



MISSION POSSIBLE

INSPIRE, INNOVATE, IMPLEMENT



BWU CO-OPERATIVE CREDIT UNION LIMITED

ANNUAL REPORT 2022

A photograph of a conference room. In the foreground, a long, light-colored table is visible. On the table, there are several black chairs, a blue VGA cable, and some other small items. In the background, a large, dark screen is mounted on a stand. The room has a clean, modern aesthetic with light-colored walls.

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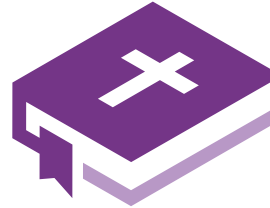
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Prayer of St Francis of Assisi

*Lord, make me an instrument of your 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 in giving that we receive,
it is in pardoning that we are pardoned,
and it is in dying that we are born to Eternal Life.*

This prayer of Saint Francis of Assisi is often used by Credit Union members' at the beginning or at the end of their meetings. It is even referred to in some places as the "Credit Union Prayer".



Our Member Service Charter

THE CREDIT UNION'S EXPECTATIONS OF ITS MEMBERS

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

WHAT MEMBERS CAN EXPECT TO RECEIVE IN TERMS OF SERVICE

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



OUR VISION

TO BE THE LEADING
PROVIDER OF FINANCIAL
SOLUTIONS FOR ALL OF
OUR MEMBERS



OUR MISSION

TO BE THE MOST EFFICIENT
PROVIDER OF CREDIT UNION
SERVICES AND PRODUCTS
WHICH DEVELOP AND SUSTAIN
THE SOCIO-ECONOMIC
STANDARDS OF ALL MEMBERS
BASED ON CO-OPERATIVE.



CORE VALUES

THE CREDIT UNION SHALL BE
MANAGED AND DIRECTED
IN A MANNER THAT
REFLECTS THE PRINCIPLES OF
INTEGRITY, TRANSPARENCY,
HONEST, CARE, TEAMWORK,
OPERATIONAL EXCELLENCE
AND ADHERENCE TO THE
CREDIT UNION'S ETHICAL
VALUES.



NOTICE

1. Ascertainment of Quorum
2. Call to Order
3. Prayers/St. Francis of Assisi
4. Apologies for Absence
5. Welcome
6. Acknowledgement of other Organisations
7. Credentials Committee Report
8. Appointment of Election Chairman
9. Commencement of Voting for election to the Board of Directors, Supervisory Committee and Credit Committee
10. Adoption of Standing Orders
11. Minutes of the last Annual General Meeting held on June 26, 2021
12. Matters arising from Minutes of Annual General Meeting held on June 26, 2021
13. Reports 2021 - 2022
 - a) *Board of Directors*
 - b) *Credit Committee*
 - c) *Supervisory Committee*
 - d) *Auditors*
 - e) *Financial Statements*
14. Fixing of Maximum Liability
15. Appropriation of Surplus
16. Appointment of Auditors
17. Close of Voting for elections to the Board of Directors, Supervisory Committee and Credit Committee
18. Resolutions
19. Election Results
20. Vote of Thanks
21. Prize Giving
22. Any Other Business
23. Adjournment

Secretary
Board of Directors



Bro. Dalton Medford
PRESIDENT



Bro. Ashton Turney
VICE PRESIDENT



Bro. Eric Smith
SECRETARY



BOARD OF DIRECTORS



Bro. Ferdinand Straughn
TREASURER



Sis Marsha Greenidge
ASSISTANT SECRETARY



Sis. Fiona Goodridge
ASSISTANT TREASURER



Bro. Damian Mascoll
DIRECTOR



Sis. Carolyn Barton
CHAIRPERSON



Bro. Sherwin Greenidge
VICE CHAIRMAN



Bro. Harcourt Husbands
SECRETARY

SUPERVISORY COMMITTEE



Sis. Faye Arthur
ASSISTANT SECRETARY



Sis. Serena Browne
MEMBER



Sis. Michelle Hamblin
CHAIRPERSON



Sis. Daceia Bailey
VICE CHAIRPERSON



Bro. Kemar Holder
SECRETARY



CREDIT COMMITTEE



Sis. Juliet Pollard
ASSISTANT SECRETARY



Sis. Novaline Brewster
MEMBER



Bro. Zandre Bowen
GENERAL MANAGER



Sis. Alana Cadogan
FINANCE AND
ACCOUNTING MANAGER



Bro. Antonio Arthur
MANAGER OF
INFORMATION SYSTEMS



Sis. Cheryl-Ann Vaughan
CREDIT MANAGER



Sis. Shirleyne Best
OPERATIONS MANAGER



MANAGEMENT TEAM



Sis. Shelley Nicholls Hunte
LEGAL & COMPLIANCE
MANAGER



Sis. Valerie Hope
MARKETING &
COMMUNICATIONS MANAGER



Sis. Deborah Currency-Hunte
CHIEF HUMAN RESOURCE
& ORGANISATION DEVELOPMENT OFFICER



OUR CORPORATE TEAM

GENERAL MANAGER

Bro. Zandre Bowen

ACCOUNTS

Sis. Alana Cadogan Finance and Accounting Manager
 Sis. Dana Wilson Assistant Accountant
 Bro. Micaiah Boyce Accounts Assistant
 Sis. Kristina Browne Accounts Assistant
 Sis. Shonnelle Holmes Collections Officer
 Sis. Sharon Hope Collections Officer
 Sis. Sasha Gibbons Collections Clerk

HUMAN RESOURCES AND ADMINISTRATION DEPARTMENT

Sis. Deborah Currency-Hunte Chief Human Resource &
 Organisation Development
 Officer
 Sis. Gail Cumberbatch Human Resource and
 Administration Officer
 Sis. Angela Mason Administrative Assistant
 Bro. Michael Freeman Office Assistant
 Sis. Janice Griffith Office Attendant
 Sis. Mary Haynes Office Attendant
 Sis. Joan Best Office Attendant

INFORMATION SYSTEMS

Bro. Antonio Arthur Information Systems Manager
 Bro. Dario Holder Systems Administrator

INTERNAL AUDIT

Bro. William Payne Internal Auditor

LEGAL & COMPLIANCE

Sis. Shelley Nicholls-Hunte Legal & Compliance Manager
 Sis. Yvette Jordan Securities Officer

LOANS

Sis. Cheryl-Ann Vaughan Credit Manager
 Sis. Lisa Collymore Senior Loans Officer
 Sis. Janice Burgess Loans Officer
 Sis. Keisha Goddard Loans Officer
 Sis. Juann McCarthy Loans Officer
 Bro. Rajiv Worrell Loans Officer
 Sis. Michaela Niles Mobile Loans Officer
 Sis. Michelle Husbands Loans Clerk
 Sis. Sherri Taylor Outdoor Sales Ambassador

MARKETING

Sis. Valerie Hope Marketing Manager
 Sis. Jessica Gibson Marketing Assistant

MEMBER EXPERIENCE

Sis. Lucretia Hall Assistant Manager-Member Experience
 Sis. Toni Worrell Member Relations Officer
 Sis. Kathleen Broome Member Experience Representative
 Bro. Jamaro Yearwood Member Experience Representative
 Bro. Dario Yearwood Member Experience Representative
 Sis. Omelle Broomes Telephone Operator

OPERATIONS

Sis. Shirleyne Best Operations Manager
 Sis. Shakira Forde Operations Supervisor
 Sis. Kim Hunte Operations Supervisor
 Sis. Shana Taylor Operations Supervisor
 Sis. Cherise Austin Accounts Clerk/Teller
 Sis. Keira Cumberbatch Accounts Clerk/Teller
 Sis. Shavonne Dottin Accounts Clerk/Teller
 Bro. Damian Gilkes Accounts Clerk/Teller
 Sis. Sacha Mondesir Accounts Clerk/Teller
 Bro. Neville Nurse Accounts Clerk/Teller
 Sis. Joakima Rochester Accounts Clerk/Teller
 Bro. Derrick Hurdle Security and Maintenance Officer

PART-TIME EMPLOYEES *

Bro. Anthony Best Member Experience
 Sis. Tia Clement Member Experience
 Sis. Jade-Amor Grant Operations
 Sis. Charmaine Johnson Member Experience
 Bro. Akeem Greaves Information Systems
 Sis. Nikiesha Layne Loans
 Sis. Kelly Lewis Loans
 Sis. Asha Luke Operations
 Sis. Akeelia Maynard Member Experience
 Sis. Akilah Morgan Accounts
 Sis. Natalie Gilkes Collections
 Bro. Edson Williams Administration



PRESIDENT'S MESSAGE

Over the last financial year, Barbados, like the rest of the world, continued to battle the COVID-19 pandemic, which disrupted our lives and lifestyles.

The period highlighted the resilience and dedication of our staff given their positive impact on our community and the financial lives of our members. We are inspired by the loyalty of our members who stayed with the Credit Union during these challenging times.

Staff and members embraced technology and remote work policies, which allowed the operations to continue without disruption. The experience highlighted the importance of responding to members' needs in new and different ways and thankfully protected them against cybercrimes.

Our accomplishments show that we are truly stronger as a team:

- *We achieved solid membership growth.*
- *We increased our total assets to over \$198.9 million.*
- *We earned \$490 thousand dollars in net profit.*
- *We responded to members' financial needs as evidenced by the 15% increase in loans over the previous year, to bring the total amount of loans approved to \$142.1 million.*
- *Our Collections Department did a great job as manifested in our delinquency level which stood at 4.9 per cent at year end.*

We are facing tough and demanding regulatory standards but intend to be compliant.

In addition, these uncertain times make planning difficult to achieve our objectives but we endeavour to embrace

digital transformation which means modernizing across the organization to ensure greater efficiency.

The successful up-take of the Master Card which allows for significant access and greater convenience highlights the need to embrace the new technology which comes at a high price.

We are focusing on green energy and also undertaking a strategic review of the organization to refine and approve a roadmap for its future direction.

Despite the economic disruptions we retained our permanent staff and paid them a bonus. We also gave back financially to some of the members who borrowed. Meanwhile, the management team is strategising on how we will reward our diligent savers.

We are prepared to continue leadership in these uncertain times as we focus on maintaining and safeguarding members' money and assets while simultaneously assisting them in achieving their financial goals.

Sincerest thanks are extended to the Credit and Supervisory Committees for the excellent stewardship provided during the financial year, in their respective areas.

On behalf of the Board of Directors, Management and Staff of the Barbados Workers' Union Co-operative Credit Union, we also thank you for your trust, partnership and membership.

WE'RE PUTTING THE WORLD
IN YOUR HANDS!
WITH THE NEW BWUCCU DEBIT MASTERCARD

REGISTER FOR YOUR
DEBIT MASTERCARD TODAY!

 **BWU** CO-OPERATIVE
CREDIT UNION LIMITED

Bridgetown • Speightstown • Oistins
Tel: (246) 436-5600
Web: www.bwuccu.com
Email: info@bwuccu.com

you're Better
With Us!

BOARD OF DIRECTORS REPORT

Over the last financial year, Barbados continued to work its way out of the global COVID-19 pandemic disruptions, recording a strong, though partial recovery for the first quarter of 2022, according to leading economic sources. Improved economic activity in the tourism sector propelled the positive outcome. This correlates with reports from the Central Bank of Barbados which indicate that in 2021, the economy grew by 1.4% with a stable credit rating and healthy international reserves. The unemployment rate continued to drop, moving from 17.2% in the first quarter of 2021 to 10.9% at the end of the year. It is projected by tradingeconomics.com that this decline will continue and lead to an unemployment rate of 9.5% by 2023.

While the prediction is for a robust economic recovery, it is generally agreed that the possible emergence of new variants of the COVID-19 virus could negatively impact the economic turnaround. There are also potential risks to the local economy from the Russia/Ukraine war, which has led to disruptions in global commerce and resulted in significant price hikes for fuel and food.

However, with the increased global uptake in vaccines, the gradual return to business as usual and the increase in international travel, the outlook for Barbados's main economic driver is more positive than it has been for the previous year. This should also help to drive further recovery in other key local sectors which are tourism dependent.

Economic diversification remains a key focus for public and private sector stakeholders, and much effort is being deployed to attract new businesses and investors in several emerging sectors, including ICT, fintech and life sciences. These activities could increase jobs, generate foreign exchange, drive more growth in the economy and reduce the country's reliance on the tourism sector. The Government will also continue its efforts to support the growth and development of the renewable energy sector.

Driven by the theme of ***"Mission Possible: Inspire, Innovate and Implement,"*** our Credit Union is banking

on a stronger economic performance that will support our multi-pronged, strategic intent to successfully grow our business, while ensuring the changing needs of our membership are effectively met with timely and creative solutions. We plan to aggressively reach and engage both existing, and prospective members in the new financial year; to best enhance member services; offer innovative products and build membership value to support a significant growth in deposits, as well as our loan portfolio. This we will do with a renewed focus on member education, feedback, and the total member experience, along with the introduction of more innovative and relevant products and services. Also high on the agenda will be the continued pursuit of strategic relationships that can strengthen our knowledge base and enhance our referral opportunities.

