor accounting for the improvement in the financial performance in the year;

### Membership

Our institution continues to record high growth in membership, especially since relocating to the new Headquarters at Halifax Street. In 2014, 1,965 new accounts were opened, a growth of 15.5% over the previous year. At the end of December 2014 our total membership was 20,508 of which 66.9%

were active. The growth in membership over the last six years is reflected in the following table.

	2014	2013	2012	2011	2010	2009
<b>Net membership</b>	20,508	18,542	17,170	15,710	14,586	12,508
<b>% change</b>	10.6%	8.0%	9.3%	7.7%	7.3%	8.7%

As regards membership by age, we note that 76.1% of our members are between the ages 21-60 years. This is not only our largest membership in age group, but it is also the membership with the greatest shares (77.1% of total), deposits (73.6% of total) and loans (93.7% of total). This age group therefore constitutes the core of Communal activities. At the same time we note that 11.1% of our members are under the age of twenty. That figure represents a 0.87 percentage point growth over 2013. This growth is small in spite of our concerted effort to raise membership in that age group since last year. A stronger effort is therefore required to raise youth membership in our institution.

In addition, approximately 51.3% of our members are from the St. George parish. This is followed by St. David's with 14.5%. Third in line are our members from St. John's with 12.8%, followed by overseas members with 8.4%, but are the second largest depositors after St. George's members. As we move to export our services abroad, we intend to have these overseas members become more actively involved in Communal financial activities.

In 2014, membership has grown in every parish relative to 2013.

**MEMBERSHIP DISTRIBUTION BY LOCATION  
2014 vs. 2013**

LOCATION	NUMBER		% OF TOTAL MEMBERSHIP (2014)
	2014	2013	
St. George	10,528	9,511	51.34 %
St. David	2,964	2,725	14.45 %
St. Andrew	686	645	3.35 %
St. Patrick	324	268	1.58 %
St. Mark	296	274	1.44 %
St. John	2,630	2,275	12.82 %
Carriacou & Petite Martinique	1,367	1,266	6.67 %
Overseas	1,713	1,578	8.35 %
<b>TOTAL</b>	<b>20,508</b>	<b>18,542</b>	

In terms of gender, approximately 50.4% of our members are female. In 2013, our membership was evenly distributed between genders. Notwithstanding this, men borrow more and save less; on the contrary women save more and borrow less. Men loan to deposit ratio is 126.3%, the corresponding figure for women is 87.9%.

**Training received by Staff in 2014**

In 2014, we continued our effort at providing the requisite training for our staff to ensure their personal academic development in line with the requirements of the job. Based on the information available in the table, two of our staff are receiving training Mortgage Underwriting, and management received training in risk management.

**Budget 2015**

The 2015 Budget was prepared based on our achievements in 2014 and on the activities outlined in the 2015 Work Plan; the latter was fashioned from the 2015-2017 Strategic Plan.

It must be noted that the 2015 Budget was approved by the Board in January 2015. At that

time the external auditors report was not available. The approval therefore was based on management figures on the performance of Communal in December 2014.

In that regard, we note that the surplus indicated in the budget is not as high as stated in the external auditors report. As a result the surplus for 2015 is lower than that achieved in 2014. Be that as it may, given the closeness of the actual surplus in 2014 and that budgeted in 2015, we did not consider it necessary to revise the budget for 2015 in time for this AGM. A revised budget reflecting the auditor's numbers will be done in the second quarter of the year.

**Focus for 2015**

The focus for 2015 has been made clear with the preparation of a new Strategic Plan for the period 2015-2017 which formed the basis for our work plan and budget in 2015. In addition, the GARFIN on site inspection report has indicated specific areas that would require our attention in the coming years. In light of this, our focus will be in part on increasing institutional capital through the generation of higher operation surplus.

While our membership has been growing over the years, the growth in the less than 20 age group has not been satisfactory; our focus in 2015 will therefore be on increasing membership in that age group.

Also we note that given the narrow domestic financial space and limited financial opportunities available therein, Communal needs to look outside of our region for membership, more loans and greater investment opportunities. In that regard, we will continue to work with regional institutions, establish formal



DATE	TRAINING	HOSTED BY: (FACILITATOR)	ATTENDEES
January 19 – 25, 2014	Caribbean Development Education Program (CARIB DE 9)	Caribbean Confederations of Credit Unions	Mrs. Treicia Mitchell-Frank Ms. Glennesha Williams
February 4, 2014	Business Innovation	Eastern Caribbean Central Bank	Mr. Elvis Frederick
February 15, 2014	FIU for Supervisory & Compliance Committees	Financial Intelligence Unit (FIU) & Grenada Co-operative League Ltd.	Mrs. Dawn Walker Mr. Jonathan Thompson Ms. Pearl Doughlin
February 22, 2014	Etiquette & Integrity Workshop	Action Coach (Ian Blanchard)	All Staff
April 16 & 23, 2014	Microsoft Excel 2010 Training	Pearl Doughlin	All Staff
March 18, 2014	Professionalism in the Workplace	MBA Consultancy Inc. (Michael Archibald)	All Staff
June 11 – 12, 2014	Intensive Credit Risk Analysis Workshop	Caribbean Information & Credit Rating Services Ltd (CARICRIS)	Mr. Lennox J. Andrews Mr. John Marryshow
June 21 – 25, 2014	57 <sup>th</sup> Annual International Convention	Caribbean Confederation of Credit Unions	Mr. Michael Francois – <i>President: Board of Directors</i> Mr. Lennox J. Andrews Ms. Ann Marie Montrose
July 10, 2014	Corporate Governance in Financial & Non-Financial Sector	Grenada Chamber of Industry & Commerce	Mrs. Dawn Walker - <i>Chairperson, Supervisory Committee</i> Mrs. Fiona Alexander-Baptiste
August 13 – 17, 2013	12 <sup>th</sup> Annual OECS Credit Union Summit	Antigua & Barbuda Co-operative League Ltd	Mrs. Theresa Noel – <i>Chairperson, Credit Committee</i> Mrs. Shurla Harris-Fields Mr. Koss St. Bernard
August 19, 2014	Effective Loan Collection Techniques	MBA Consultancy Inc. (Michael Archibald)	Mr. Larry La Touche
August 20 – 21, 2014	Negotiation/Conciliation Skills	Grenada Employers Federation	Mrs. Shurla Harris-Fields
November 17 – 21, 2014	Mortgage Underwriter Programme, Module 1	Eastern Caribbean Home Mortgage Bank	Mr. Morland Humphrey Ms. Stonna Barry
November 24 – 25, 2014	Risk Management Training	Caribbean Information & Credit Rating Services Ltd (CARICRIS)	Mrs. Kathy Ann Thompson – <i>Treasurer, Board of Directors</i> Mrs. Shurla Harris-Fields
November 26 – 28, 2014	Improving Operating Efficiencies in Credit Unions	Caribbean Microfinance Alliance	Mr. Lennox J. Andrews



links with Grenadians and other nationalities living abroad and invest on the international market.

It is that regard, we will face 2015 with the Theme: "Exporting the Services of Communal".

### Acknowledgements and Conclusions

The improved performance of our institution in 2014 was only possible with the hard work of our staff and management. In this regard, the Board recognizes and applauds the staff for its work in 2014 and look forward to its positive attitude towards work in 2015.

During the year 2014, 1,965 new accounts were opened at Communal. This is a demonstration of the confidence the people of Grenada has exercised in our institution. We would like to thank all persons who opened new accounts as well as those who continue to remain loyal to our institution. We will continue to work to meet all your financial needs.

As indicated earlier Mr. Collins demitted office to take up employment elsewhere. The Board would like to express its profound thanks to Mr.

Collins for the demonstration of commitment to the Credit Union Movement as manifested in his active involvement with three subcommittees of the Board. We wish him the best in his new employment.

Director Edwards who served on the Board for the last six years will be demitting office in April. We would also like to thank him for his hard work during those years.

Fellow cooperators, 2015 remain another challenging year for our institution. While a larger surplus has been achieved in 2014, this has not placed our institution on a strong financial footing. The improvements in financial management and operations in recent years are welcoming, but we need to say to you that our work has only just begun.

In that regard, as a Board we remain resolute in managing this institution to the best our ability, making use of the available technology and knowledge in the financial landscape and providing the driving force behind management that would allow them to apply themselves assiduously to building a strong and relevant financial institution. This is our pledge to you in 2015.

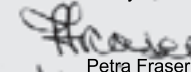


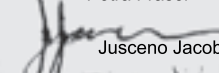
MANAGEMENT STAFF

Standing: Lennox J. Andrews, Shennel Andrews, Ann Marie Montrose, John Marryshow  
Sitting: Shurla Harris-Fields, Mellisa Telesford

  
Michael Francois

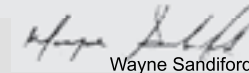
  
Kathy Ann Thompson

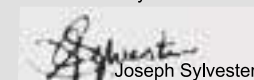
  
Petra Fraser

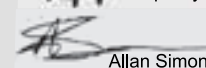
  
Jusceno Jacob

  
Cecil Edwards

  
Claudia Alexis

  
Wayne Sandiford

  
Joseph Sylvester

  
Allan Simon

# TREASURER'S REPORT

## for the Financial Year ended December 2014

### Introduction

This report provides an analysis of the financial performance of Communal for the year 2014 relative to the previous year. The report covers the following:

- Communal Assets and Liabilities for 2014;
- Communal Comprehensive Income for 2014; and
- Major financial indicators in line with the PEARLS ratios.