OUR SINCEREST GRATITUDE

This year, our resilience as a Credit Union and team was again tested, as we continued to be impacted by the challenges presented from the ongoing COVID-19 pandemic. Again, we passed with flying colours, as our staff, ably supported by our volunteers, pushed ahead to accomplish a successful financial year, where our key performance targets were exceeded, while still ensuring that the needs of members were prioritized and met. We sincerely thank everyone for their dedication, sacrifice and excellent work. We also extend special gratitude to our frontline workers who, at risk to themselves, showed up and ensured that our member banking services faced minimal disruptions. As we look toward the new financial year, we are confident that our renewed focus on member service and satisfaction, restructuring for efficiency and greater effectiveness and the creation of new product and service offerings will redound to our continued benefit.

We also extend our heartfelt appreciation to Bro. Herbert Harewood, who in accordance with Section 43.1c of the By-Laws of the Credit Union, submitted his resignation as our Vice President, with effect from December 29, 2021. This was to facilitate his participation in the Barbados General Elections, which were held in January 2022. Bro Herbert served our Credit Union well and we wish him all success with his future ventures. The Board of Directors subsequently appointed Bro. Ashton Turney as Vice President and Bro. Ferdinand Straughn as a Director until the next Annual General Meeting.

FINANCIAL PERFORMANCE AND OVERVIEW

Overall, the Credit Union achieved a commendable financial performance for the year, with the Net Surplus at March 2022 recorded at \$490,000 and growth achieved in major areas under review. Our assets grew by 7.2% to

\$199,258,040, while loans increased by 15% to \$142,141,741 and deposits by 7.9% to \$180,444,003. Membership also rose by 7.8%, and a low-risk delinquency ratio of 4.9% was recorded.

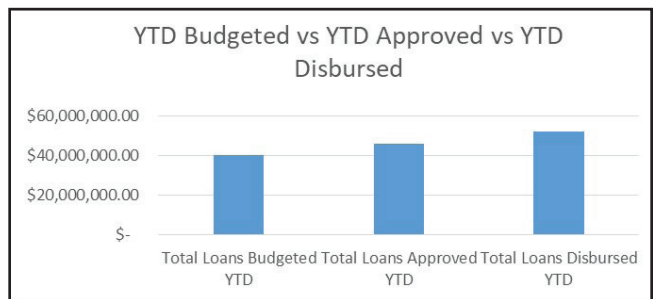
For the first time in many years, the Credit Union was able to pay members, whose loans were in good standing, a rebate on Loan interest income of 0.75% for the financial year 2020-2021. This pay-out totalled \$64,063.

The continued efforts by the Board of Directors and the Management team to ensure financial prudence and the tremendous efforts of all our staff to creatively pivot, identify and exploit opportunities presented, allowed the Credit Union to grow in a particularly challenging environment and deliver further value to our membership.

CREDIT MANAGEMENT

In 2021, despite the challenging economic and competitive environment, we delivered on our promise of meeting and surpassing the loan target of \$40.2M. Our Credit Union was able to exceed its approved loans target by over \$6M while the disbursements goal was exceeded by 12M. The portfolio increased by \$18.5M or 15% when compared to the projected loan growth of 8%, with Real Estate loans being the main driver of our loan growth. This was achieved as a result of the dedication and commitment of our loans team who remained focused on improving our members' experience while increasing the loans portfolio.

The table below illustrates the budgeted year to date (YTD) versus the total loans approved YTD versus the total loans disbursed YTD:



To meet our members' needs, pre-approved Lines of Credit (LOC) and pre-approved personal loans were offered. The limit on the pre-approved LOC was up to \$1,500.00 and the targeted pre-approved personal loan for members ranged from \$2,000 to \$35,000.00. The "10K on Saturday" personal loan was also introduced to our membership with a loan limit of \$10,000. This loan was rebranded, in the last quarter of the financial year, to the "10K Your Way Loan."

Our new debit Mastercard was well received by the membership and at the end of March 2022, we had 13,062 cardholders. We also welcomed Card Services Partner, CAPITA Financial.

Further, through our outdoor initiatives, promotional events to Corporate Barbados and vehicle fairs were facilitated and all were successful.

The Credit Union proactively lowered loan interest rates and increased loan terms, namely on our personal loans during the year, to ensure members were afforded solutions that were highly competitive when compared to the market.

STRATEGIC PARTNERSHIPS – GLOBAL BRIDGES INITIATIVE

Our Credit Union has signed a Memorandum of Understanding (MOU) with the Worldwide Foundation for Credit Unions (“WFCU”) and the TrueSky Credit Union based in Oklahoma, USA, to work together on a Global Bridges learning/technical credit union engagement during 2022 and 2023. This new collaboration will centre on examining and solving shared credit union challenges, as well as specific credit union issues, expanding cooperative networks and peer relationships and providing a unique global leadership development experience to our staff. Additionally, the partnership will result in a series of virtual educational and technical workshops for staff and volunteers of both Credit Unions, focused on enhancing marketing & sales as well as business development & operations; building strategic partnerships and developing stronger Anti-Money Laundering (AML) policies and processes.

DEBIT MASTERCARD

As we sought to put the world in the hands of members, the Credit Union successfully launched our debit Mastercard, ahead of the proposed deadline and with full functionality. The migration from magnetic stripe cards to secure chip and pin cards was necessitated by multiple instances of card skimming locally and was completed in September 2021. In addition to the key security enhancements, the new convenience cards facilitate online transactions and can be used anywhere in the world, at both point-of-sale terminals and ATMs.

Generally, our new debit Mastercard was well received by the membership and at the end of March 2022, we had 13,062 cardholders. We also welcomed Card Services Partner, CAPITA Financial. As an added bonus to members and to make good on our promise of ‘Putting



the World in Your Hands,’ a special \$1500 line of credit offer was also introduced. This promotion was accessible to all qualifying members who expressed an interest in the facility. The offer was successful and generated an increase in new memberships, with more than 1,000 new accounts opened during the promotional period.

The Mastercard landing page which was introduced to increase efficiency for the sign-up process was a success and was actively used by members to apply for their debit cards, update their membership information or apply for new membership with the Credit Union.

You have questions? We have the answers! To enhance our debit Mastercard support, we have further updated our Mastercard Frequently Asked Questions (FAQs) to answer and expand upon the popular queries received from members.

Members, you can find everything you need to know about your new Debit Mastercard on our website www.bwuccu.com.

KNOW YOUR CUSTOMER INITIATIVE

As part of our Retrospective Due Diligence project, to make inroads in meeting our compliance requirements, an extensive print mailout to all categories of our members was coordinated in January 2022, with members being encouraged to complete the update process by March 31, 2022. In response, many members came into the Branches to update their information or utilized the online update options.

In support of the KYC Member update project, follow-up calls were made to members and the marketing department coordinated an “Update to Win” members incentive promotion which was launched at the end of February 2022, on both Facebook and Instagram. This campaign invited members to update their personal details with us before March 31st, to be automatically

entered into a weekly draw. Over the six weeks of the promotion, 24 members were awarded \$50 in Credit Union Cash for complying with our update requests. All winners were promoted on our active social media channels.

At the end of March 2022, 7892 members - which is approximately 28% of our total membership - had completed the necessary KYC updates. This has fallen short of our update goals, but there has been improved compliance and we thank all our members who have completed the process. We will continue to engage all other members to ensure that our member accounts are best protected from fraud, and that we can meet our compliance commitments as soon as possible.

If you, as a member, have not yet updated your information on file, we encourage you to visit our member update webpage <https://bwuccu.com/member-update> to learn how to best confirm your membership details.

TECHNOLOGICAL ADVANCES

Firewall Upgrade

The Management and Information Systems team also worked on upgrades to the firewall to ensure the integrity of the Credit Union's core system.

Online Banking

Our online facilities were expanded to allow members continued access during lockdowns and restricted hours. Online membership applications, loan applications, debit card applications, peer-to-peer transfers and uploading of KYC documents were all facilitated by our enhanced online platforms.

Fraud Management and Transaction Monitoring

While we continue to expand our suite of online services, we have also integrated top-of-the-line fraud management and transaction monitoring software, to ensure our members are safe and their funds are secure as they utilize our new services.

GOVERNANCE, LEGAL & COMPLIANCE

The legal and compliance department, in collaboration with its external partners, continued to ensure that the securities were securely acquired and securely maintained. The strengthening of the compliance structure continued with focused attention on the Anti-Money Laundering (AML), Counter-Financing of Terrorism (CFT) and Counter-Proliferation Financing (CPF) infrastructure. The Regulator's findings on this area showed marked deliberate improvements in this infrastructure with the emphasis that the Credit Union continues to expedite the

Retrospective Due Diligence project. This relates to the update of members' information on accounts.

Policies

During the financial year, the following policies were created and/or updated and approved by the Board of Directors:

- *Flexible Working Policy*
- *Staff Loans Policy*
- *Investment Policy*
- *Liquidity Policy*
- *Credit Card Policy*
- *Anti-Money Laundering/Counter-Financing of Terrorism/Counter-Proliferation Financing (AML/CFT/CPF) Policy 2022*

HUMAN RESOURCES

Organizational Restructuring, Learning and Development, Business Continuity and adequate service delivery in the remote work environment have been some of the major focuses of the Human Resource (HR) Department during the period under review.

Organizational Restructuring

The organizational restructuring is designed to create a more efficient governance structure that will allow for independent branch oversight and greater accountability for all the operations of each branch and its staff. It will also ensure our Credit Union is positioned to better comply with the legislations under which Credit Unions are governed. In addition to increasing effectiveness, efficiency and service levels and providing more opportunities and career paths for staff, the planned reorganization will also raise the competitiveness and enhance the overall brand of the Credit Union.

Given its importance to the ongoing success of the Credit Union, effort was made to proceed with the planned organizational restructure which resulted in the successful contracting of the Chief Human Resource and Organization Development Officer, who joined in March 2022." This role was critical to assisting with the acceleration and completion of the overall restructuring in fiscal year 2022/2023. It will also help to enhance our Human Resources systems and processes and support better staff engagement, as the Credit Union seeks to grow and develop. Additionally, the vacant Marketing Manager position was filled.

Sister Valerie Hope joined the Credit Union as Marketing Manager in December 2021 and brings with her over 20 years of experience in the areas of Media, Marketing, Communications, Event Coordination as well as Business Research & Analysis, with 10 of those years in management positions. Sis. Hope has a Professional award in e-Marketing from the Chartered Institute of

Marketing, a Minf. from the University of Manchester, and an MBA in Global Management from the University of Phoenix.

Sister Deborah Currency-Hunte was recruited as Chief Human Resource and Organizational Development Officer effective March 2022. She is a Human Resource (HR) Management Professional with over twenty (20) years' experience, operating for more than seven (7) of those years at Senior Management and Strategic level. Sis. Currency-Hunte's academic accomplishments include a M.Sc. in Human Resource Management from the University of Surrey and certification as a Senior Professional of Human Resources (SPHR) from the Human Resource Certification Institute.

Staff Updates

In addition to the two new managers, there were nine general staff hires in the 2021/2022 financial year. Of these 5 were temporary, 2 part-time and 2 contracted workers. During the year, the Credit Union also said farewell to the following team members:

- *Sis. McKayla Blackman, Temporary Securities Clerk (Legal & Compliance)*
- *Sis. Christina Branch, Part-time Clerk (Operations)*
- *Sis. Janelle Edwards, Marketing Manager*
- *Sis. Lauraline Garrick, Mobile Loans Clerk*
- *Sis. Tameka Green, Part-time Clerk (Operations)*
- *Bro. Shomari Inniss, Accounts Assistant*
- *Bro. Ronmar Mapp, Part-time Clerk (Operations)*

We thank all staff, who are no longer with the Credit Union, for their service and wish them all future success.

Training

Recognizing the continual changes in the world of work which have also been accelerated by the continued impact of the COVID-19 Pandemic, it became pertinent for us to emphasize the importance of Learning and Development for all staff in their respective areas of work. The staff in the Human Resource Department, managers and their direct reports were all diligent in this respect and consistently sought relevant online and/or self-learning opportunities throughout the year.

Digital Transaction Management was a key inclusion of the Learning and Development initiatives undertaken. This helped to guide and equip the relevant staff with the knowledge to efficiently facilitate the processing of end-to-end remote transactions, to the satisfaction of our members.. Additionally, all staff completed introductory training on Anti-Money Laundering, and Counter-Financing of Terrorism (AML/CFT). Management being keen on continuous improvement and being able to

effectively navigate the varying challenges encountered in leadership, took the opportunity to be exposed to and learn from the global stage by also participating in the Global Leadership Summit held in March 2022.

The Governance body was also involved in the Learning and Development campaign as our Board and Committee members participated in learning initiatives such as Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) Governing in a Digital Space; and Building Financial Health for a Better Tomorrow Webinar.

Business Continuity

Business Continuity was identified as a critical focal point and as a result, the HR Team treated as a priority the development of a Business Continuity Plan to steer the Credit Union's modus operandi in the event of any unplanned disruptions of business service.

Some focus was also placed on Performance Management, as continuous improvement in service delivery in the context of remote working and incentivizing staff to excel were also deemed to be pertinent to the Credit Union's overall performance. It was also imperative that the 'human' element in the employment relationship remained intact.

Flexible Work Arrangements

The completion and introduction of the Flexible Work Policy was a highlight for the Credit Union. This policy requires employees to meet and/or exceed the deliverables of the organization whilst utilizing the options of Telecommuting, Flexi time or a combination of the aforementioned. The organization, however, reserves the right to review and amend as necessary to better service the needs of our members. This policy allows the Credit Union to better meet the national COVID-19 protocols and keep both staff and members safe, while giving staff more opportunity to balance work and personal commitments. It also supports their mental well-being and helps to minimize stress.

OPERATIONS

Despite the ongoing pandemic, the Operations Team stands committed to providing the most efficient and effective service to our members on the front line. During the year, we performed over 168 thousand transactions. The staff went above and beyond to ensure that there was minimal disruption in service to our members, even though we experienced several short-term branch closures during the year, due to COVID-19 outbreaks. These situations tested our ongoing COVID-19 mitigation plans and we are pleased to report that in every case, we were able to successfully maneuver and operate with



limited to no transference of illness between staff and members. Our facilities have also been given the green light on all visits by the COVID-19 monitoring team as we continue to perform sanitizing and corrective measures at all branches. These measures include enhancing our sanitization screens, ensuring that the temperature checks were performed, sanitizing counters after each member, and adding facial recognition to the camera footage. The Credit Union will continue all efforts in safeguarding the health and safety of all staff and members from COVID-19 by strictly adhering to the protocols mandated by the Ministry of Health.

As we battled the negative impacts from the pandemic, our deposit growth was slower than desired during the year. However, we were able to increase deposits by 7.9% as of March 2022. Our Credit Union will introduce several new and exciting initiatives for the 2022/2023 financial year, to encourage members to save more and build our deposit base.

The frontline staff has also actively contributed to the KYC and RDD project and will continue to do so, as the Credit Union strives to update its members' records. With improvements ongoing at our Fairchild Street location, the Bridgetown Branch of the Credit Union continues to operate at the Trident House, Lower Broad Street location for 2022.

MEMBER EXPERIENCE

The Member Experience Team saw one of the busiest financial years in our Credit Union's history. The Team on-boarded a record 2,276 new members. This feat was achieved by the team going above and beyond whilst maintaining a high level of customer service to the public. There were many plans for member engagement throughout the year, but these plans had to be scaled back due to the upsurge in COVID-19 cases. As a result, the team sought to interact with the membership using all the Credit Union's social media platforms and our website. The Department was charged with ensuring that the Credit Union could continue to serve the membership despite the challenges, and achieved this goal with much success.

As the year proceeded, it remained evident that our members preferred face-to-face contact and we were able to manage the influx of prospective members and our membership, whilst maintaining the COVID-19 protocols.

Another key focus for the year was encouraging members to utilize our enhanced online banking platform which is now more user-friendly. With the introduction of the debit Mastercard, it became of utmost importance

that members were better able to check their account balances, transfer between their accounts or to another members' account. The improvements to our digital banking services ensured that our members were better equipped to manage use of their new cards.

For the year under review, in alignment with the increased branch activity, there was a significant increase in the number of telephone calls that the Department fielded. This was in addition to the business WhatsApp, email, and social media platforms queries that were received. The Team was able to rise to the challenge and as a result, we experienced a higher and wider interaction with our membership.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

WE CARE Outreach Programme

While there have been some improvements in the economic fortunes of Barbados following the global pandemic, we recognize that many persons in our membership and wider community remain in vulnerable positions and need a helping hand. As such, we have restructured our WE CARE outreach programme, to first and foremost, support a wider base of our members in need, while also offering financial aid to worthwhile, local charitable initiatives, which provide significant benefit to our surrounding communities and who fall under one or more of the following pillars:

- *Youth*
- *Sports, Culture, and heritage*
- *Environment*
- *Community (within the environs of BWUCCUL branches)*

The new WE CARE programme was relaunched in March 2022, and in that month disbursed 4 grants - 3 to members in need and 1 to a local charity, which helps children from needy families through the supply of food, school supplies and uniforms.

If you want to donate to the WE CARE outreach programme so we can support more members, you may contact us at wecare@bwuccu.com or call our Marketing Manager at 832-1237. To learn how to apply for a WE CARE member grant or charitable grant, you may visit the programme's webpage at <https://bwuccu.com/wecare>.

Christmas Donation To The Salvation Army

The BWU Credit Union pre-launched its We Care Programme with a \$3,500 donation to the Salvation Army. This CSR activity received press coverage in the Barbados Today ePaper, and provided positive visibility

for our Credit Union, following the distribution of a press release to all major media houses.

Youth Scholarships

Our Annual Scholarships Ceremony for 2021 was another successful activity with 15 awardees named across our various scholarship categories. Celebrated during another intimate gathering this year due to COVID-19 protocols, student members ranging from primary school to tertiary level were lauded with accolades and awarded with scholarships for excellence in their completed examinations. Scholarships included the Casper Roett Memorial, Icilma Johnson Memorial, and the Levere Richards categories. The Winfield Belle Memorial Scholarships, which are awarded to students enrolled at the University of the West Indies, Cave Hill Campus, and who meet the qualifying criteria, were recently issued to two deserving members as part of a Virtual Awards ceremony hosted by the University. Collectively, in excess of \$11,000 was awarded by our Credit Union to successful student members. We wish our 2021/ 2022 scholars continued success in all their endeavours.

Icab Accountants' Week

The Credit Union participated as a proud partial sponsor in the Institute of Chartered Accountants of Barbados (ICAB) Accountants' Week 2021. Held during the month of November 2021, under the theme "Purpose, Passion, Possibilities", the event, like so many others over the year, was hosted virtually, in response to the challenges posed by the pandemic. During the week-long event, the public was invited to a virtual showroom to learn more about ICAB and their event sponsors. As a Bronze Sponsor, we enjoyed visibility on ICAB's conference website, where we welcomed visitors to our virtual booth space and were pleased to share the many benefits of Credit Union membership.

MARKETING, BRANDING & COMMUNICATION

Rebranding and Repositioning

Since it was recognized that our Credit Union needed to raise its profile and distinguish its brand in the marketplace, in the last quarter of the 2021/2022 financial year, we started our planned rebranding/repositioning exercise, to create a solid and recognizable brand to carry the institution forward.

Key activities completed included a major internal and external brand assessment survey. The latter component of the survey was completed by over 450 individuals and included both members and non-members, while the internal survey targeted staff as well as Committee and Board members. Following the brand assessment survey,

brand workshops were held in February 2022 with members of the Board of Directors, Management Team and members of the newly formed Marketing and Youth Committee. The sessions provided insights on what a successful rebranding should look like and discussed in detail, the results from the brand assessment survey and what should be considered and actioned to effectively rebrand. These recommendations were further discussed in a guided Market Repositioning session held with the management team in March to discuss how our Credit Union should be positioned and to determine how best to facilitate market differentiation.

During the rebranding planning sessions, it was recognised that staff engagement needed to be enhanced significantly to support the launch of a new and impactful brand for our Credit Union. As a result, it was agreed that the rebranding and repositioning process should be deferred to the 2023/2024 financial year and priority given to the planned restructuring of the Credit Union and the coordination of an extensive staff engagement survey.

Member Promotions

Over the year, several member promotions were held to attract new members, engage existing members, and secure new business.

Our Special 10k Christmas Loan Promotion, which attracted much interest, was offered during the latter part of the financial year. Members were given an opportunity to apply online for a personal loan of up to \$10,000 for whatever they may need, and many took advantage of this offer, which assisted them in meeting their short-term goals. To allow persons to apply in person for this limited offer and receive same day turnaround on their applications, special Saturday promotional events were also held on October 23, November 27 and December 04, 2021, at the Trident House Branch Office. In the new year, the 10K Christmas Loan was rebranded to the 10K Your Way Loan and remained popular with old and new members.

In December 2021, a car fair was held in collaboration with media house, Barbados Today, and used car dealership, Express Imports, located in Green Hill, St. Michael. This event was streamed live on Barbados Today's YouTube, Facebook and Instagram channels and significantly delivered visibility for our Credit Union and our vehicle loan options. In the same month, we also partnered with Sweetlyfe Auto Sales for a Special Auto Sales Promotion at their location in Crumpton Street, Bridgetown, which was well attended by both members and new persons interested in securing a vehicle loan.



To celebrate the season of love, increase our followers and engage our social media followers in a fun and interactive manner, the “Love Us? Tell Us!” new Valentine’s promotion was launched on Instagram on February 11. The promotion ran until the end of February and encouraged persons to follow our Instagram page, tag one person in the comments and share what they loved about the BWUCCU in the comments. Many positive testimonials were generated from this promotion and will be used to create a social media campaign that highlights why individuals should join our Credit Union family.

Digital Communication Channels

We continue to enhance our digital communication channels to improve member engagement and communication. During the financial year, considerable updates were made to our website, and we expanded our social media presence by adding LinkedIn and Twitter to our social media channels in addition to Instagram, Facebook, and YouTube. We engage daily with our audiences on Facebook and Instagram and members are reminded that they can also utilize these channels to connect with us. Other communication options available to members to receive our latest Credit union updates, urgent notices and special offers include WhatsApp or our email database.

We invite members to find and follow us on our various communication channels below and stay up-to-date on the latest Credit Union products, services, and events.

Channel	Handle
Facebook	BWUCCU
Instagram	BWUCCU
YouTube	BWUCCUL
Twitter	BWUCCUL
LinkedIn	BWU Co-operative Credit Union Limited
Website	www.bwuccu.com
WhatsApp	629-4055

Cbc Independence Programming

Our culture is our passion and during the Independence celebrations of 2021, we were proud to be a sponsor of the Caribbean Broadcasting Corporation’s (CBC’s) special Independence programming. The Credit Union sponsored a series of programmes that featured all things Bajan, entitled “That is Bajan,” as well as a special half hour show entitled “Parish Names” which highlighted the parishes of Barbados, their interesting facts as well as how they received their names. These CBC shows were aired on November 29 and December 4, 2021.

International Credit Union Day

The month of October is always a special month for Credit Unions across the globe, and once again we joined in as the world celebrated International Credit Union (ICU) Day on October 19, under the theme “Building Financial Wealth for a Brighter Tomorrow”. In addition to sharing information about the benefits of Credit Unions, financial health and wellness across our social media platforms and website, we also joined with fellow Credit Unions in Barbados, as well as the Barbados Cooperative and Credit Union League, in making a joint donation, totalling \$12,500, to the Harrison Point Isolation Facility and the Queen Elizabeth Hospital. Further, we were delighted to treat our members to special ICU Day cookies at a Member Appreciation Day across our branches and simultaneously thanked our media partners who helped to keep us top of mind in advertising by presenting them with delightful fruit baskets.

New Member Referral Programme

We were pleased to introduce our new Referral Programme this year, which offers members opportunities to earn commission for referring business to the Credit Union. The programme was started to reward members who successfully referred friends or family, seeking investment or loan opportunities, to our Credit Union. To take part in the referral programme members can simply complete the referral form available at <https://bwuccu.com/referrals> , submit it to referrals@bwuccu.com and then be paid according to our schedule of payments for every successful referral made. It’s that easy! To date, the programme has been well received and provided many members with extra cash; so share the word about why everyone is “Better With Us” and earn your cash rewards too!

Virtual Homeseekers Magazine

The Credit Union was the proud sponsor of the first episode of the Barbados Today HomeSeekers Show, held on November 28, 2021. HomeSeekers is a one-stop shop for real estate as well as interior and exterior home décor and is targeted to local individuals seeking to invest in a home. Viewers were taken on a virtual tour of houses for sale in Barbados and provided with financing and insurance options. As the sole Financial Institution featured in the inaugural episode, our Credit Union received much visibility throughout the event which garnered interest in our competitive Mortgage and Real Estate Loans.