Suffice to say that the year 2014 shows an improvement in the financial performance of Communal relative to 2013.

### Communal Assets and Liabilities

The audited financial statement for 2014 indicates that Communal total assets went up by 18.6% to \$94.6M, relative to 2013. That growth can be explained as follows:

- o Total earning assets grew by 14.4% to \$76.8M, reflecting a 9.9% rise in members' loans which at the end of December 2014 stood at \$66.0M. Moreover, financial assets receivable moved to \$3.9M, from \$2.4M at the end of December 2013. In addition, financial assets held to maturity recorded a growth of 77.9% to \$5.1M. It is noted that investment property showed a slight decline during the year;
- o At the same time, Communal non-earning assets jumped by 41.0% to \$17.8M, mainly on account of cash and cash equivalent which recorded a high growth of 91.0%, as members made large deposits in our institution during the year.

On the capital and liabilities side, the audited statement reveals the following:

- Communal institutional capital grew by 8.1% to \$9.9M, as permanent shares increased by 4.1% to \$7.4M and the accumulated surplus rose by 70.1% to 0.8M;
- Equity grew by 5.9% mainly due to a substantial rise in the Development Fund;
- Non-current liabilities are now zero as we purchased the loans sold to ECHMB; and
- Total liabilities moved by 20.3% to \$84.6M, reflecting the rise of 28.8% in members' deposits.

### Comprehensive Income

The external auditors report shows that Communal financial operations for 2014 resulted in a net income of \$4.4M, approximately 17.4% above the net income in 2013. We note the following relative to the growth in net income:

- Interest income from members' loans amounted to \$5.96M, from \$5.21M in 2013. Interest payments to members increased to \$2.4M, from 2.0M in 2013. As a result, the net interest income for 2014 was \$3.6M, a growth of 12.4% over 2013.
- Interest from financial assets went up by 42.9% to \$0.6M as Communal increased its investment during the year; and other operating income also recorded substantial growth of 48.0% to \$0.3M.





General and Administrative Expenses in 2014 rose by 14.7% to \$3.9M. Income from bad debts declined but from a low base. However rental income went up by 18.2% to \$0.2M. It is also noted that there was a substantial decline in provision for bad debt.

When the general administrative expenses and bad debt provisions, together with the rental income and the income recovered from bad debt, are deducted and added respectively to the net income, Communal would have achieved an Operating Surplus of \$623,622 for 2014. This surplus is substantially higher than the \$221,678 recorded in 2013.

Now in 2014 Communal had no finance cost since we have no loans; therefore the net surplus for 2014 before transfers is

\$623,622, more than three times above the surplus for 2013.

From this surplus, we must make transfers of \$124,724 to the Statutory Reserve and of \$31,181 to the Development Fund. After these transfers are made, the resulting net surplus for the year is \$467,717.00, well above the \$128,328 achieved in 2013.

In conclusion, 2014 represents the third consecutive year in improvement in our financial operations.

The comprehensive income statement is also presented in the format indicated below to allow for further analysis by our members. This format shows the source by our income, the cost of our operations and a statement of our assets.



## Income and Expenditure Account: Members' Perspective

2014 \$	OUR INCOME WAS EARNED FROM	2013 \$	Increase/ (Decrease)	%
5,963,829	Interest on members' loans	5,209,882	753,947	14.5
562,193	Interest on investments	393,495	168,698	42.9
234,150	Rental Income	198,150	36,000	18.2
302,343	Other income/recoveries	220,224	82,119	37.3
7,062,515	<b>Total Income</b>	6,021,751	1,040,764	17.3

OUR COST TO OPERATE THE CREDIT UNION WAS				
4,086,311	Operating Expenses	3,837,628	248,683	6.5
2,352,582	Interest to members	2,013,019	339,563	16.9
6,438,893	-	5,850,647	588,246	10.1
623,622	Net profit before provisions for impaired assets	171,104	452,518	264.5
124,724	From which we set aside 20% for Statutory Reserve in relation to the Co-operative Societies Act.	34,221	90,503	264.5
31,181	Development Fund payable to the Grenada Co-operative League	8,555	22,626	264.5
467,717	Net Surplus for the year	128,328	339,389	264.5
466,846 (1.6)	To which is added undistributed surplus from previous years	474,535	(7,689)	
140,370	Deduct dividend and bonus distribution approved at the previous AGM for members	136,017	4,353	3.2
794,193	Leaving us with undistributed surplus at year end	466,846	327,347	70.1

Members' Statement of Net Assets Owned: Summary				
2014 \$		2013 \$	Growth/ (Decrease)	%
7,388,135	Shares	7,098,400	289,735	4.08
82,887,582	Savings and Deposits	64,364,001	18,523,581	28.78
1,735,988	Statutory Reserves	1,609,917	126,071	7.83
99,565	Other Reserves	280,805	(181,240)	(64.54)
794,193	Undistributed Surplus	466,846	327,347	70.12
-	ECHMB liability	5,270,376	(5,270,376)	-
1,732,998	Less amounts owed	726,063	1,006,935	138.68
<b>94,638,461</b>	<b>Our Net Assets</b>	<b>79,816,408</b>	<b>14,822,053</b>	<b>18.57</b>
65,999,758	Loans to us as members	60,079,934	5,919,824	9.85
9,154,073	Investments	5,402,882	3,751,191	69.43
10,983,310	Cash in hand and at bank	5,747,856	5,235,454	91.09
907,347	Other current assets	709,253	198,094	27.93
1,678,929	Investment Property	1,705,792	(26,863)	(1.57)
5,057,502	Land and Building	5,175,852	(118,350)	(2.29)
857,542	Other fixed assets	994,839	(137,297)	(13.80)
<b>94,638,461</b>	<b>Agreeing our Net Investments with our asset owned</b>	<b>79,816,408</b>	<b>14,822,053</b>	<b>18.57</b>

### Major Financial Indicators

The performance of the institution is further clarified by analyzing the performance of some major financial indicators for the last five years. The indicators and their performances over the period stated are shown in the following table. We observe:

- Consistent growth in income since 2012, with a major jump in 2015;
- Following three years of negative growth our reserves have shown

- improvement in the last two years;
- Shares have increased during the last five years;
- Loans have also shown consistent growth;
- There have been major rise in deposits in the last three years.
- Assets have grown consistently over the years

	2014	2013	2012	2011	2010
<b>Income (% change)</b>	17.3	5.7	6.0	-3.1	3.5
<b>Reserves (% change)</b>	7.8	0.6	-3.8	-6.7	-29.0
<b>Shares (% change)</b>	4.1	3.9	3.2	0.8	2.6
<b>Loans (% change)</b>	9.9	8.2	10.2	7.0	3.8
<b>Deposits (% change)</b>	28.8	12.2	13.9	7.8	6.5
<b>Assets (% change)</b>	18.6	12.9	12.2	6.2	2.8

### PEARLS Ratios

PEARLS<sup>2</sup> 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. The following table shows the behavior of these ratios in 2014 relative to 2013, as well as their accepted benchmarks.

<sup>2</sup>PEARLS: (Protection; Effective Financial Structure; Asset Quality; Rates of Return and Costs; Signs of Growth).

<b>PEARLS RATIO ANALYSIS</b>				
	<b>Required Ratio</b>	<b>Actual Ratio 2014</b>	<b>Actual Ratio 2013</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%	69.74%	75.27%	Fair
Savings Deposits / Total Assets	70-80%	87.58%	80.64%	Poor
Institutional Capital / Total Assets	Min 10%	10.48%	11.50%	Excellent
Members Shares/Total Assets	10-20%	7.81%	8.89%	Poor
<b>ASSET QUALITY</b>				
Total Loan Delinquency / Gross Loan Portfolio	<=5%	8.30%	11.09%	Poor
Non-Earning Assets / Total Assets	<=5%	17.04%	8.96%	Poor
<b>RATES OF RETURN &amp; COSTS</b>				
Total Financial Investment Income / Average Financial Investments	Market Rate 3.2%	5.84%	4.88%	Excellent
Total Interest Cost on Savings Deposits / Average Savings Deposits	Market Rate 3%	3.20%	3.31%	Good
Total Interest Cost on External Credit / Average External Credit	Market Rate 9-10%	0.71%	2.79%	Excellent
Total Operating Expenses / Average Total Assets	10%	4.41%	4.46%	Excellent
<b>LIQUIDITY</b>				
S.T Investments + Liquid Assets - S.T Payables / Savings Deposits	Min. 15%	23.43%	16.61%	Excellent
Liquidity Reserves / Savings Deposits	10%	24.02%	17.32%	Excellent
Non-Earning Liquid Assets / Total Assets	<1%	10.71%	1.13%	Poor
<b>SIGNS OF GROWTH</b>				
Growth in Loans to Members	≥ 10%	9.85%	8.20%	Good
Growth in Savings Deposits	20%	28.78%	12.24%	Good
Growth in Institutional Capital	>5%	8.10%	3.29%	Good
Growth in Membership	>12%	10.71%	6.65%	Fair



The table above reveals the following:

1. The two indicators in the category Protection met the required benchmark. Therefore our performance in the category Protection was good;
2. Two indicators met the required benchmark in the category Effective Financial Structure. While the institutional capital to total assets ratio was excellent, we performed poorly in the members' shares to total assets ratio. Improvement in that ratio would require a faster growth in members' shares relative to our assets;
3. None of the indicators in the Asset Quality category met the required benchmark in 2014. This is in contrast to 2013 when all indicators met the benchmark. The fall in the asset quality was largely due to deterioration in delinquency and a growth in non-earning assets. These two matters are being addressed in 2015;
4. We showed excellent performance in the category Rates of Return and Costs. This represents an improvement over 2013 when only two indicators were good;
5. In the category Liquidity, our performance was mixed with two indicators being excellent and one being poor. Nevertheless, liquidity has not been a problem for Communal in 2014;
6. All indicators in the Signs of Growth category performed well.