THE YEAR AHEAD

It has been recognized that the Credit Union needs to get more information on and from its membership to support greater evidenced-based decision making. As



Congratulations 2022 Scholarship Winners

such, in the first quarter of 2023, we will be introducing an extensive Member Service and Satisfaction Survey, which will become an annual exercise. This will allow us to gather insights directly from our members, and in turn it will be used to support an improved member's experience; allow us to best prioritize projects to support our membership and their changing financial needs; as well as improve the overall fortunes of the credit union. Additionally, we plan to introduce more education forums designed to help members enhance their financial well-being and meet their financial goals.

In response to the continued development of the renewable energy and sustainability sector, the Credit Union will prioritize efforts to become a green-centric financial institution. As such, we will continue to enhance our digital footprint and offer more technology-driven, convenient, products and services. As it relates to the launch of our new debit Mastercard, we want to continue to leverage this service to attract new members and encourage new sign-ups, as well as better engage our members to increase their use of the card at local point-of-sale locations. We will also refine our green loan products to better help our members pursue more energy-efficient and environmentally sound lifestyles. To help meet our growth strategy, we will also pursue new strategic relationships and partnerships with companies and agencies involved in supporting the emergence of new specialty sectors and general business development. This will provide a wider platform for us to promote our business loans and broaden our membership base.

We also want to emphasize and support a culture of saving among our members. With this in mind, we plan to introduce new savings products that can encourage our existing members to increase their deposits and entice new and varied members.

To ensure the future viability of the Credit Union, we also want to attract a wider cohort of active youth members, therefore, our Credit Union will be giving more targeted attention to increasing and engaging our youth members. We plan to captivate them and our wider audiences by delivering relevant products, services, and advice, which can effectively help all our members to better earn, save and borrow and ultimately enhance their financial well-being while bringing them closer to successfully accomplishing their life goals.

Given the increased competition in the financial services sector, we will continue to raise our profile and showcase a distinctive, experienced, relatable Credit Union that people want to be a part of and do business with. There will also be a renewed focus on effective market positioning and building greater resilience in the organization through improved risk management and compliance. The Know Your Customer (KYC) initiative which forms part of our Retrospective Due Diligence (RDD) process, will continue in earnest to ensure that we can have the most up-to-date and accurate information on our members as well as meet all legal requirements. In addition, attention will be placed on driving an inspired and strong, purpose-driven approach, powered by a reinvigorated organizational culture and restructured organization.

We recognize that the journey ahead will be a challenge, but we readily accept the mission as we do everything in our power to inspire progress, innovate change and implement products and services that best serve our membership, respects our legacy, and secures a better and brighter future for our Credit Union.

As we look forward, we thank you, our members, for your continued trust and loyalty.

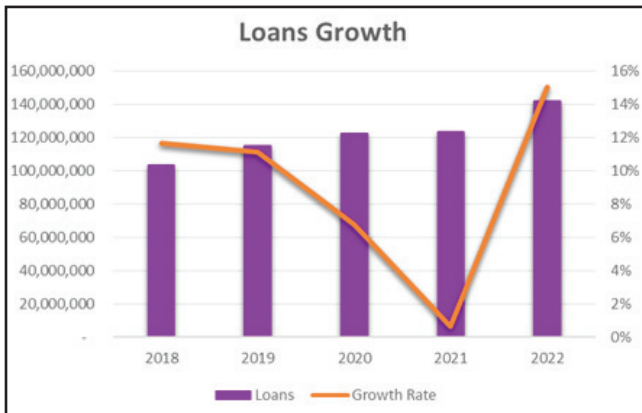
MANAGEMENT ANALYSIS



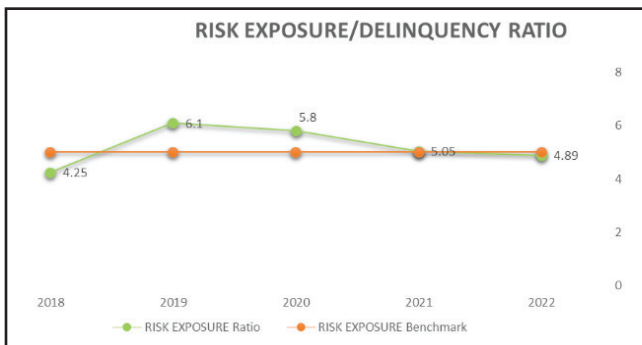
During the financial year ended 31 March 2022, the Barbados Workers' Union Cooperative Credit Union Limited recorded growth in critical areas; loans, deposits, membership, and assets, despite reeling from the impact of the COVID-19 pandemic. We also maintained a low level of delinquency.

LOANS AND MORTGAGES TO MEMBERS AND CREDIT RISK

Loans and mortgages to members grew by 15.02% or \$18.5 million to a total of \$142.1 million. Net loans contribute to 65.74% of total assets. Our lending and marketing efforts were fruitful. We recorded growth of \$20.1 million in personal loans, \$19.4 million in mortgages, \$6.6 million in line of credits and \$60 thousand in business loans.



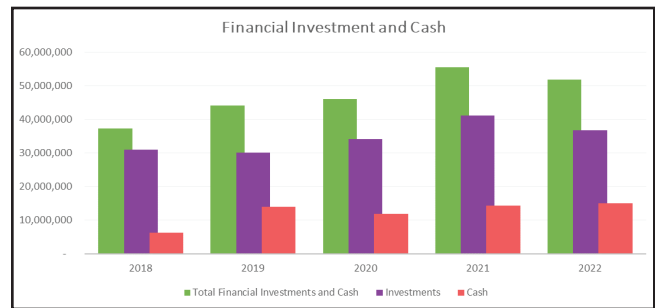
Sound credit risk practices coupled with prudent management saw our delinquency ratio decline to 4.89% in 2022 from 5.05% in 2021. We continue to achieve good results in delinquency as we build relationships with our members and assist them at all stages of their financial journey with practical solutions.



CASH AND FINANCIAL INVESTMENTS

Financial investments decreased by 10.91% or \$4.5 million to \$36.7 million in support of the growth of the loan portfolio. During the year, we reinvested funds in short-term instruments of one year or less.

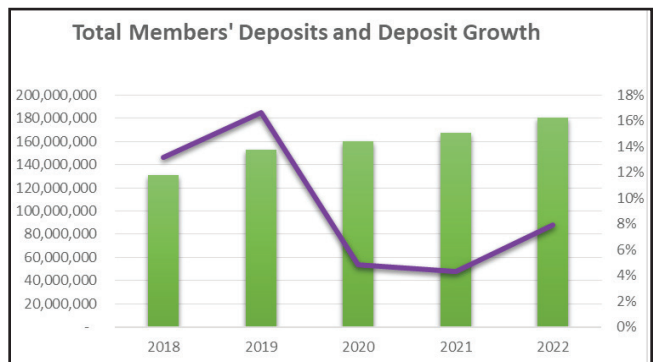
We ended the year with Cash of \$15.1 million, an increase of 5.6% or \$805 thousand. Liquidity remained healthy at 8.37%.

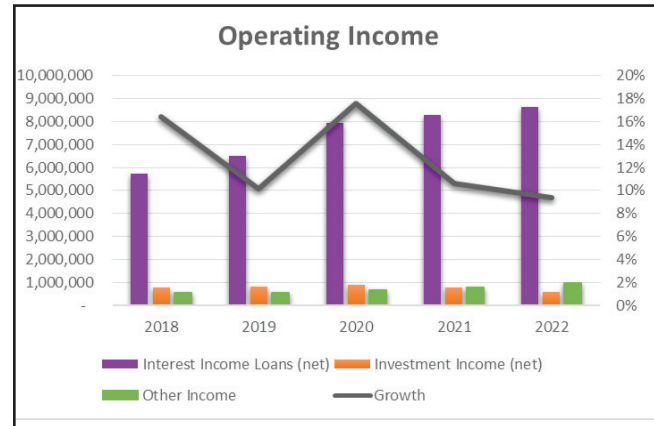


LIABILITIES AND LIABILITIES TO MEMBERS

Our members' deposits grew by 7.9%, or \$13.2 million to \$180.4 million. We achieved this as members regained their jobs and recommitted to saving plans. Membership Prime deposit, SmartBuilder savings and Special savings increased by \$4.6 million, \$4.5 million and \$1.9 million, respectively. Our average interest rate on deposits was 0.63%, with an interest expense of \$1.1 million.

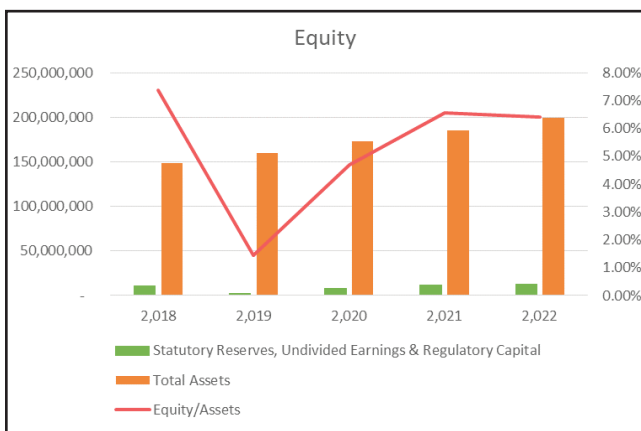
Our membership increased by 7.8%, or 1,938 members, bringing our membership total to 28,872 and our qualifying shares to \$2.7 million. Our loan growth supported our membership growth.





EQUITY

Equity comprises members' share capital (qualifying shares), statutory reserves and undivided earnings. Equity provides a buffer in the event of financial shocks. Our equity totals \$12.8 million, an increase from 2021 by \$631 thousand due mainly to an increase in Net Surplus. The current ratio is 6.42%.

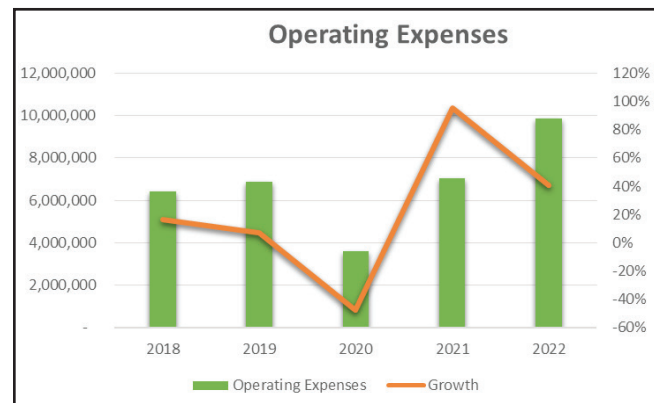


OPERATING INCOME

Total Operating Income increased by 9% or \$979 thousand to \$11.4 million. Net Loan Interest Income grew by 4.5%, or \$371.8 thousand, due to the increase in loans. Investment Income (net) totaled \$1.5 million with an increase of 11.2% or \$145.7 thousand due to increased income on investments and dividends. Other Income increased by 53.40%, or \$461.4 thousand, due mainly to the collection of Income on written-off loans, delinquency fees and loan fees.

EXPENSE MANAGEMENT

Over the financial year, we recorded expected credit losses of \$1.6 million to reflect the growth in loans and the current uncertainty in the economic climate. Our employee costs increased by \$422.8 thousand as we onboarded some key roles to support our corporate structure. Information Systems expenses increased by \$495.3 thousand. We solidified our systems' integrity and continued to offer debit Mastercard to our members. Overall due to fuel charges, increased shipping costs and delays due to the pandemic, the Credit Union noted an increase in the prices from their suppliers.

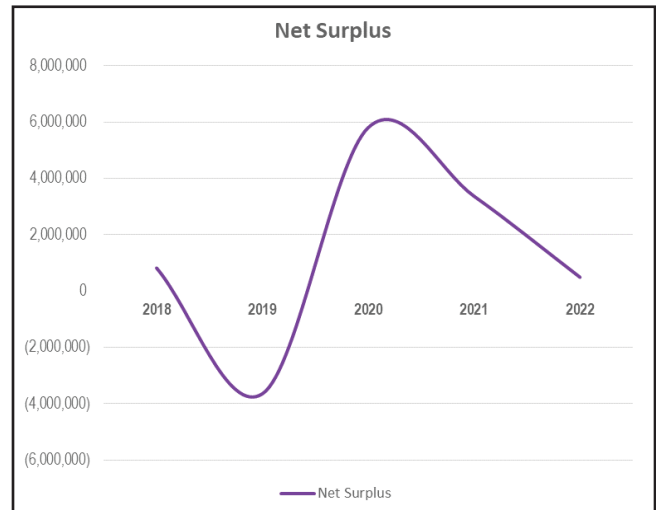


The current market value of our Fairchild Street building is \$3.5 million, which was \$988.3 thousand lower than the book value; there was a write-down. This negatively impacted our Net Surplus.



The Credit Union recorded a Net Surplus of \$490.1 thousand as of 31 March 2022.

We recorded a solid performance during the financial year with growth in many key areas such as loans, deposits and membership while maintaining low delinquency. Unfortunately, increasing costs and decreasing property values eroded some of our Net Surplus. We remain committed to our membership and will continue to employ the principles of good corporate governance for the success of our Credit Union.





BWU CO-OPERATIVE CREDIT UNION LIMITED

FINANCIAL STATEMENTS

you're Better
With Us!

**THE BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022**



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

Opinion

We have audited the financial statements of The Barbados Workers' Union Co-operative Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as of March 31, 2022, statements of changes in equity, comprehensive income, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at March 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants' (IESBA) and International Code of Ethics for Professional Accountants (including International Independence Standards) and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' Report, Treasurer's Report and Supplementary information in the Annual Report 2021 - 2022 but does not include the financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Other Information (cont'd)

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

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

When we read the Annual Report 2021 - 2022, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Credit Union on business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit.

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

Other Matter

This report is made solely to the Credit Union's members, in accordance with Sections 109 and 123 of the Co-operatives Societies Act of Barbados. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members, for our audit work, for this report, or for the opinion we have formed.

Baker Tilly

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Baker Tilly

BARBADOS
June 16, 2022

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31ST, 2022

With comparative figures for 2021

(Expressed in Barbados dollars)

	Notes	2022 \$	Restated 2021 \$	Restated April 1, 2020 \$
ASSETS				
Cash resources	5	15,097,364	14,291,763	11,877,551
Interest receivable	6	337,306	420,757	373,677
<i>Financial investments:</i>				
Amortized cost	8	31,213,229	36,164,389	29,734,660
Less expected credit allowance	8	(250,182)	(321,735)	(248,478)
FVOCI	8	5,474,384	5,017,810	4,920,616
FVTPL	8	22,120	21,020	21,020
Loans and mortgages to members	4(a) & 9	142,141,741	123,579,453	122,748,816
Less expected credit loss allowance	4(a) & 9	<u>(3,019,005)</u>	<u>(2,373,689)</u>	<u>(4,076,098)</u>
		<u>191,016,957</u>	<u>176,799,768</u>	<u>165,351,764</u>
Other Assets				
Accounts receivable - net	10	997,066	495,130	452,867
Prepaid expenses		188,373	102,101	82,333
Right of Use Assets	11	544,683	636,362	728,041
Property and equipment	11	<u>6,510,961</u>	<u>7,556,052</u>	<u>7,401,185</u>
Total Other Assets		<u>8,241,083</u>	<u>8,789,645</u>	<u>8,664,426</u>
Total Assets		<u>199,258,040</u>	<u>185,589,413</u>	<u>174,016,190</u>
LIABILITIES AND MEMBERS' EQUITY				
Liability to Non-members				
Accounts payable and accrued expenses	12	2,167,251	2,597,873	1,394,653
Lease Liability	13	<u>616,064</u>	<u>705,186</u>	<u>790,064</u>
		<u>2,783,315</u>	<u>3,303,059</u>	<u>2,184,717</u>
Liabilities to Members				
Deposits of members	14	180,444,003	167,218,232	160,330,134
Regulatory capital	15	<u>2,723,800</u>	<u>2,527,398</u>	<u>2,446,850</u>
		<u>183,167,803</u>	<u>169,745,630</u>	<u>162,776,984</u>
Members' Equity				
Statutory reserve	16(a)	9,745,686	9,623,173	8,935,808
Education fund	16(b)	15,402	20,700	20,700
Common good fund	16(c)	74,639	89,738	62,243
We Care Fund	16(d)	11,700	-	-
Unrealised gain on investments		3,145,875	2,805,664	2,684,511
Undivided earnings		<u>313,620</u>	<u>1,449</u>	<u>(2,648,773)</u>
Total Members' Equity		<u>13,306,922</u>	<u>12,540,724</u>	<u>9,054,489</u>
Total Liabilities and Members' Equity		<u>199,258,040</u>	<u>185,589,413</u>	<u>174,016,190</u>

See accompanying notes to the financial statements.

Approved by the Board of Directors:

Director: Ferdinand Straughn

Director: 



**THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31ST, 2022**

With comparative figures for 2021
(Expressed in Barbados dollars)

	Notes	Statutory Reserves	Education Fund	Common Good Fund	We Care Fund	Unrealised Gain on Investment	Undivided Earnings	Total
		\$	\$	\$	\$	\$	\$	\$
Balance at March 31 st , 2020		8,935,808	20,700	62,243	-	2,684,511	(3,236,089)	8,467,173
Impact of correction of error	24	-	-	-	-	-	587,316	587,316
Restated balance at April 1 st , 2020		8,935,808	20,700	62,243	-	2,684,511	(2,648,773)	9,054,489
Net income for the year (restated)		-	-	-	-	-	3,365,082	3,365,082
Transfer to statutory reserves	16(a)	687,365	-	-	-	-	(687,385)	-
Transfer to education fund	16(b)	-	20,000	-	-	-	(20,000)	-
Transfer to common good fund	16(c)	-	-	27,495	-	-	(27,495)	-
Disbursements from fund		-	(20,000)	-	-	-	20,000	-
Unrealised gain on investments for the year		-	-	-	-	121,153	-	121,153
Balance at March 31 st , 2021		9,623,173	20,700	89,738	-	2,805,664	1,449	12,540,724
Net income for the year		-	-	-	-	-	490,050	490,050
Transfer to statutory reserves	16(a)	122,513	-	-	-	-	(122,513)	-
Transfer to education fund	16(b)	-	14,702	-	-	-	(14,702)	-
Transfer to common good fund	16(c)	-	-	4,901	-	-	(4,901)	-
Transfer to we care fund	16(d)	-	-	-	15,050	-	(15,050)	-
Disbursements from fund		-	(20,000)	(20,000)	(3,350)	-	43,350	-
Patronage Refund		-	-	-	-	-	(64,063)	(64,063)
Unrealised gain on investments for the year		-	-	-	-	340,211	-	340,211
Balance at March 31 st , 2022		9,745,686	15,402	74,639	11,700	3,145,875	313,620	13,306,922

See accompanying notes to the financial statements.

**THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31ST, 2022**

With comparative figures for 2021

(Expressed in Barbados dollars)

	<u>Notes</u>	<u>2022</u> \$	<u>Restated</u> <u>2021</u> \$
Interest on loans	19	5,209,771	5,497,418
Interest on mortgages	19	<u>4,539,684</u>	<u>3,937,505</u>
Total Loan Interest Income		9,749,455	9,434,923
Less Interest on Members' Deposits			
Interest expense	19	<u>(1,102,780)</u>	<u>(1,160,081)</u>
Net Interest Income		<u>8,646,675</u>	<u>8,274,842</u>
INVESTMENT INCOME			
Dividend income	19	119,745	65,483
Interest on investments	19	1,358,500	1,290,261
Gain on sale of investment		<u>-</u>	<u>750</u>
Total Investment Income		1,478,245	1,356,494
Less investment fees and charges		<u>(27,216)</u>	<u>(51,150)</u>
Net Investment Income		<u>1,451,029</u>	<u>1,305,344</u>
OTHER INCOME			
Other operating income		1,295,486	834,451
Rental income		<u>30,000</u>	<u>29,603</u>
Total Other Income		<u>1,325,486</u>	<u>864,054</u>
Total Operating Income		<u><u>11,423,190</u></u>	<u><u>10,444,240</u></u>

See accompanying notes to the financial statements.

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE YEAR ENDED MARCH 31ST, 2022

With comparative figures for 2021
(Expressed in Barbados dollars)

	<u>Notes</u>	<u>2022</u> \$	<u>Restated</u> <u>2021</u> \$
OPERATING EXPENSES			
Payroll costs		3,708,203	3,285,360
Membership protection and governance	18	703,441	658,263
Occupancy costs	18	797,741	581,482
General and administrative expenses	18	519,105	496,759
Expected credit losses	7	1,579,716	43,048
Marketing costs		379,151	209,077
Depreciation	11	816,885	872,677
Information systems expense		1,366,289	870,970
Penalty and interest/ overages		<u>(1,615)</u>	<u>4,750</u>
Total Operating Expenses		<u>9,868,916</u>	<u>7,022,386</u>
Profit before Interest for the year		1,554,274	3,421,854
Interest expense		<u>(32,528)</u>	<u>(36,772)</u>
Net profit for the year after Interest and before disbursements to funds		1,521,746	3,385,082
Disbursement from funds:			
Common Good Fund	16(c)	(20,000)	-
We Care Fund	16(d)	(3,350)	-
Education Fund	16(b)	<u>(20,000)</u>	<u>(20,000)</u>
		<u>(43,350)</u>	<u>(20,000)</u>
Impairment Loss on building	11	<u>(988,346)</u>	-
Net Income for the year		<u>490,050</u>	<u>3,365,082</u>
OTHER COMPREHENSIVE INCOME			
Unrealised gain on investments for the year	8	<u>340,211</u>	<u>121,153</u>
Other comprehensive income		<u>340,211</u>	<u>121,153</u>
Total Comprehensive Income for the year		<u><u>830,261</u></u>	<u><u>3,486,235</u></u>

See accompanying notes to the financial statements.

**THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31ST, 2022**

With comparative figures for 2021

(Expressed in Barbados dollars)

	<u>2022</u>	<u>Restated 2021</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	490,050	3,365,082
<i>Adjustments for:</i>		
Depreciation	816,885	872,677
Expected credit loss	1,579,716	43,048
Dividend income	(119,745)	(65,483)
Interest income	(11,107,955)	(10,725,184)
Gain on sale of asset	-	(750)
Impairment loss on building	988,346	-
Interest expense	<u>1,135,308</u>	<u>1,196,853</u>
Operating loss before working capital changes	(6,217,395)	(5,313,757)
(Decrease)/Increase in accounts payable	(319,089)	1,254,359
Increase in prepaid expenses	(86,272)	(19,768)
Increase in accounts receivable	(520,524)	(106,935)
Increase in loans to members	(19,568,241)	(2,502,837)
Increase in regulatory capital	<u>196,402</u>	<u>80,548</u>
Net Cash used in Operations	(26,515,119)	(6,608,390)
Interest received – loans	9,832,906	9,387,843
Interest paid	<u>(1,246,841)</u>	<u>(1,247,992)</u>
Net Cash (used in)/from Operating Activities	<u>(17,929,054)</u>	<u>1,531,461</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(668,461)	(935,865)
Net proceeds from sale of assets	-	750
Interest received on investments	1,377,088	1,354,933
Dividends received	119,745	65,483
Decrease/(Increase) in investments - net	<u>4,833,697</u>	<u>(6,405,770)</u>
Net Cash from/(used in) Investing Activities	<u>5,662,069</u>	<u>(5,920,469)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in members' deposits	13,225,771	6,888,098
Payment of lease liability	(89,122)	(84,878)
Patronage Rebate	<u>(64,063)</u>	<u>-</u>
Net Cash from Financing Activities	<u>13,072,586</u>	<u>6,803,220</u>
Increase in cash resources during year	805,601	2,414,212
Cash resources, beginning of year	<u>14,291,763</u>	<u>11,877,551</u>
Cash resources, end of year	<u><u>15,097,364</u></u>	<u><u>14,291,763</u></u>

See accompanying notes to the financial statements.



THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022
(Expressed in Barbados dollars)

1. Reporting Entity

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

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

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

These financial statements were authorised for issue by the Directors on June 16th, 2022.

2. Basis of Preparation

(a) Statement of Compliance

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

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and investments measured at fair value.

(b) The Use of Estimates and Judgments

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

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

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

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022
(Expressed in Barbados dollars)

2. Basis of Preparation (cont'd)

(b) The Use of Estimates and Judgments (cont'd)

Key sources of estimation and uncertainty

Classification of financial assets:

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding

Expected credit losses (ECL):

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information. (See Note 3 (j) for further information).

Measurement of fair values:

A number of the Credit Union's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Credit Union uses market observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as disclosed in Note 4 (f).

3. Significant Accounting Policies

(a) Functional and Presentation Currency

The financial statements are presented in Barbados dollars, which is the Credit Union's functional and presentation currency. All financial information presented in Barbados dollars has been rounded to the nearest dollar.

(b) Revenue Recognition

Interest:

Interest income is recognised in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022
(Expressed in Barbados dollars)

3. Significant Accounting Policies (cont'd)

(b) Revenue Recognition (cont'd)

Dividend:

Dividend income is recorded by the Credit Union when the rights to receive income are established.

Rent:

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

(c) Foreign Currency

Transactions in foreign currencies are translated to Barbados dollars at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into Barbados dollars at the exchange rate ruling at that date and the resulting gain or loss is included in the statement of comprehensive income.