In summary, our financial performance has shown major improvement in 2014 relative to 2013. As GARFIN has introduced new benchmarks for performance indicators in 2014, our efforts must be at improving those indicators that have not met established benchmarks. One such major indicator for

special attention as of 2015 is the institutional capital.

### Acknowledgments

Being new to this position on the Board, I wish to acknowledge the support received from Board members and management staff in the execution of my duties as Treasurer on the Board of Directors of Communal



.....  
Mrs. Kathy Ann Thompson  
Treasurer



# REPORT OF THE CREDIT COMMITTEE

## For the Year Ended 31st December 2014

It is with pleasure that the Credit Committee presents its report for the year ending 31st December, 2014 to you the members of the Communal Credit Union. The honor has been ours over the year to serve and assist you in realizing your varied dreams and aspirations.

The members of the Committee were:

- **Mrs. Theresa Noel**  
Chairperson
- **Mrs. Marcia Gabriel-Baptiste**  
Secretary Member
- **Mrs. Graceann Neptune**  
Member
- **Ms. Ruth Jerome**  
Member
- **Mr. Kelon John**  
Member

### MEETINGS

There were a total of 46 meetings held by the Credit Committee to review and consider loan applications during the year. At times, this proved taxing on the schedules of members, but the dedication was always there. Profound gratitude is expressed to committee members who faithfully served during the year.

Provided below is a summary of attendance at these meetings;

NAME	ATTENDED	ABSENT/ EXCUSED
Theresa Noel	44	2
Graceann Neptune	37	9
Ruth Jerome	40	6
Kelon John	36	10
Marcia Gabriel-Baptiste	40	6

### OVERVIEW

Despite the financial and economic challenges that have assailed our local and regional economies in the fiscal year 2014, resulting from the tremendous pressure associated with the global financial crisis, Communal continued along its profitable path.

The mantle of responsibility as per our mandate continues to demand from us high levels of prudence, confidentiality, commitment and responsibility to deliberate on members loans.

Despite the continued challenges in 2014 associated with increased unemployment, rising inflation, increased taxes and low interest rates, the Credit Committee remained focus in its commitment to improving our member's social, economic and financial well being, by embracing change and finding new and creative ways through the launch of strategic loan promotions throughout the year that was geared to bring benefits to members.

Our overall loan portfolio moved from \$60.6M in 2013 to \$66.5M in 2014, an increase of 9.73%. This reinforces the confidence you, our membership have in the long term viability of your credit union.

In 2014, Communal deliberated on 2,549 loan applications, of which 2,263 were approved and disbursed.

The committee restructured a number of members loan so as to control the level of delinquency and released partial cash security to assist members in meeting short term financial obligations.



## DELINQUENCY

The ability of the Credit Union to continue providing loans at a reasonable cost is hinged on its membership savings and on members meeting their financial commitments with the institution on time.

The delinquency rate at the end of 2014 was 9.73%. There were 292 delinquent loans with a value \$6,481,031 compared to 11% in 2013 at a value of \$6,830,040.29. This indicates that slightly fewer people were delinquent on their loans in the past year. The 2014 rate of recovery was 5.82%.

We continue to encourage members to regularly make their payments and if the need arises, speak to one of our helpful loans officers for advice. The ability of your brother and sister to borrow depends on whether or not you repay your loan.

During the year, a number of actions were taken to control delinquency. These included:

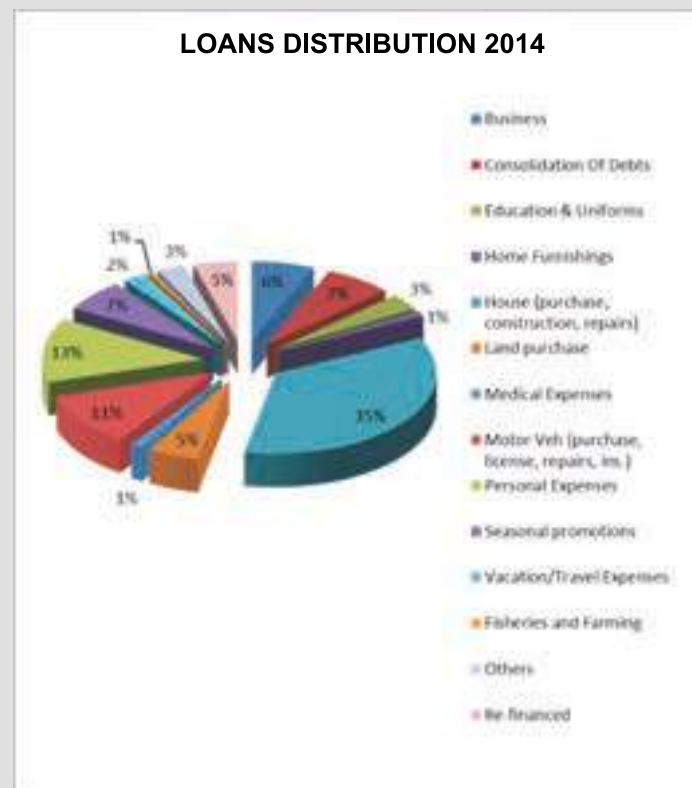
1. Repossession and sale of Security;
2. Loan rescheduling;
3. Thorough processing of Loan applications;
4. Legal action against delinquent members;
5. Constant contact with members in an effort to assist them; and
6. Prompt action by the recoveries department to contact members.

## ANALYSIS OF LOANS

The following table provides information on the number of loans disbursed and their values. It shows that during the year 2,263 loans were disbursed with a value of \$37.6M.

LOANS DISBURSED 2014			
Purposes	Amount \$	Number	Amt.%
Business	2,388,335.00	82	6.35%
Consolidation Of Debts	2,579,242.00	101	6.86%
Education & Uniforms	1,251,662.00	102	3.33%
Home Furnishings	435,407.00	47	1.16%
House (purchase, construction, repairs)	13,314,089.00	262	35.41%
Land purchase	1,932,662.00	28	5.14%
Medical Expenses	476,889.00	42	1.27%
Motor Veh (purchase, license, repairs, ins.)	4,061,324.00	189	10.80%
Personal Expenses	4,875,705.00	864	12.97%
Seasonal promotions	2,419,880.00	340	6.44%
Vacation/Travel Expenses	876,137.00	86	2.33%
Fisheries and Farming	233,308.00	21	0.62%
Others	1,063,131.00	55	2.83%
Re-financed	1,687,308.00	44	4.49%
<b>TOTAL</b>	<b>37,595,079.00</b>	<b>2,263</b>	<b>100.00%</b>

The above is also presented in the following pie chart.



### Loans Declined

During the year, a total of 102 loans were declined with a value of EC\$2,754,002. These loans were declined for the following reasons:

- Inability to repay;
- Inadequate security; and
- Delinquent history.

### House (Purchase/Construction/Repairs) Loans

House (purchase/construction/Repairs) loans accounted for the largest sector of loans disbursed in 2014 (35.41%) or \$13,314,089. We are heartened to see our members advancing more into home ownership.

### A Word to Members


The Credit Committee wishes to offer some advice to members wishing to borrow. Be

truthful and submit the required information. When the proper information is not presented there is delay in loan approval as the committee's job becomes more time consuming.

### Conclusions

Undoubtedly, 2014 was another difficult year for our institution, notwithstanding the improvement in our financial outturn. Indeed that outturn hinged on the performance at the loans department and in particular on the actions taken to control delinquency and improve the quality of the loan portfolio. Our work remains challenging in 2015, but we are well prepared to face this challenge.

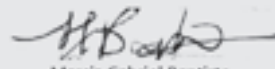
We end by saying thanks to our members for the confidence shown in our Credit Union and we look forward to your continued support.



Theresa Noel



Graceann Neptune



Marcia Gabriel-Baptiste



Ruth Jerome



Kellon John



Marcia Gabriel-Baptiste, Theresa Noel, Kellon John, Graceann Neptune, Ruth Jerome



# SUPERVISORY AND COMPLIANCE COMMITTEE REPORT

For the year ended December 31st 2014

## 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, 2014.

At the 32nd Annual General Meeting held on 26th April, 2014, Messrs David Bruno and Devon La Touche were elected to serve on the Supervisory Committee to replace Mr. Jonathan Thompson and Ms. Pearl Doughlin.

The other members of the Committee were:

- Mr. Lescott Charles
- Mrs. Dawn Walker
- Ms. Stephany Gordon

Subsequent to the Annual General Meeting, Mrs. Dawn Walker and Ms. Stephany Gordon were re-elected as Chairman and Secretary respectively.

## Meetings

The scheduled monthly meetings of the Supervisory and Compliance Committee (SCC) were well attended. Members also attended Extraordinary Credit Committee (ECC) meetings that were scheduled from time to time to approve loans for staff and members of the Management Committee. Three (3) Joint Committee meetings were held in 2014.

The Role of the Supervisory and Compliance Committee is to act as an internal auditor to safeguard the assets of the Communal Cooperative 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.

## Scope of Work

In addition to reviewing the monthly Reports and/or Minutes of the Board; of the Manager Treasury & Accounting; of the Credit and Investment Committees and of the General Manager, the Supervisory and Compliance Committee carried out the following activities during 2014:

- A. Examination of Audited Financial Statements for 2013 and the associated Management Letter;
- B. Performed Cash Counts at all branches;
- C. Monitored Management Committee Meeting Attendance;
- D. Made representation on the Erma Whint Health Fund Committee;
- E. Conducted Review of the HR Files;
- F. Examined Management Loan Files;
- G. Analyzed the Delinquency Loan Files;
- H. Scrutinized Communal Investment Portfolio; and
- I. Reviewed death claim processing procedures and conducted testing on a sample of nine (9) death cases for 2013/2014.

### Findings Related To The Scope of Works Undertaken

- a) The Committee is satisfied that the issues raised in the 2013 Management Letter from the external auditors have been adequately addressed by management;
- b) Results from the Cash Counts were satisfactory;
- c) Attendance by Management Committee member was generally good;
- d) Meetings were held as needed and the annual report was prepared;
- e) Standard documents such as current job descriptions and confirmation letters which are expected to be part of every employee's file were not found in over forty percent (40%) of the files;
- f) Loan Files were fairly maintained;
- g) Management was notified that some of the procedures related to its recovery methods needs to be strengthened;
- h) Results from the cases tested were satisfactory. Insurance policies were reviewed and the values of the amount insured were consistent with those of the preceding year.
- i) The execution process appeared to be credible and well documented.

### Recommendations

- 1) The Credit Committee (given its role of providing prudent oversight of the loans portfolio, in accordance with Section 60 of the Co-operative Societies Act 2011) working with Management must continue efforts in dealing with members whose loans have become delinquent. In addition, both the Board and Credit Committee must work towards ensuring that Management achieve a higher rate of

recovery (delinquent cases where loans have been written off), because recent evidence showed a downward trend in the recovery rate;

- 2) There is an urgent need for a Job audit/evaluation to be undertaken to ensure that position description is in line with the Communal's organizational structure;
- 3) The Security and Delinquency Unit needs to be more aggressive in its approach when dealing with members whose loans have become delinquent.

### Observations

- The Supervisory and Compliance Committee is concerned that in 2014 no complaints were brought to its attention pursuant to Section 74 (B) (8) 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;'
- A key activity scheduled for the Loans Department in the Credit Union's calendar year 2013 and 2014 was the production of a Recoveries Manual which remains outstanding. The Supervisory and Compliance Committee recommends that this key activity be given high priority in 2015;
- With reference to the recruitment of an Internal Auditor, Management has recently submitted a copy of the contract and the commencement date of April 1, 2015 for the engagement of such person. It should be noted that the recruitment process of an Internal





Auditor is being spearheaded by the Grenada Cooperative Credit Union League;

- A number of the Articles of the Communal's By-Laws have been revised, during the last few years. In addition, since the passing of the co-operatives Act 2011 the Articles in the By-Laws no longer relate to the corresponding sections in the Act. Communal's By-Laws need to be updated in light of the enactment of the Co-operatives Act;
- There appears to be some system issues with the Emortelle Accounting Software currently in use by the Credit Union. In light of such there is a need for a timeline to be established to have the issues resolved.

## Acknowledgements

The Supervisory and Compliance Committee expresses heartfelt thanks to the Communal Cooperative Credit Union members for giving us the opportunity to serve you. At the end of the Annual General Meeting Mr. Lescott Charles will be retiring after having served two full terms on the Committee. We, the continuing members, would like to thank him for his hard work and invaluable services provided over the last six years. We would also like to express our appreciation to the Board of Directors, Credit Committee, Management and Staff for their cooperation and assistance. We look forward to further serving you in 2015.

  
Dawn Walker  
  
Stephany Gordon

  
Lescott Charles

  
David Bruno

  
Devon La Touche



*Lescott Charles, Stephany Gordon, David Bruno, Dawn Walker, Devon La Touche*

# NOMINATION'S COMMITTEE REPORT

## Annual General Meeting 2015

### INTRODUCTION

The Board of Directors, at its meeting on February 18, 2015, 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 33rd Annual General Meeting.

The Nomination's Committee comprised of the following persons:

- Ms. Petra Fraser - Board Member
- Ms. Lorna Cyrus - Member of Staff
- Mr. Isaac Bhagwan - Member

#### Board of Directors:

Mr. Cecil Edwards has completed his second terms and is due to retire. Mr. Simeon Collins resigned his position in September 2014, to take up duties overseas. The board, appointed Mr. Allan Simon to serve the remainder of his term.

#### Supervisory Committee:

Mr. Lescott Charles has completed his second terms and is due to retire.

#### Credit Committee:

No vacancy existed on the Credit Committee.

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

The Nomination Committee's recommendations are as follows:


	RETIRED	NOMINATED	TERM
Board of Directors	Mr. Cecil Edwards	Mrs. Jennifer Gulston-Gittens	1st
	Mr. Simeon Collins	Mr. Allan Simon	1st
Supervisory Committee	Mr. Lescott Charles	Ms. Rolanda Henry	1st

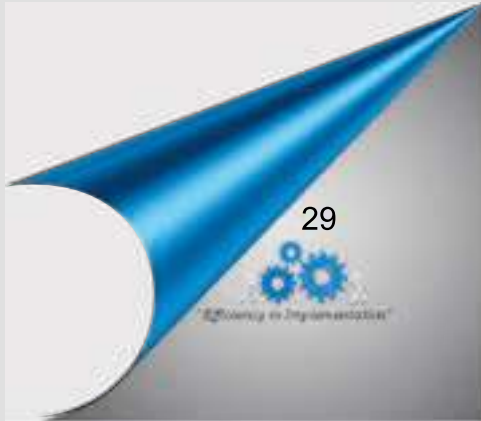


The following persons will continue to serve unfinished terms on the various committees:

Board of Directors	Year Elected	End of First Term	End of Second Term
Mrs. Kathy Ann Thompson	2010	2013	2016
Ms. Petra Fraser	2010	2013	2016
Mr. Michael Francois	2010	2013	2016
Dr. Wayne Sandiford	2011	2014	2017
Mr. Joseph Sylvester	2012	2015	2018
Ms. Claudia Alexis	2014	2017	2020
Mr. Jusceno J. Jacob	2014	2017	2020
Supervisory Committee			
Ms. Stephany Gordon	2010	2013	2016
Mrs. Dawn Walker	2011	2014	2017
Mr. David Bruno	2014	2017	2020
Mr. Devon La Touche	2014	2017	2020
Credit Committee			
Mrs. Marcia Gabriel- Baptiste	2010	2013	2016
Mr. Kellon John	2010	2013	2016
Ms. Ruth Jerome	2010	2013	2016
Mrs. Theresa Noel	2011	2014	2017
Mrs. Grace-Ann Neptune	2013	2016	2019

The Nominations Committee expresses thanks to all persons of the Management Committee for agreeing to serve the Credit Union.

  
 \_\_\_\_\_  
 Petra Fraser (Ms.)  
 Chairperson





## IDC Feature Presentation

For the period April 1, 2014 to December 31, 2014 we have issued 1,588 debit cards to our members. During that period our members performed over 13,365 transactions at a value of over \$2.7m.

### BENEFITS OF USING THE COMMUNAL VISA INTERNATIONAL DEBIT CARD

- Access to your money at the Credit Union when travelling overseas
- Access to your money 24 hours a day, 7 days a week, 365 days a year.
- Available to you are 14 ATM's within the CONNEX network island wide
- The card is acceptable at over 3,000,000 locations worldwide, wherever the VISA sign is displayed.
- There is no need to carry excess cash.
- The card allows you to shop online from the comfort of your home.
- There are over 200 merchants locally that accept the card. (wherever the VISA sign is displayed).
- Carrying the card reduces the risk of loss of your funds by theft.