(d) Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses, except for the building which is stated at valuation less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

The following annual rates apply:

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

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

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022
(Expressed in Barbados dollars)

3. Significant Accounting Policies (cont'd)

(d) Property and Equipment (cont'd)

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

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

(e) Defined Contribution Plans

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

(f) Taxation

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

(g) Impairment of Non-Financial Assets

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

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

(h) Provisions

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

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022
(Expressed in Barbados dollars)

3. Significant Accounting Policies (cont'd)

(i) Leases

Credit Union acting as a lessee:

At commencement or on modification of a contract that contains a lease component, the Credit Union allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Credit Union recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Credit Union's incremental borrowing rate. Generally, the Credit Union uses its incremental borrowing rate as the discount rate.

The Credit Union determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Credit Union is reasonably certain to exercise, lease payments in an optional renewal period if the Credit Union is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Credit Union is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Credit Union's estimate of the amount expected to be payable under a residual value guarantee, if the Credit Union changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022
(Expressed in Barbados dollars)

3. Significant Accounting Policies (cont'd)

(i) Leases (cont'd)

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Credit Union presents right-of-use assets and the lease liability as a separate component on the statement of financial position.

Short-term leases and leases of low-value assets

The Credit Union has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Credit Union recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right of Use Assets

IFRS 16 replaced leases guidance IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the previous standard – i.e. lessors continue to classify leases as finance or operating leases.

Definition of a lease:

Previously, the Credit Union determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Credit Union now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3(i).

As a lessee:

As a lessee, the Credit Union leases branches and office premises. The Credit Union previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Credit Union. Under IFRS 16, the Credit Union recognises right-of-use assets and lease liabilities for leases of branches and office premises.

At commencement or on modification of a contract that contains a lease component, the Credit Union allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of branches and office premises the Credit Union has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.



THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022
(Expressed in Barbados dollars)

3. Significant Accounting Policies (cont'd)

(i) Leases (cont'd)

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Credit Union's incremental borrowing rate at the date of initial application.

The Credit Union used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Credit Union:

- relied on its assessment of whether leases are onerous under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review;
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets (i.e. IT equipment);
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(j) Financial instruments

Non-derivative financial assets and liabilities:

The Credit Union initially recognises cash resources, financial investments, loans and advances, accounts receivable, other assets, deposits, loans payable, regulatory capital shares and other liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date, which is the date that the Credit Union becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

Non-derivative financial assets – Classification and subsequent measurement:

The Credit Union classified its financial assets into one of the following categories:

- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through the profit or loss (FVTPL)

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022
(Expressed in Barbados dollars)

3. Significant Accounting Policies (cont'd)

(j) Financial instruments

Financial assets measured at amortized cost:

The Credit Union's non-derivative financial assets measured at amortized cost comprise cash and cash equivalents, term deposits, sovereign debt securities, loan and advances and accounts receivable. The Credit Union measures these assets at amortized cost as its business model is to hold them to collect contractual cash flows. Its contractual terms also give rise to the receipt of principal and interest on specified dates. These financial assets are not reclassified subsequent to their initial recognition unless the Credit Union changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets measured at FVOCI:

The Credit Union's non-derivative financial assets measured at FVOCI comprise equity securities. The Credit Union measures these assets at FVOCI as these equity investments are not held for trading and the Credit Union has irrevocably elected to present subsequent changes in the investments' fair value in OCI. These assets are measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the statement of comprehensive income.

Financial assets measured at FVTPL:

The Credit Union's non-derivative financial assets measured at FVTPL comprise equity securities which are held for trading. These assets are measured at fair value. Net gains and losses, including dividend income are recognized in the statement of comprehensive income.

Reclassifications:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Credit Union changes its business model for managing financial assets.

Non-derivative financial liabilities – Classification and subsequent measurement

Financial liabilities other than loan commitments are classified and measured at amortized cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised deposits, regulatory capital, loans payable and accounts payable and accrued expenses.

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Barbados dollars)

3. Significant Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

Business model assessment

The Credit Union makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Credit Union's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

In assessing whether the contractual cash flows are SPPI, the Credit Union considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Credit Union considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Credit Union's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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3. Significant Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

Non-derivative financial assets – Classification and subsequent measurement

Derecognition

Financial assets:

The Credit Union derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Credit Union neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Any cumulative gain or loss recognized in OCI in respect of equity investment securities designated as FVOCI is not recognized in the statement of comprehensive income on derecognition of such securities but transferred to retained earnings.

The Credit Union enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

In certain transactions, the Credit Union retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria.

Financial liabilities

The Credit Union derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Credit Union also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Modifications of Financial Assets and Liabilities

Financial assets:

If the terms of a financial asset are modified, then the Credit Union evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs.



THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31ST, 2022
(Expressed in Barbados dollars)

3. Significant Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

Modifications of Financial Assets and Liabilities (cont'd)

Financial assets: (cont'd)

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Credit Union plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Credit Union first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in the statement of comprehensive income.

Offsetting

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

Expected Credit Losses and Impairment

The Credit Union recognises loss allowance for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- loan commitments issued

No impairment loss is recognised on equity investments

The credit union measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition

The Credit Union considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Credit Union does not apply the low credit risk exemption to any other financial instruments.

THE BARADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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3. Significant Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Credit Union expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Credit Union if the commitment is drawn down and the cash flows that the Credit Union expects to receive;

Restructured Financial Assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL measured as follows:

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flows from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.





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3. Significant Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

Restructured Financial Assets (cont'd)

Credit-impaired financial assets:

At each reporting date, the Credit Union assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Credit Union considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes as assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

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3. Significant Accounting Policies (cont'd)

(j) Financial instruments (cont'd)

Restructured Financial Assets (cont'd)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally as a provision;
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.

(k) Fair Value

Determination of fair value and fair value hierarchy

The Credit Union uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Credit Union is the current bid price. These instruments are included in Level 1.



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3. Significant Accounting Policies (cont'd)

(k) Fair Value (cont'd)

Determination of fair value and fair value hierarchy (cont'd)

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2. The valuation technique used was the median value generated from a number of generally accepted valuation models including; Dividend Discount model, Discounted Cash flow Model, Multiple of Book Value, Multiple of Earnings, Multiple of EBITDA, Multiple of Revenues.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

If one of more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(l) Cash Resources

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

(m) Deposits

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

(n) Comprehensive Income

Comprehensive income includes all changes in equity during the reporting period from transactions and events other than those arising from investments by and distributions to the shareholders. Other Comprehensive Income comprises revenues, expenses, gains and losses that are recognized in Comprehensive Income but excluded from Net Income. Other Comprehensive Income during 2021 - 2022 comprises unrealized gain on investments (2020 - 2021 comprised unrealized gain on investments).

(o) New standards, interpretations and amendments to extensive standards mandatory for the first time for the financial year

A number of new standards, amendments to standards and interpretations became effective during the current period but these did not have a material effect on the Credit Union's financial statements.

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3. Significant Accounting Policies (cont'd)

(p) Standards in issue but not yet effective

New standards, interpretations and amendments to extensive standards that are not yet effective and have not been early adopted by the Credit Union are as follows:

- Amendments to IAS 37 – Onerous Contracts: Cost of Fulfilling a Contract – effective January 1, 2022
- Annual Improvements to IFRS Standards 2018 – 2020 – effective January 1, 2022
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use – effective January 1, 2022
- Amendments to IFRS 3 - Reference to the Conceptual Framework – effective January 1, 2022
- Amendments to IAS 1 – Classification of liabilities as current or non-current – effective January 1, 2023
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies – effective January 1, 2023
- Amendments to IAS 8 – Definition of accounting estimate – effective January 1, 2023

The Credit Union has not yet assessed the impact of the adoption of these standards on its financial statements.

4. Financial Risk Management

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

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

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

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



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NOTES TO THE FINANCIAL STATEMENTS
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4. Financial Risk Management

(a) Credit Risk

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

(i) *Cash resources*

The Credit Union deposits its funds with registered Banks which are subject to regulations.

(ii) *Loans and mortgages to members*

Credit risk on loans to members is managed using the Total Debt servicing ratio as well as detailed background checks on members in the approval process and stringent debt collection procedures. Two officers are assigned with the task of monitoring the delinquency portfolio on a daily basis. Management has documented a process to be followed for collection of outstanding debt. The Credit Committee has the responsibility of advising the Board on Policy based on market trends. The Board, along with management, revises policy periodically to reduce overall credit risk.

In measuring credit risk of loans and mortgages to members, the Credit Union considers the probability of default' by the client and the likely recovery ratio on the defaulted obligations (the 'loss given default'). The Credit Union assesses the probability of default of individual customers using internal delinquency reports showing loan in arrears and ECL models developed by independent service providers to determine the ECL allowance.

(iii) *Financial Investments*

The Credit Union limits its exposure to credit risk by investing only in entities that have high credit ratings and Government Securities. The Credit Union has a documented policy in place which guides the management of the credit risk on investment. The Credit Union exposure and the credit rating of its debtors are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved entities.

Classified Loans

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

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4. Financial Risk Management (cont'd)

(a) Credit Risk (cont'd)

Expected credit loss (ECL) allowance

Set out below is an analysis of the gross and net loans and advances to members.

Loans and mortgages to members

	<u>2022</u>	<u>2021</u>
<i>Delinquent Loans:</i>	\$	\$
90 days and over	5,721,298	4,968,456
Classified Loans fully provided	<u>1,246,615</u>	<u>1,273,840</u>
Carrying amount	6,967,913	6,242,296
Less: ECL Allowance	<u>(2,609,281)</u>	<u>(1,605,478)</u>
Carrying amount less allowance loans > 90 days	<u>4,358,632</u>	<u>4,636,818</u>
	<u>2022</u>	<u>2021</u>
<i>Loans in Good Standing:</i>	\$	\$
Not yet due	107,408,607	93,378,963
1-29 days	17,221,832	15,141,426
30-59 days	7,198,246	5,444,687
60-89 days	<u>3,345,144</u>	<u>3,372,080</u>
Carrying amount	135,173,829	117,337,156
Less: ECL Allowance	<u>(409,724)</u>	<u>(768,221)</u>
Carrying amount less ECL allowance for loans in good standing	<u>134,764,105</u>	<u>116,568,935</u>
Total carrying amount	<u>139,122,737</u>	<u>121,205,754</u>

Collateral

The Credit Union holds as collateral on loans, mortgages on property and land, bills of sale on vehicles, cash surrender values on life insurance policies, securities held with government or private listed companies, cash, guarantors and mutual funds. Unsecured loans are granted based on credit risk up to \$35,000. The value of security of loans > 90 days is approximately \$9.03 million dollars.

Risk limit control and mitigation policies

The Credit Union manages limits and controls concentrations of credit risk wherever they are identified.



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4. Financial Risk Management (cont'd)

(a) Credit Risk (cont'd)

The Credit Union employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Credit Union implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Bills of sale over vehicles and equipment;
- Mortgages over residential and commercial properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as cash, debt securities and equities.
- Hypothecation of deposit balances

Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans. With respect to credit risk on commitments to extend credit, the Credit Union is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Credit Union monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Credit risk

Exposure to credit risk

Carrying amount

	2022	2021
	\$	\$

Interest receivable	337,306	420,757
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Financial investments:

Amortized cost	8	30,963,047	35,842,654
FVOCI	8	5,474,384	5,017,870
FVTPL	8	22,120	21,020
Loans and mortgages to members		139,122,736	121,205,764
Cash resources		15,097,364	14,291,763
Total		191,016,957	176,799,768

(b) Liquidity risks

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

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

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4. Financial Risk Management (cont'd)

(b) Liquidity Risks (cont'd)

Deposits from Members

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

March 31 st , 2022	Interest Rate	Total	Less than 3 months	3 months to 1 year	1 year to 5 years	5 years and over
		\$	\$	\$	\$	\$
<i>Deposits by Type:</i>						
Term deposits & RRRSP	1.00-4.10%	23,439,133	3,963,008	10,087,424	8,547,525	841,176
Other savings	0.20-0.65%	8,179,864	7,287,341	74,159	396,313	422,051
Special Savings	0.25%	8,042,496	7,596,405	32,001	136,908	277,182
Junior Savings	0.50%	2,848,263	2,843,181		5,082	
Membership Prime Deposit	0.20%	81,944,354	70,000,429	543,348	4,467,348	6,933,230
Smart Builder	1.00%	55,989,894	52,251,192	68,538	1,184,120	2,486,044
Total		180,444,003	143,941,555	10,805,470	14,737,296	10,959,683
<i>Loan by Type:</i>						
Personal Loans	5-18%	38,537,145	492,714	1,170,108	17,802,299	19,072,024
Business Loans	7-17%	1,353,270	18,421	8,231	387,532	939,086
Other Loans	8-18%	104,267	4,864	-	99,403	-
Real Estate Loans	4.5-12%	87,964,888		126,507	1,870,564	85,967,817
Revolving Loans	17%	12,935,557	4,266,206	711,811	6,157,208	1,800,332
Reclassified Loans	0%	1,246,615	1,246,615			
Total		142,141,741	6,028,820	2,016,656	26,317,006	107,779,259
Liquidity Gap		38,302,262	137,912,735	8,788,814	(11,579,710)	(96,819,577)