### WHAT YOU CAN USE YOUR CARD TO DO

- Withdrawals at an ATM
- Deposits at Connex ATM located at Grenada Co-operative Bank sites.
- Purchases online or from any merchant, locally or internationally, where the VISA sign is displayed.
- Transfer your funds from your regular deposit account to your debit card account at any Connex branded ATM.
- Check the balance on your account at an ATM

### SAFETY TIPS WHEN USING YOUR DEBIT CARD

- 1. Be Observant**  
Look around for any suspicious persons or activities near ATM machines. If you see anything that looks suspicious, use another machine or return later.
- 2. Scan the Machine Before Inserting Card**  
If you see something that looks unfamiliar on the machine, it could be part of an ATM scam. If it looks funny, use another ATM.
- 3. Keep Your PIN Number Secret from Everyone**  
Never write down your Personal Identification Number (PIN) anywhere, especially on your Debit Card or on a note in your wallet or purse. If you suspect that someone knows your PIN, come to the Credit Union and have it changed.
- 4. Protect Your Card**  
Protect your debit card in the same way you protect your cash, checks, or credit cards. Report lost or stolen cards immediately.
- 5. Review Sales Slip**  
When using your debit card for purchases, review your sales slip before signing it and check to see if the correct amount has been filled in. Never sign a blank sales slip.
- 6. Don't Leave Your Receipt**  
Be sure to take your receipt or transaction record with you when you leave.
- 7. Ensure Your Card is Returned**  
Make sure the merchant returns your card to you when your purchase transaction is completed.
- 8. Safeguard Your Cash**  
Put your cash away quickly in your pocket, wallet or purse. Use caution when counting cash at the machine.
- 9. Review your statement when received, so you can spot any irregularities and notify the credit union immediately.**

TESTIMONIALS FROM MEMBERS



Vaughn Lawrence – (Managing Director)

"My entire experience with the Communal Debit card has been and continues to be outstanding and the staff is very professional, courteous, and always available. The best card I have ever worked with and I have used many others. It's very easy to use and hassle free from Grenada to Miami and New York. The card worked wonderful and the staff in that department is awesome."



Yvonne Griffith – (Travel Agent)

"Using the Communal Co-operative Credit Union Debit Card is simple, fast and convenient. No need to walk with cash you can pay with your card almost everywhere and you are also entitled to discounts. Shopping online is easy and reliable but most of all the staff is friendly and always helpful."



Dwight Ross – (Systems Administrator)

"It is my great pleasure to write this letter of unwavering support for the Communal Co-operative Credit Union's debit card facility. I began using my debit card in June of 2014, and have ordered from many major sites including Amazon, Dell and Microsoft, and at times even from a few not so well known sites, with equal success.

Admittedly, I have had one issue during this time with a site, partly due to my negligence. However, it was quickly resolved, leading me to the conclusion that Communal Co-operative Credit Union's customer service is unquestionably one of the best, they reflected a level of insightfulness and attention to detail that now makes me even more confident when using my card online."

# HIGHLIGHTS

from the Launch event on April 15th, 2014

Communal's President - Mr. Michael Prosser



General Manager Lemmy Z Andrews following the launch of IDC Launch



Display table with Debit Card Cakes, Point-Of-Sale machines, Bags and Brochures



Attendees at the launch event



IDC Project Team (Communal, PSCCU & GCBL staff members)



Simon Moses, President CCCU, David Reeves, Project Consultant & CONNEX Partners (Mr. L. Andrews-Communal, Mrs. L. Anselmi-PSCCU, Mr. R. Dunman-GCBL & Mr. J. Goddard-ICG)



Debit Card replicas and information brochures



## PLACES WHERE THE COMMUNAL VISA INTERNATIONAL DEBIT CARD CAN BE USED

- Supermarkets
- Gas Stations
- Pharmacies
- Restaurants
- Hotels
- Cinemas
- Doctors Office
- Boutiques
- Car dealership
- Fitness clubs
- Clinics
- Spas
- Marinas
- Online purchases

The Debit Card can be used at any ATM; however, using CONNEX ATM's members will be charged smaller fees.

## ATM locations of the Communal VISA International Debit Card

**FINANCIAL INSTITUTION**  
Grenada Co-operative Bank Ltd.

**LOCATION**  
Church Street, St. George's  
Ground Floor NIS Building, Melville Street  
Spice land mall, Grand Anse, St. George's  
Maurice Bishop International Airport (Cambio)  
Victoria Street, Grenville, St. Andrew's  
Main Street, Sautours, St. Patrick's  
Main Street, Hillsborough, Carriacou  
Harvey Vale, Carriacou

**FINANCIAL INSTITUTION**  
Public Service Co-operative Credit Union Ltd.

**LOCATION**  
Church Street, St. George's  
Botanical Gardens, Tanteen, St. George's  
Grenville, St. Andrew's



## Budget 2015

	Budget 2015	Actual 2014	Budget 2014
<b>INCOME</b>			
Interest	6,039,984.86	5,950,724	5,684,898
Rental	239,286.25	235,750	242,400
Investments	553,407.44	545,229	415,193
Miscellaneous	349,861.37	344,691	328,805
New revenue measures	154,000.00		
<b>TOTAL INCOME</b>	<b>7,336,539.91</b>	<b>7,076,394</b>	<b>6,671,297</b>
<b>EXPENSES</b>			
Interest on members deposits	2,429,471.87	2,358,711	2,068,684
Personnel Costs	1,591,549.50	1,560,343	1,581,497
Financial Charges	26,500.00	44,583	10,600
Governance	119,600.97	117,256	112,238
Depreciation	387,463.56	379,866	379,863
Utilities	287,506.97	287,507	249,269
Members loan/savings Insurance	216,822.58	212,571	191,930
Marketing & Scholarship	300,855.15	277,793	216,497
General Admin	237,822.59	233,159	209,062
Delinquency	469,800.00	469,800	469,800
Office Rental	30,477.60	29,880	29,880
Business insurance	135,000.00	97,758	110,892
League Dues	114,999.96	115,000	115,000
Honorarium	90,168.00	88,400	89,100
Building, Equip, Maint, Taxes, Vat	169,372.76	166,052	153,248
Security Equipment and service	116,066.64	113,791	111,170
Credit Union celebrations & Members welfare	20,798.27	20,390	16,500
New activities:	29,500	66,802.88	50,000
<b>TOTAL EXPENSES</b>	<b>6,773,776.42</b>	<b>6,590,023</b>	<b>6,165,230</b>
<b>SURPLUS</b>	<b>562,762.68</b>	<b>486,371</b>	<b>506,067</b>

In summary, the 2015 budget shows the following relative to actual management outturn for 2014:

- Total income is to grow by 3.7%;
- Total expenses will increase by 2.8%;
- The Operating Surplus of \$562,762.68 will be up by 15.7%;
- That Operating Surplus will be sufficiently large to cover the following:
  - Dividends;
  - Accumulated Surplus;
  - Statutory Reserves; and
  - Development Fund.







Accountants &  
business advisers

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER, 2014**

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2014**

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**PKF**

Accountants &  
business advisers

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

We have audited the accompanying financial statements of the Credit Union which comprise the statement of financial position at 31st December, 2014 and the related statement of comprehensive income, statement of changes in members' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

***Responsibility for the Financial Statements***

Those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

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

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

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

***Opinion***

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Credit Union as of 31st December, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**GRENADA:**

**March 10th, 2015**



**Accountants & business advisers:**


**Partners: Henry A. Joseph FCCA (Managing), Michelle A. Millet B.A. CGA (Mrs.)**

**THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED**  
**STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2014**

	Notes	2014	2013
<b>EARNINGS ASSETS</b>			
Investment property	4	1,678,929	1,705,792
Members' loans	5	65,999,758	60,079,934
Loans and receivables financial assets	6	3,905,137	2,408,497
Available for sale financial assets	6	99,745	99,745
Held-to-maturity financial assets	6	<u>5,149,191</u>	<u>2,894,640</u>
Total earning assets		<u>76,832,760</u>	<u>67,188,608</u>
<b>NON-EARNING ASSETS</b>			
Property, plant and equipment	7	<u>5,915,044</u>	<u>6,170,691</u>
<b>Other Assets</b>			
Inventories	8	96,736	92,808
Receivables and prepayments	9	810,611	616,445
Cash and cash equivalents	10	<u>10,983,310</u>	<u>5,747,856</u>
Total non-earning assets		<u>11,890,657</u>	<u>6,457,109</u>
<b>TOTAL ASSETS</b>		<u>\$94,638,461</u>	<u>\$79,816,408</u>
<b>CAPITAL AND LIABILITIES</b>			
<b>Institutional Capital</b>			
Permanent shares	11	7,388,135	7,098,400
Statutory reserve	12	1,735,988	1,609,917
Accumulated surplus		795,150	466,846
<b>Other Funds and Reserves</b>			
Micro-finance funds	13	-	200,000
Development fund	14	31,181	8,555
Micro-capital grant	15	54,696	54,696
Special fund	16	1,103	2,603
Deferred capital grant	17	-	962
Members' health fund reserve	18	<u>11,623</u>	<u>13,989</u>
<b>TOTAL EQUITY</b>		<u>10,017,876</u>	<u>9,455,968</u>
<b>Non-Current Liabilities</b>			
ECHMB Liability	19	<u>-</u>	<u>5,039,441</u>
<b>Current Liabilities</b>			
ECHMB liability	19	-	230,935
Members' deposits	20	82,887,582	64,364,001
Non-interest bearing liabilities	21	<u>1,733,003</u>	<u>726,063</u>
		<u>84,620,585</u>	<u>65,320,999</u>
<b>TOTAL LIABILITIES</b>		<u>84,620,585</u>	<u>70,360,440</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>\$94,638,461</u>	<u>\$79,816,408</u>

Approved by the Board of Directors on March 10th, 2015 and signed on their behalf by:

 : Director

 : Director

The notes on pages 40 to 62 form an integral part of these financial statements

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

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2014**

	Notes	<b>2014</b>	2013
<b>INCOME</b>			
Interest income – members’ loans		5,963,829	5,209,882
Less: Interest payments to members		<u>2,352,582</u>	<u>2,013,020</u>
Net interest income		3,611,247	3,196,862
Interest - financial assets		562,193	393,495
Other operating income	22	<u>290,422</u>	<u>196,234</u>
Net income		<u>4,463,862</u>	<u>3,786,591</u>
General and Administrative Expenses (Schedule A)		(3,869,161)	(3,374,614)
Bad debts recovered		11,921	23,990
Rental income		234,150	198,150
Bad debts expense		<u>(198,380)</u>	<u>(412,439)</u>
		<u>(3,821,470)</u>	<u>(3,564,913)</u>
Operating surplus for the year		642,392	221,678
Deduct: Finance cost	23	<u>(18,770)</u>	<u>(50,574)</u>
Net surplus for the year before transfers		623,622	171,104
Deduct: Transfer to statutory reserve		(124,725)	(34,221)
Transfer to development fund		<u>(31,181)</u>	<u>(8,555)</u>
Net surplus for the year after transfers		<u>\$467,716</u>	<u>\$128,328</u>

The notes on pages 40 to 62 form part of these financial statements

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

**STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER, 2014**

	Permanent Shares	Statutory Reserve	Other Fund and Reserves	Accumulated Surplus	Total
Balance at 1 <sup>st</sup> January, 2013	6,833,620	1,574,498	293,710	474,535	9,176,363
Net movement in shares	264,780	-	-	-	264,780
Entrance fees	-	1,198	-	-	1,198
Net movement on other funds and reserves	-	34,221	(12,905)	-	21,316
Transfer to reserve and fund accounts	-	-	-	(49,354)	(49,354)
Dividends paid	-	-	-	(129,439)	(129,439)
Net surplus for the year	-	-	-	171,104	171,104
Balance at 31 <sup>st</sup> December, 2013	7,098,400	1,609,917	280,805	466,846	9,455,968
Net movement in shares	289,735	-	-	-	289,735
Entrance fees	-	1,347	-	-	1,347
Net movement on other funds and reserve	-	124,725	(182,202)	(160,319)	(217,796)
Dividends paid	-	-	-	(134,999)	(134,999)
Net surplus for the year	-	-	-	623,622	623,622
Balance at 31 <sup>st</sup> December, 2014	<u>\$7,388,135</u>	<u>\$1,735,989</u>	<u>\$98,603</u>	<u>\$795,150</u>	<u>\$10,017,877</u>

The notes on pages 40 to 62 form an integral part of these financial statements



THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

STATEMENT OF CASH FLOWS

	2014	2013
<b>Cash Flows from Operating Activities</b>		
Net surplus for the year before transfers	623,622	171,104
Adjustments for non-cash transactions:		
Depreciation	415,371	338,466
Loss on disposal of property, plant and equipment	<u>2,983</u>	<u>6,049</u>
<b>Operating surplus before working capital changes</b>	1,041,976	515,619
Increase in inventories	(3,928)	(80,376)
Increase in receivables and prepayments	(194,166)	(263,345)
Increase in members' deposits	18,523,581	7,020,691
Increase in non-interest bearing liabilities	<u>1,006,935</u>	<u>144,718</u>
<b>Net cash provided by operating activities</b>	<u>20,374,398</u>	<u>7,337,307</u>
<b>Cash flows from investing activities</b>		
Purchase of investment property	(27,869)	-
Transfer of property, plant and equipment	143,975	-
Increase in financial assets	(3,751,191)	(2,664,146)
Purchase of property, plant and equipment	(251,950)	(219,403)
Increase in members' loans	<u>(5,919,824)</u>	<u>(4,553,062)</u>
<b>Net cash used in investing activities</b>	<u>(9,806,859)</u>	<u>(7,436,611)</u>
<b>FINANCING ACTIVITIES</b>		
Net (repayment)/proceeds from borrowings	(5,270,376)	1,650,152
Entrance fees received	1,347	1,198
Net movement in other funds and reserves	(217,811)	(28,038)
Shares issued	289,735	264,780
Dividends paid	<u>(134,980)</u>	<u>(129,439)</u>
<b>Net cash (used in)/provided by financing activities</b>	<u>(5,332,085)</u>	<u>1,758,653</u>
Net increase in cash and cash equivalents	5,235,454	1,659,349
Cash and cash equivalents - at beginning of the year	<u>5,747,856</u>	<u>4,088,507</u>
- at end of the year	<u>\$10,983,310</u>	<u>\$5,747,856</u>
<b>REPRESENTED BY:</b>		
Cash on hand	304,128	247,087
Cash at bank	10,227,046	4,887,088
Short-term investment	<u>452,136</u>	<u>613,681</u>
	<u>\$10,983,310</u>	<u>\$5,747,856</u>

The notes on pages 40 to 62 form an integral part of these financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014**

**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 thirty-four (34) persons during the year (2013-34).

**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, 2014 that would be expected to have a material impact on the Credit Union's financial statement.
- (ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January, 2014 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.

IAS 1 Presentation of Financial Statements – Disclosure Initiative Equity Method - Effective for annual periods beginning on or after 1st January, 2016.

IAS 16 Property, plant and equipment – Clarification of Acceptable Methods of Depreciation and Amortisation – Effective for annual periods beginning on or after 1st January, 2016.



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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

- IAS 16 Property, plant and equipment – Clarification of Acceptable Methods of Depreciation and Amortization – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 16 Property, plant and equipment – Bearer Plants – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 19 Employee benefits – Effective for annual periods beginning on or after 1<sup>st</sup> July, 2014.
- IAS 27 Separate financial statements - Investment Entities – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 28 Investments in Associates and Joint Ventures Applying the Consolidation Exception – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 41 Agriculture – Bearer Plants – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 9 Financial Instruments – Classification, Impairment, Hedge Accounting and De-recognition – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2018.
- IFRS 10 Consolidated financial statements – Investment Entities - Effective for annual periods beginning on or after 1<sup>st</sup> January, 2014.
- IFRS 10 Consolidated financial statements- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

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

- IFRS 10 Consolidated financial statements- Applying the Consolidation Exception - Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IFRS 12 Disclosure of Interest in Other Entities – Applying the Consolidation Exception - Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IFRS 11 Joint Arrangements – Accounting for Acquisition of Interest in Joint Operations - Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IFRS 14 Regulatory Deferral Accounts – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 36 Impairment of assets – Recoverable amount disclosures for non-financial assets – Effective for annual period beginning on or after 1<sup>st</sup> January, 2014.
- IFRS 15 Revenue from Contracts with Customers – Effective for annual period beginning on or after 1<sup>st</sup> January, 2017.

***(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%

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

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

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, use 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

**(e) Financial instruments (continued)**

*Financial assets (continued)*

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.

*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 prices. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

**(e) Financial instruments (continued)**

*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.
- (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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

**(e) Financial instruments (continued)**

*Impairment of financial assets (continued)*

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.

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

***(g) Receivables***

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

***(h) Accounts payables***

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

***(i) Stated capital***

Permanent shares are classified as equity.

***(j) Provisions***

Provisions are recognised when the Credit Union has a legal or constructive obligation, as 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

***(m) Dividends***

Dividends that are paid during the period are accounted for as an appropriation of retained earnings in the statement of changes in 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.

**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.



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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (continued)**

*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.

**4. INVESTMENT PROPERTY**

	<b>2014</b>	2013
Written down value – 1 <sup>st</sup> January, 2014	1,705,792	1,759,828
Additions	27,869	-
Less: Depreciation for the year	<u>(54,732)</u>	<u>(54,036)</u>
Balance at 31 <sup>st</sup> December, 2014	<u>\$1,678,929</u>	<u>\$1,705,792</u>
Investment property at cost	2,375,542	2,347,672
Less: Accumulated depreciation	<u>(696,613)</u>	<u>(641,880)</u>
Balance at 31 <sup>st</sup> December, 2014	<u>\$1,678,929</u>	<u>\$1,705,792</u>

**5. MEMBERS' LOANS**

Total loans	67,731,962	61,613,757
Less: Provision for loan losses	<u>(1,732,204)</u>	<u>(1,533,823)</u>
	<u>\$65,999,758</u>	<u>\$60,079,934</u>

These loans are secured by mortgages, bills of sale and personal guarantees. Interest is payable at rates ranging between 8.5% and 12% per annum.