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4. Financial Risk Management (cont'd)

(b) Liquidity Risks (cont'd)

Deposits from Members

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

<u>March 31st, 2021</u>	<u>Interest Rate</u>	<u>Total</u>	<u>Less than 3 months</u>	<u>3 months to 1 year</u>	<u>1 year to 5 years</u>	<u>5 years and over</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<i>Deposits by Type:</i>						
Term deposits & RRRSP	1.00-4.10%	22,848,436	5,328,176	10,400,467	6,393,638	726,155
Other savings	0.20-0.65%	6,474,474	5,705,177	49,812	426,148	293,337
Special Savings	0.25%	6,097,541	5,769,575	19,325	129,933	178,708
Junior Savings	0.50%	2,971,168	2,940,086	-	5,082	26,000
Membership Prime Deposit	0.20%	77,372,544	66,108,129	681,979	4,657,128	5,925,308
Smart Builder	1.00%	51,454,069	47,594,088	86,309	1,497,375	2,276,297
Total		167,218,232	133,445,231	11,237,892	13,109,304	9,425,805
<i>Loan by Type:</i>						
Personal Loans	6.5-18%	37,764,052	754,493	1,082,035	20,584,787	15,342,736
Business Loans	7-17%	1,539,390	40,008	33,304	320,847	1,145,231
Other Loans	8-18%	146,375	10,884	7,059	86,932	41,500
Real Estate Loans	4.5-12%	72,937,909	13,474	66,742	1,164,930	71,692,763
Revolving Loans	17%	9,917,887	3,872,385	1,291,635	2,777,386	1,976,481
Reclassified Loans	0%	1,273,840	1,273,840	-	-	-
Total		123,579,452	5,965,085	2,480,775	24,934,882	90,198,711
Liquidity Gap		43,638,780	127,480,147	8,757,117	(11,825,578)	(80,772,907)

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4. Financial Risk Management (cont'd)

(c) Market Risk

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

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

Interest Rate Risk

Profile:

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

	<i>Carrying amount</i>	
	<u>2022</u>	<u>2021</u>
	\$	\$
<i>Fixed Rate Instruments</i>		
Fixed Financial Assets	77,763,877	83,403,024
Fixed Financial Liabilities	<u>(21,525,391)</u>	<u>(21,124,622)</u>
Net Fixed Rate Instruments	<u>56,238,486</u>	<u>62,278,402</u>
<i>Variable Rate Instruments</i>		
Financial Assets	121,494,163	102,186,389
Financial Liabilities	<u>(158,918,612)</u>	<u>(146,093,610)</u>
Net Variable Rate Instruments	<u>(37,424,449)</u>	<u>(43,907,221)</u>

(d) Operational Risks

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

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

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



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4. Financial Risk Management (cont'd)

(e) Capital Management

The Co-operative Societies (Amendment) Act 2008-39, stipulates that an amount equalling or greater than 10% of total assets must be held as capital. The Board of Directors continues to review the capital structure. The capital to assets ratio is now 6.42% (2021 – 6.55%). The Financial Services Commission issued a letter indicating that they would give regulatory forbearance for a period of 5 years, ending 2024 to return the capital ratio to 10%. Additionally, in 2020 the Financial Services Commission informed Credit Unions of its intention to transition to a risk-based approach for capital calculations.

The Financial Services Commission (FSC) defines “capital” of a Credit Union as Qualifying Shares, Statutory, Other Reserves and 20% of the provision for doubtful loans.

The Credit Union objective, when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to its members and benefits for other stakeholders and to maintain a strong capital base to support the development of its business. (See note 15)

(f) Fair Value

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

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

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

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

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

	2022		2021	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
	\$	\$	\$	\$
Cash resources	15,097,364	15,097,364	14,291,763	14,291,763
Accounts receivable	997,066	997,066	495,132	495,130
Interest receivable	337,306	337,306	420,757	420,757
<i>Financial investments (note 8)</i>				
Amortized cost	30,963,047	N/A	35,842,654	N/A
FVOCI	5,474,384	5,474,384	5,017,810	5,017,810
FVTPL	22,120	22,120	21,020	21,020
Loans and mortgages (net)	139,122,736	139,122,736	121,205,764	121,205,764
Deposits of members	180,444,003	180,444,003	167,218,232	167,218,232
Regulatory capital	(2,273,800)	(2,723,800)	(2,527,399)	(2,527,399)
Accounts payable	(2,167,251)	(2,167,251)	(2,597,873)	(2,597,873)

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4. Financial Risk Management (cont'd)

(g) Loans and Mortgages Receivable

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

Investments

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

(h) Real Property Management

The Co-operative Societies (Amendment) Act 2007-39, sec. 196A states that a Credit Union may not acquire or hold real property where the market value of the property to be acquired would cause the aggregate value of the property to exceed 6% of the stated assets of the Credit Union. At March 31st, 2022, the Credit Union held 1.76% (2021 - 2.18%) in real property.

5. Cash Resources

This balance consists of:

	<u>2022</u>	<u>2021</u>
	\$	\$
Cash equivalents	1,473,758	370,976
Cash on hand	699,747	556,319
Cash at bank	<u>12,923,859</u>	<u>13,364,468</u>
	<u>15,097,364</u>	<u>14,291,763</u>

6. Interest Receivable

	<u>2022</u>	<u>2021</u>
	\$	\$
Loan interest receivable	<u>337,306</u>	<u>420,757</u>

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

7. Expected Credit Losses

	<u>2022</u>	<u>2021</u>
	\$	\$
Loans and mortgages to members	1,651,269	(30,209)
Financial investments	<u>(71,553)</u>	<u>73,257</u>
	<u>1,579,716</u>	<u>43,048</u>

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8. Financial Investments

(a) Financial Investments Comprise

	<u>2022</u>	<u>2021</u>
	\$	\$
<i>Debt securities</i>		
Amortized cost		
Term deposits	16,037,045	21,786,158
Sovereign bonds ⁽¹⁾	<u>15,176,184</u>	<u>14,378,231</u>
	31,213,229	36,164,389
Less expected credit allowance	<u>(250,182)</u>	<u>(321,735)</u>
	30,963,047	35,842,654
<i>Equities securities</i>		
FVOCI		
Corporate equity ⁽²⁾	5,474,384	5,017,810
FVTPL		
Corporate equity	<u>22,120</u>	<u>21,020</u>
Total financial investments	<u><u>36,459,551</u></u>	<u><u>40,881,484</u></u>
Expected Credit Allowance:		
Balance at beginning of year impact of IFRS 9	321,735	248,478
Expected credit loss on investments	<u>(71,553)</u>	<u>73,257</u>
Balance at end of year	<u><u>250,182</u></u>	<u><u>321,735</u></u>

1 On October 1, 2018, the Government of Barbados restructured all of its treasury notes and debentures and some state-owned debt resulting in the derecognition of the existing debt securities given the contractual cash flows of the new debt securities were significantly different. The carrying value of those debt securities was \$17,821,554 (i.e. gross carrying value of \$18,355,100 net of expected credit allowance of \$533,546). The new series B and D bonds issued by the Government of Barbados effective October 1, 2018 was \$16,157,105, resulting in a derecognition loss on investments of \$3,456,726 which was recognized in the statement of comprehensive income.

2 The Credit Union outsources the management of its investment portfolio referred to as the "Blue Eagle" to CIBC First Caribbean International Bank's (The Bank) wealth management department. The Bank was given an investment policy and parameters to guide the investment decisions. The Investment policy was prepared by a group of members with an investment career background. Reports are submitted monthly to the management where the performance of the fund is reviewed. The total fund under management is \$658,534 (2021 - \$651,736). The portfolio is valued by CIBC First Caribbean International Bank Wealth Management Barbados.

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8. Financial Investments (cont'd)

(b) Investment of Funds

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

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

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

The Financial Services Commission approved the initial investment in Co-operators General Insurance. As at March 31st, 2022, the Credit Union is in breach of these investment provisions and is in discussion with The Financial Services Commission to bring its investment portfolio in line with the provision of the Act.

(c) Fair Value Hierarchy

<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
<i>Investment Securities</i>				
Equity securities:				
FVOCI - QUOTED	1,000,828	-	-	1,000,828
FVOCI - UNQUOTED	-	4,460,396	13,160	4,473,556
	<u>1,008,828</u>	<u>4,460,396</u>	<u>13,160</u>	<u>5,474,384</u>
Equity securities:				
FVTPL	-	-	22,120	22,120
	<u>-</u>	<u>-</u>	<u>22,120</u>	<u>22,120</u>
<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
<i>Investment Securities</i>				
Equity securities:				
FVOCI - QUOTED	1,036,336	-	-	1,036,336
FVOCI - UNQUOTED	-	3,968,314	13,160	3,638,721
	<u>1,036,336</u>	<u>3,968,314</u>	<u>13,160</u>	<u>5,017,810</u>
Equity securities:				
FVTPL	-	-	21,020	21,020
	<u>-</u>	<u>-</u>	<u>21,020</u>	<u>21,020</u>



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8. Financial Investments (cont'd)

(c) Fair Value Hierarchy (cont'd)

The following table shows a reconciliation of all movements in the fair value of financial investments.

Level 1

	<u>2022</u>	<u>2021</u>
	\$	\$
Beginning Balance	1,036,336	1,281,896
Unrealised gain	<u>(35,508)</u>	<u>(245,560)</u>
Ending Balance	<u>1,000,828</u>	<u>1,036,336</u>

Level 2

	<u>2022</u>	<u>2021</u>
	\$	\$
Beginning Balance	3,968,314	3,537,101
Unrealised gain	375,719	366,713
Purchased	<u>116,363</u>	<u>64,500</u>
Ending Balance	<u>4,460,396</u>	<u>3,968,314</u>

9. Loans and Mortgages to Members

Loans and mortgages to members comprise:

	<u>2022</u>	<u>2021</u>
	\$	\$
Loans	54,176,853	50,641,544
Mortgages	<u>87,964,888</u>	<u>72,937,909</u>
	142,141,741	123,579,453
Less ECL allowance	<u>(3,019,005)</u>	<u>(2,373,689)</u>
	<u>139,122,736</u>	<u>121,205,764</u>

Loans are classified as personal, business, line of credit and other loans. Personal and business loans bear interest at a rate of 5% to 18% per annum, unsecured loans and revolving line of credit at 17% and other loans at 8% to 18% per annum on the reducing balance. All loans are repayable to the Credit Union in monthly blended principal and interest instalments over a maximum period of thirty years.

Mortgages usually bear a floating interest rate of 4.5% per annum on the reducing balance. As of March 2022 mortgages are being offered at a variable rate of 4% to 6.5% (2021 - 4% to 6.5%) per annum on the reducing balance. Mortgages are repayable to the Credit Union in monthly blended principal and interest instalments over a maximum period of thirty years.

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9. Loans and Mortgages to Members (cont'd)

Expected Credit Allowance:

	<u>2022</u>	<u>2021</u>
	\$	\$
Opening balance	(2,373,689)	(4,076,098)
Expected credit loss	(1,651,269)	30,209
Write offs	799,721	1,672,200
Recoveries	<u>206,232</u>	<u>-</u>
Ending balance	<u>(3,019,005)</u>	<u>(2,373,689)</u>

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

10. Accounts Receivable

	<u>2022</u>	<u>2021</u>
	\$	\$
Accounts receivable	986,025	465,501
Interest receivable – Investments	<u>11,041</u>	<u>29,629</u>
	<u>997,066</u>	<u>495,130</u>

Accounts receivable mainly represents amounts receivable from the Government of Barbados for taxes withheld on the Blue Eagle Portfolio.