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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014**

**(continued)**

**7. PROPERTY, PLANT AND EQUIPMENT**

	Land and Building	Leasehold Improvement	Fixtures and Equipment	Furniture, Computers and Equipment	Total
<b>January, 2013</b>					
Cost	5,777,059	37,338	1,378,389	393,167	7,585,953
Accumulated depreciation	(491,373)	(22,711)	(569,921)	(260,181)	(1,344,186)
<b>NET BOOK VALUE</b>	<b><u>\$5,285,686</u></b>	<b><u>\$14,627</u></b>	<b><u>\$808,468</u></b>	<b><u>\$132,986</u></b>	<b><u>\$6,241,767</u></b>
<b>For the year ended 31<sup>st</sup> December, 2013</b>					
Opening book value	5,285,686	14,627	808,468	132,986	6,241,767
Additions for the year	8,516	12,746	171,102	27,039	219,403
Disposals during the year - Cost	-	(737)	(4,593)	(719)	(6,049)
Disposal during the year - Accumulated depreciation	(118,350)	(6,903)	(112,605)	(46,572)	(284,430)
Depreciation charge for the year					
<b>NET BOOK VALUE</b>	<b><u>\$5,175,852</u></b>	<b><u>\$19,733</u></b>	<b><u>\$862,372</u></b>	<b><u>\$112,734</u></b>	<b><u>\$6,170,691</u></b>
<b>Balance at 31<sup>st</sup> December, 2013</b>					
Cost	5,785,575	48,241	1,533,916	415,825	7,783,557
Accumulated depreciation	(609,723)	(28,508)	(671,544)	(303,091)	(1,612,866)
<b>NET BOOK VALUE</b>	<b><u>\$5,175,852</u></b>	<b><u>\$19,733</u></b>	<b><u>\$862,372</u></b>	<b><u>\$112,734</u></b>	<b><u>\$6,170,691</u></b>
<b>For the year ended 31<sup>st</sup> December, 2014</b>					
Opening book value	5,175,852	19,733	862,372	112,734	6,170,691
Additions for the year	-	-	61,220	190,730	251,950
Transfers during the year	-	-	(143,975)	-	(143,975)
Disposals during the year - cost	-	-	(333)	(15,555)	(15,888)
Disposal during the year - Accumulated depreciation	-	-	133	12,772	12,905
Depreciation charge for the year	(118,350)	(6,750)	(117,340)	(118,199)	(360,639)
<b>NET BOOK VALUE</b>	<b><u>\$5,057,502</u></b>	<b><u>\$12,983</u></b>	<b><u>\$662,077</u></b>	<b><u>\$182,482</u></b>	<b><u>\$5,915,044</u></b>
<b>Balance at 31<sup>st</sup> December, 2014</b>					
Cost	5,785,575	48,241	1,450,828	591,000	7,875,644
Accumulated depreciation	(728,073)	(35,258)	(788,751)	(408,518)	(1,960,600)
<b>NET BOOK VALUE</b>	<b><u>\$5,057,502</u></b>	<b><u>\$12,983</u></b>	<b><u>\$662,077</u></b>	<b><u>\$182,482</u></b>	<b><u>\$5,915,044</u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

**8. INVENTORIES**

	<b>2014</b>	2013
IDC Material	76,762	68,690
Stationery and office supplies	7,080	3,611
Promotional materials	<u>12,894</u>	<u>20,507</u>
	<u>\$96,736</u>	<u>\$92,808</u>

**9. RECEIVABLES AND PREPAYMENTS**

Matured financial assets	1,745,282	1,745,282
Payroll deductions	331,048	287,057
Other receivables	265,530	195,693
Interest on investments	<u>214,033</u>	<u>133,695</u>
	2,555,893	2,361,727
Less: Provision for impairment	<u>1,745,282</u>	<u>1,745,282</u>
	<u>\$810,611</u>	<u>\$616,445</u>

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

**10. CASH AND CASH EQUIVALENTS**

Short-term investment	452,136	613,681
Cash on hand	304,128	247,087
Cash at bank	<u>10,227,046</u>	<u>4,887,088</u>
Cash and cash equivalents	<u>\$10,983,310</u>	<u>\$5,747,856</u>

**11. PERMANENT SHARES**

These shares are of a nominal value of \$5.00 when fully paid up. Each member is required to hold a minimum of forty (40) fully paid up shares. These shares are not with-drawable on demand.

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014**

(continued)

**12. STATUTORY RESERVE**

	<b>2014</b>	2013
Balance at 1 <sup>st</sup> January, 2014	1,609,917	1,574,498
Add: Transfer from surplus	124,724	34,221
Entrance fees	<u>1,347</u>	<u>1,198</u>
Balance at 31 <sup>st</sup> December, 2014	<u>\$1,735,988</u>	<u>\$1,609,917</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. MICRO-FINANCE FUND**

This fund is provided to the Credit Union by the Grenada Ports Authority for the purpose of micro and small business lending. The amount is repayable to the Authority after five (5) years at an annual interest rate of 2%. The maximum amount available is \$200,000.

**14. DEVELOPMENT FUNDS**

This fund is calculated at 5% 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.

**15. MICRO CAPITAL GRANTS**

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

**16. SPECIAL FUND**

Balance at 1 <sup>st</sup> January, 2014	2,603	21,043
Add: Registration fees	<u>-</u>	<u>590</u>
	2,603	21,633
Less: Expenses for the year	<u>(1,500)</u>	<u>(19,030)</u>
Balance at 31 <sup>st</sup> December, 2014	<u>\$1,103</u>	<u>\$2,603</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

**17. DEFERRED CAPITAL GRANT**

	<b>2014</b>	2013
Balance at 1 <sup>st</sup> January, 2014	962	2,096
Equivalent depreciation written back	<u>(962)</u>	<u>(1,134)</u>
Balance at 31 <sup>st</sup> December, 2014	\$ <u>-</u>	<u>\$962</u>

**18. MEMBERS HEALTH FUND RESERVE**

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

The loan was repaid during the year.

**19. EASTERN CARIBBEAN HOME MORTGAGE BANK (ECHMB) LIABILITY**

Loans sold during the year	5,270,376	5,463,800
Less: Loan repayments during the year	<u>(5,270,376)</u>	<u>193,424</u>
Balance at 31 <sup>st</sup> December, 2014	-	5,270,376
Less: Instalments due in one year	<u>-</u>	<u>230,935</u>
	\$ <u>-</u>	<u>\$5,039,441</u>

The above loans interest varies from 7% to 9% per annum.

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014**

(continued)

**20. MEMBERS' DEPOSITS**

	2014	2013
Term deposits	19,194,716	15,247,886
Regular savings	57,509,318	44,706,070
Special savings	79,929	53,010
Education savings plan	599,563	580,202
Retirement savings plan	1,835,742	1,245,194
Escrow savings	1,903,036	1,232,149
Gold account	857,477	824,782
Su Su savings	163,331	163,342
Other deposits	<u>744,470</u>	<u>311,366</u>
	<u>\$82,887,582</u>	<u>\$64,364,001</u>

Interest is payable on these amounts at rates varying between 3.25% and 6.5% per annum.

**21. NON-INTEREST BEARING LIABILITIES**

Interest payable	377,595	315,787
Death claims payable	40,418	19,319
Sundry creditors and accruals	1,199,010	252,069
Other payables	<u>115,980</u>	<u>138,888</u>
	<u>\$1,733,003</u>	<u>\$726,063</u>

**22. OTHER OPERATING INCOME**

Sale of passbooks	2,522	2,362
Information booklets	2,326	2,119
I.D. cards	15,855	15,384
Application fees	209,641	141,225
Miscellaneous	<u>60,078</u>	<u>35,144</u>
	<u>\$290,422</u>	<u>\$196,234</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014**

(continued)

<b>23. FINANCE COST</b>	<b>2014</b>	2013
Interest on borrowings	\$ <u>      </u> -	\$( <u>50,574</u> )

**24. INCOME TAX**

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

**25. COMPARATIVE FIGURES**

Certain of the 2013 comparative figures have been reclassified to conform to the current year's financial statement presentation. These changes have no impact on the surplus reported for the previous year.

**26. FINANCIAL RISK MANAGEMENT**

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

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

***Risk management structure***

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

The Credit Union's risk management policies are established to identify and analyse the risk faced by the Credit Union, to set appropriate risk limits and controls, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to deflect 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 two committees are part of the management team of the Credit Union and are both elected by the members at the annual general meetings.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2014**

(continued)

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

*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.

*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 a 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

*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.

*Exposure to credit risk*

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

	Maximum exposure	
	<b>2014</b>	2013
Cash and cash equivalents	10,983,310	5,747,856
Financial assets	9,154,073	5,402,882
Receivables and prepayments	810,611	616,445
Members' loans	<u>65,999,758</u>	<u>60,079,934</u>
	<u>\$86,947,752</u>	<u>\$71,847,117</u>
Concentration of credit risk on members' loans:		
House/land purchase	38,522,298	35,728,697
Motor vehicle	3,010,385	3,191,205
Business	200,105	241,223
Personal/other	<u>25,999,174</u>	<u>22,452,632</u>
	<u>\$67,731,962</u>	<u>\$61,613,757</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

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

	Neither past due nor impaired	Past due and not impaired				Total
		1-3 months	3-6 months	6-12 months	Over 1 year	
<b>2014</b>	<u>\$59,287,206</u>	<u>\$2,796,028</u>	<u>\$1,139,150</u>	<u>\$2,115,451</u>	<u>\$661,923</u>	<u>\$65,999,758</u>
<b>2013</b>	<u>\$56,183,663</u>	<u>\$1,308,953</u>	<u>\$706,607</u>	<u>\$1,343,711</u>	<u>\$537,000</u>	<u>\$60,079,934</u>

**Analysis of financial assets individually impaired:**

	Carrying Amount	Provision	Net book value	
			2014	2013
Members' loans	<u>\$5,618,958</u>	<u>\$1,732,204</u>	<u>\$3,886,754</u>	<u>\$5,296,217</u>
Receivables and prepayments	<u>\$1,745,282</u>	<u>\$1,745,282</u>	\$ _____ -	\$ _____ -

(i)

***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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2014**

(continued)

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

***Collateral***

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

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

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

***Liquidity risk:***

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

***Management of liquidity risk***

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

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.

27 THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)

26. FINANCIAL RISK MANAGEMENT (continued)

The table below analyses the Credit Union's financial liabilities into relevant maturity grouping bases the remaining period at the statement of financial position date to the contractual maturity dates.

*Maturity analysis for financial liabilities*

Members' deposits	82,887,582	-	-	-	82,887,582
Borrowings	-	-	-	-	-
Non-interest bearing liabilities	<u>1,733,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,733,003</u>
<b>Balance at 31<sup>st</sup> December, 2014</b>	<b><u>\$84,620,585</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>	<b><u>\$84,620,585</u></b>
Members' deposits	64,364,001	-	-	-	64,364,001
Borrowings	-	230,934	1,472,405	3,567,037	5,270,376
Non-interest bearing liabilities	<u>726,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>726,063</u>
<b>Balance at 31<sup>st</sup> December, 2013</b>	<b><u>\$65,090,064</u></b>	<b><u>\$230,934</u></b>	<b><u>\$1,472,405</u></b>	<b><u>\$3,567,037</u></b>	<b><u>\$70,360,440</u></b>

THE COMMUNAL CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014

(continued)

26. FINANCIAL RISK MANAGEMENT (continued)

*Credit risk*

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

*Interest rate risk:*

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

*Exposure to interest rate risk*

Floating rate instrument expose the Credit Union to cash flow interest risk where as 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 or 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**

**GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED 31ST DECEMBER, 2014**

**SCHEDULE A**

**GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2014</b>	2013
Salaries and wages	1,303,981	1,199,979
Uniform expenses	25,655	25,058
Staff incentives and benefits	3,157	5,520
National Insurance Scheme contributions	59,675	52,398
Telephone and electricity	291,465	249,032
Stationery and office supplies	98,012	87,143
Insurance - members	212,571	188,988
- general	72,455	79,167
- bond	25,192	24,793
Donations and subscription	21,021	16,436
Travel and accommodation	97,786	92,662
Advertising and promotion	202,340	161,289
Annual General Meeting/Committee Meeting expenses	67,757	54,870
Audit fees	15,000	17,415
Miscellaneous expenses	6,082	6,622
Repairs and maintenance	154,971	142,720
Bank charges	24,233	14,759
League dues	115,000	115,000
Postage	3,705	3,368
Scholarship fund	20,979	23,662
Depreciation – property, plant and equipment	360,639	284,430
- investment property	54,732	54,036
Capital grant depreciation	(962)	(1,135)
Stipend and honorarium	78,395	82,154
Credit Union Day celebration	21,460	13,276
Computer maintenance and expenses	7,371	25,420
Land tax and water rates	20,298	20,427
Pension and medical plan contributions	82,962	79,233
Professional services	33,503	2,177
Employees and members' development	83,877	60,984
Security	115,569	119,102
Carriacou office - rent	11,880	11,880
Gouyave office - rent	18,000	18,000
50 <sup>th</sup> Anniversary celebration	63,256	-
Cumis licence fee	21,295	10,746
I.D. cards	5,343	1,590
Officials development	12,933	13,594
Loss on disposal of property, plant and equipment	2,983	6,050
IDC office expenses	54,590	6,552
Partnership agreement cost	-	5,217
	<u>\$3,869,161</u>	<u>\$3,374,614</u>

## RESOLUTIONS

### a. 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 2015 Budget as presented be approved.

### b. 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 2015 to meet unforeseen capital expenditure needs;

**Be it resolved as follows:**

That the maximum borrowing limit for the year 2015 be fixed at \$500,000.00.

### c. Appointment of Auditors

Whereas the Accounting Firm of PKF continues to provide satisfactory service to the Credit Union as its Auditors;

**Be it resolved as follows:**

That the firm PKF be reappointed as the auditors for the year 2015.





## DECEASED MEMBERS 2014

NAME	ADDRESS
Wilbur A. Williams	Clozier, St. John's
Rose Victor-Whiteman	Vincennes, St. David
Anthea M. Stewart	Perdmontemps, St. David
Roderick Roberts	True Blue, Calliste P.O., St. George's
Sebastian Noel	Mt. Airy, St. Pauls, St. George's
Dexter K. Joseph	Mt. Parnassus, St. George's
Samson Saxon	Beausejour, Carriacou
Ira Lewis	Beausejour, Carriacou
Catherine Paul	La Mode, St. George's
Yvonne Richard	Snug Corner, St. George's
Junis James Thompson	Mt. Parnassus, St. George's
Keith Whint	Springs, St. George's
Dominic Cobb	Boca, St. George's
Robert Du font	Woburn, St. George's
John Samuel	Happy Hill, St. George's
Vincent Benjamin	L'Esterre Carriacou
Ralph Lewis	Chantimelle, St. Patrick's
Christopher Primus	United States
Glean A. Bruno	La Borie, St. Paul's, St. George's
Arabella C. Buckmire	La Borie, St. Paul's, St. George's
Larry Raymond	Woburn, St. George's
Michael Hood-Julien	United States
Maureen Folkes-Bailey	United States
*Anthony Merry James	Boca, St. George's
Jacqueline Walker-Benjamin	United States
Dominic Paul	Calivigny, St. George's
Georgie Mc Donald	Apsley Hill, Perdmontemps, St. David
Winston Bishop	Mt. Airy, St. Pauls, St. George's
Michael Francis	Windsor Forest, St. David
Cosmos Cape	Mardigras, St. Pauls, St. George's
Natasha Dominique-James	Laura Land, Perdmontemps, St. David
Margaret P. Dharangit	Maran, St. John
Benjamin Sargeant	Calivigny, St. George's
Veronica Frederick	Woburn, St. George's
David Ross	Park Lane, St. George's
Agatha Inez Gabriel	Perdmontemps, St. David
Dorinda Ramjassingh	Port-Of-Spain, Trinidad



## MESSAGE FROM GUT

*The Grenada Union of Teachers Co-operative Credit Union congratulates the Communal Co-operative Credit Union on hosting their 33<sup>rd</sup> Annual General Meeting under the theme "Efficiency in Implementation".*

*As our members in the co-operative movement continue to struggle with the challenging economic climate, your emphasis on efficiency is timely. We must develop strategies to maximise the use of our resources, and improve our systems and processes; so that we can remain financially viable and continue to offer the best services to our members.*

*Simultaneously, let us ensure that we hold fast to our co-operative principles rooted in "people helping people". We must embrace collaboration among credit unions and share best practices for our continued growth and development.*

*Commendations to you on your successes during the year 2014 and we wish you all the best in 2015 and beyond.*



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**THE COMMUNAL CO-OPERATIVE CREDIT UNION LTD.**  
**Nomination Form**

Board of Directors:

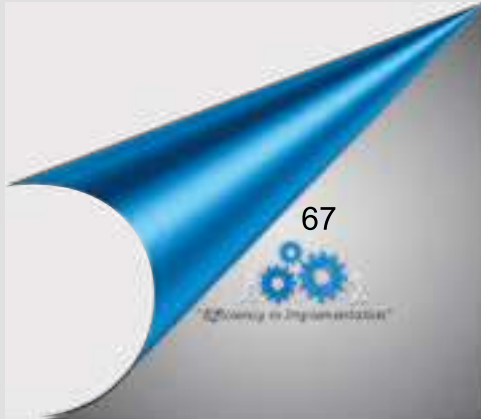
- A. Mrs. Jennifer Gulston-Gittens
  - B. Mr. Allan Simon
  - C. -----
  - D. -----
- 

Supervisory Committee:

- E. Ms. Rolanda Henry
  - F. -----
- 

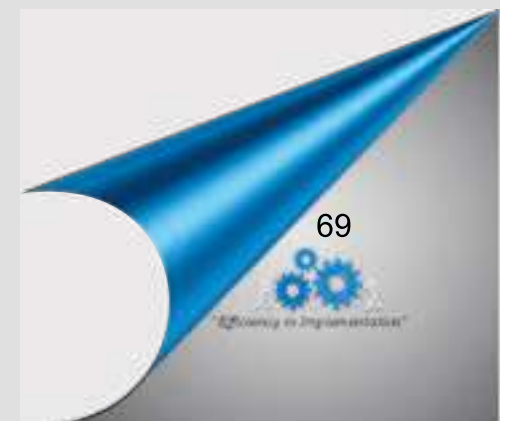
Credit Committee

- G. -----
- H. -----





# NOTES



# NOTES