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

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11. Property and Equipment

2022

	Equipment and Computer Software	Motor Vehicle	Land and Buildings	Leasehold Improvement	Total	Right of Use Asset
<i>Cost/Valuation</i>	\$	\$	\$	\$	\$	\$
At beginning of year	6,542,630	160,464	4,536,533	966,176	12,205,803	911,399
Additions/WIP	594,358	-	74,103	-	668,461	-
Revaluation	-	-	(1,110,636)	-	(1,110,636)	-
At end of year	<u>7,136,988</u>	<u>160,464</u>	<u>3,500,000</u>	<u>966,176</u>	<u>11,763,628</u>	<u>911,399</u>
<i>Accumulated Depreciation</i>						
At beginning of year	3,639,293	103,938	124,143	782,377	4,649,751	275,037
Charge for year	677,096	11,434	-	36,676	725,206	91,679
Adjustment	1,853	-	(1,853)	-	-	-
Disposals	-	-	(122,290)	-	(122,290)	-
At end of year	<u>4,318,242</u>	<u>115,372</u>	<u>-</u>	<u>819,053</u>	<u>5,252,667</u>	<u>366,716</u>
Net Book Value	<u>2,818,746</u>	<u>45,092</u>	<u>3,500,000</u>	<u>147,123</u>	<u>6,510,961</u>	<u>544,683</u>

2021

	Equipment and Computer Software	Motor Vehicle	Land and Buildings	Leasehold Improvement	Total	Right of Use Asset
<i>Cost/Valuation</i>	\$	\$	\$	\$	\$	\$
At beginning of year	5,772,235	160,464	4,371,063	966,176	11,269,938	911,399
Additions/WIP	770,395	-	165,470	-	935,865	-
Disposals	-	-	-	-	-	-
At end of year	<u>6,542,630</u>	<u>160,464</u>	<u>4,536,533</u>	<u>966,176</u>	<u>12,205,803</u>	<u>911,399</u>
<i>Accumulated Depreciation</i>						
At beginning of year	2,973,024	88,883	61,145	745,701	3,868,753	183,358
Charge for year	666,269	15,055	62,998	36,676	780,998	91,679
At end of year	<u>3,639,293</u>	<u>103,938</u>	<u>124,143</u>	<u>782,377</u>	<u>4,649,751</u>	<u>275,037</u>
Net Book Value	<u>2,903,337</u>	<u>56,526</u>	<u>4,412,390</u>	<u>183,799</u>	<u>7,556,052</u>	<u>636,362</u>
March 31 st , 2020/ April 1 st , 2020	<u>2,799,211</u>	<u>71,581</u>	<u>4,309,918</u>	<u>220,475</u>	<u>7,401,185</u>	<u>728,041</u>

THE BARBADOS WORKERS' UNION CO-OPERATIVE CREDIT UNION LIMITED
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11. Property and Equipment (cont'd)

Valuation of Building

The next valuation is scheduled to take place in the 2024 - 2025 financial year. During the 2021-2022 financial year, the Board of Directors determined the value of the Credit Union's building was \$3,500,000 based on a valuation prepared by an independent, professional valuer. The accumulated depreciation of \$122,290 on the property at the date of the valuation was eliminated against the gross carrying amount of the property and the net amount restated to the revalued amount of the property. The resulting decrease of \$988,346 was expensed in the statement of comprehensive income.

12. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses comprise:

	<u>2022</u>	<u>2021</u>
	\$	\$
Interest payable on deposits	472,296	583,829
Non-member deposits	128,530	130,686
Professional fees	86,635	176,605
Other payables	<u>1,479,790</u>	<u>1,706,753</u>
	<u>2,167,251</u>	<u>2,597,873</u>

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

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

13. Lease Liability

Maturity Analysis - Lease Liability

The Credit Union leases branch facilities under operating leases. Payments made under these leases are amortized over the term of the lease as a reduction to its lease liability for the principal portion and an interest expense for the associated finance cost. The future minimum rental payments related to these commitments are as follows:



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13. Lease Liability (cont'd)

	<u>2022</u>	<u>2021</u>
	\$	\$
Current	98,257	84,878
1 to 5 years	517,807	461,001
Over 5 years	<u>-</u>	<u>159,307</u>
Total	<u>616,064</u>	<u>705,186</u>

During the year ended March 31st, 2022, \$32,528 (2021 - \$36,772) was recognised as interest expense on the lease liability in the statement of comprehensive income.

14. Deposits of Members

Members' deposits comprise the following:

	<u>2022</u>	<u>2021</u>
	\$	\$
Term deposits	21,525,391	21,124,624
Other deposits	75,060,516	66,997,251
Prime deposits	81,944,354	77,372,543
Registered Retirement Savings Plan	<u>1,913,742</u>	<u>1,723,814</u>
	<u>180,444,003</u>	<u>167,218,232</u>

Term deposits are fixed-term interest bearing deposits which attract a rate of interest of 1.00% to 1.50% (2021 - 1.00% to 4.10%).

Other deposits represent interest bearing deposits that may be withdrawn on demand. These deposits attract interest at a rate of 0.20% - 1.00% (2021 - 0.20% - 0.65%).

Prime Deposits, previously known as Members' Shares, is an interest-bearing deposit account which has attracted an average rate of 0.20% (2021 - 0.25%) during the financial year.

Registered Retirement Savings Plan is a retirement account registered with the Barbados Revenue Authority; withdrawals incur a withholding tax. This plan attracted an interest rate of 1.00% (2021 - 3.25%)

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15. Regulatory Capital

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance at April 1 st	2,527,398	2,446,850
Contributions for the year	<u>196,402</u>	<u>80,548</u>
Balance at March 31 st	<u>2,723,800</u>	<u>2,527,398</u>

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

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

These shares in the co-operative entitle each member to one vote in the conduct of the affairs of the co-operative at general meetings. Shares may only be withdrawn when the member wishes to end their membership with the Credit Union. No dividend has been declared for the year. A patronage refund of \$64,063 (2021 - \$Nil) was declared for the current year.

16. Reserves

(a) Statutory Reserve

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

The statutory reserve accumulated transfer from net income

The Credit Union is required under governing legislation to transfer an amount equivalent to the greater of one half of one percent (0.5%) of total assets or twenty-five percent (25%) of Net Income (before dividends) to the statutory reserve annually until the capital ratio equals ten percent (10%). At March 31st, capital ratio was 6.42% (2021 – 6.55%). The allocation for the year was \$122,513 (2021 - \$687,365).

(b) Education Fund

The Registrar of Co-operatives has advised that 3% of the net income capped at \$20,000 be transferred to an education reserve. This reserve is periodically paid to the Barbados Co-Operative Credit Union League. The amount transferred for the year was \$14,702 (2021 - \$20,000).

(c) Common Good Fund

The common good fund was established by the Credit Union and represents amounts allocated to facilitate donations to benevolent causes. The amount transferred is 1% of net income. The amount transferred for the year was \$4,901 (2021 - \$27,495).



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16. Reserves (cont'd)

(d) We Care Fund

The We Care Fund was established by the Credit Union and represents amounts allocated to facilitate assistance to members in need and worthy causes. The amount transferred is 0.5% of net income and any additional amounts approved by the membership at the annual general meeting. The amount transferred for the year was \$15,050.

17. Mutual Benefits Plan

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

18. Major Operating Expenses

These comprise

	<u>2022</u>	<u>2021</u>
<i>General and Administrative Expenses</i>	\$	\$
Audit fees	76,086	146,347
Stationery office supplies	65,661	47,105
Professional fees	242,431	206,174
Equipment maintenance	10,963	4,677
Motor vehicle expense	20,786	9,779
Supplies	26,691	31,791
Postage	42,236	3,660
A/C equipment maintenance	30,889	43,717
Motor vehicle insurance	<u>3,362</u>	<u>3,509</u>
	<u>519,105</u>	<u>496,759</u>
<i>Occupancy Costs</i>		
Utilities	193,999	102,920
Rental expense	184,782	74,238
Security	158,708	135,925
Property insurance	76,508	75,633
Maintenance	164,368	160,083
Other office expenses	2,308	10,593
Land tax	17,068	15,849
Building renovation expense	-	-
Miscellaneous	<u>-</u>	<u>6,241</u>
	<u>797,741</u>	<u>581,482</u>

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18. Major Operating Expenses (cont'd)

Membership Protection and Governance Expenses

	<u>2022</u>	<u>2021</u>
	\$	\$
MBP premiums	292,878	289,207
League dues	95,727	94,563
Convention	1,452	-
Reimbursable expenses	114,600	90,800
Annual meeting	36,393	43,073
Committee meetings	8,840	6,854
Other meetings	7,612	5,226
Committee expenses	4,394	9,486
Committee activities	11,650	40
Fidelity insurance – Directors	15,146	12,104
Regulatory fees	93,795	89,552
We Care Program	-	1,856
Loan Commission	3,600	-
Archiving management	<u>17,354</u>	<u>15,500</u>
	<u>703,441</u>	<u>658,263</u>

During the year ended March 31st, 2022, \$184,782 (2021 - \$74,238) was recognised as rental expense in the statement of comprehensive income which includes lease payments on short-term leases and other short-term rentals.

19. Interest and Dividend Income

Recognised in profit or loss

	<u>2022</u>	<u>2021</u>
	\$	\$
Interest on loans	5,209,771	5,497,418
Interest on mortgages	4,539,684	3,937,505
Interest income on investments	1,358,500	1,290,261
Dividend income	<u>119,745</u>	<u>65,483</u>
Interest and dividend income - gross	11,227,700	10,790,667
Interest expense on financial liabilities measured at amortised cost	<u>(1,102,780)</u>	<u>(1,160,081)</u>
Net interest, realised gain and dividend income recognised in profit or loss	<u>10,124,920</u>	<u>9,630,586</u>
Recognised directly in equity		
Net unrealized gain on investments for the year	<u>340,211</u>	<u>121,153</u>



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20. Related Parties

(a) Identity of Related Parties

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

(b) Related Party Balances

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

	<u>Loans</u> <u>Balance</u>	<u>Deposits</u>	<u>Qualifying</u> <u>Shares</u>
	\$	\$	\$
As at March 31 st , 2022	1,766,646	1,179,636	1,800
As at March 31 st , 2021	1,429,816	1,174,824	2,100

(c) Key Management Personnel Compensation

	<u>2022</u>	<u>2021</u>
	\$	\$
Wages and salaries	916,154	801,250
National Insurance	56,804	49,776
Pensions	11,797	11,279
Health and Life Insurance	2,276	2,276

21. Commitments

Loan commitments

Loan commitments in respect of undisbursed loans as at March 31st, 2022 amounted to \$13,890,058 (2021 - \$16,847,670).

22. Contingencies

At March 31, 2022, there were certain legal proceedings against the Credit Union. In view of the inherent difficulty of predicting the outcome of such matters, the Credit Union cannot state what the eventual outcome of such matters will be; however, based on current knowledge, the Credit Union does not believe that liabilities, if any, arising from pending litigation will have a material adverse effect on its financial position or results of operations.

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23. Impact of COVID-19

COVID-19 is a worldwide pandemic that has had a major adverse impact on the global economy. COVID-19 has a major impact on tourism due to reduced flights into Barbados. This also impacted our hotels, restaurants and other tourism driven industries causing many businesses to close temporarily, reduce their workforces and in some instances close permanently. As such, there was reduced disposable income and loss of income in many Barbadian households. The Credit Union being cognizant of these challenges introduced the below measures:

- Regular meetings of the Board of Directors and management team to discuss strategies and plans around managing the virus's financial impact, including reviewing bi-weekly financial information, scenario analysis, staff and security operations.
- Stress testing liquidity to ensure that levels would remain adequate during the pandemic, including liquidity forecasting and assessing the adequacy of contingency liquidity funding.
- Offering loan moratoriums to our members who may have been impacted adversely by COVID-19. We expect that members will continue to pay their loans as scheduled after the loan moratoriums.
- Continued to offer payment plan solutions, fee waivers, and debt restructuring to members impacted negatively by the virus.
- Embarked on a member outreach program to assist our members that are negatively impacted by COVID-19.
- Implementation of preventative measures in our offices, including wearing masks, face shields, increased use of hand sanitizer, and temperature checks. Additionally, we introduced social distancing and allowed employees to work from home.

24. Correction of Error in Accounting for Sovereign Debt

The amortization of the difference between the carrying value and face value of restructured Government of Barbados bonds (see note 8) was not previously recorded in the financial statements. Consequently, an adjustment has been recorded in the current year to retroactively record interest income (amortization) of \$587,316 and \$624,082 for the years ended March 31st, 2020 and 2021 respectively. The following table summarises the impacts on the Credit Union's financial statements.



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24. Correction of Error in Accounting for Sovereign Debt (cont'd)

	2020 (as previously reported)	Adjustment	April 1 st , 2020 (restated)
Statement of Financial Position:	\$	\$	\$
<i>Financial Investments:</i>			
Amortised Cost	29,147,344	587,316	29,147,344
Members Equity: Undivided Earnings	3,236,089	(587,316)	2,648,773
	2021 (as Previously reported)	Adjustment	April 1 st , 2020 (restated)
Statement of Financial Position:			
<i>Financial Investments:</i>			
Amortised Cost	34,952,991	1,211,398	36,164,389
Members Equity: Undivided Earnings	1,209,949	(1,211,398)	(1,449)
Statement of Comprehensive Income:			
Interest on Investments	666,179	624,082	1,290,261
Net Income for the year	2,741,000	624,082	3,365,082
Total Comprehensive Income for the year	2,862,153	624,082	3,486,235



BWU CO-OPERATIVE CREDIT UNION LIMITED

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