

DREAM
BIG

20 17

ANNUAL
REPORT

Your Business is
Better With Us



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Prayer of St. Francis of Assisi

LORD, make me an instrument of Thy peace,
Where there is hared, 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 dying that we are born to eternal life.



Contents



“We nurture, lead and inspire our children to dream, create and innovate”

Our Member Service Charter

The Credit Union's Expectations of its Members

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

What Members can expect to receive in terms of service

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

Vision Statement

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

Mission Statement

"To be the most efficient provider of credit union services and products which develop and sustain the socio-economic standards of all members based on co-operative principles."

Core Values

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

Notice of Agenda



Bro. Dalton Medford President's Message

All members are invited to attend the Annual General Meeting of the Barbados Workers' Union Co-operative Credit Union Limited at the Barbados Hilton Resort, Needhams Point, Bridgetown, St. Michael, on **Saturday, June 24, 2017 at 3.00 p.m.**

Agenda

- | | |
|--|--------------------------------------|
| 1. Ascertainment of Quorum | 13. Appointment of Auditors |
| 2. Call to order | 14. Nominating Committee Report |
| 3. Prayers/St. Francis of Assisi | 15. Appointment of Election Chairman |
| 4. Apologies for Absence | 16. Elections |
| 5. Welcome | <i>a) Board of Directors</i> |
| 6. Acknowledgement of other organisations | <i>b) Credit Committee</i> |
| 7. Adoption of Standing Orders | <i>c) Supervisory Committee</i> |
| 8. Minutes of the Last Annual General Meeting held on June 25, 2016. | 17. Any Other Business |
| 9. Matters arising from Minutes of Annual General Meeting held on June 25, 2016. | 18. Adjournment |
| 10. Reports 2016 - 2017. | |
| <i>a) Board of Directors</i> | |
| <i>b) Credit Committee</i> | |
| <i>c) Supervisory Committee</i> | |
| <i>d) Auditors</i> | |
| <i>e) Financial Statements</i> | |
| 11. Fixing of Maximum Liability | |
| 12. Appropriation of Surplus | |

Yours co-operatively,

Vere Rock
Secretary-Board of Directors

It is with great pleasure and humility that I report to you on the performance of our credit union for the past year. We had yet another successful year, recording a surplus. We were also able to make improvements in almost all of the areas of our operation, which would be highlighted in the Board Report for the financial year. On behalf of the Board of Directors and you the members, I say thank you to the General Manager and her entire team. Let me also thank all the other committees for their continuous support.

We at the Credit Union will not deny that it has been a very challenging year but because of you keeping faith with the credit union and continuing to do business with us, we were able to perform satisfactorily, I say well done to all of us.

The year 2017 - 2018 is set to be a very exciting one. For some time we have been talking about expanding our headquarters on the corner of Fairchild and Nelson Streets, Bridgetown. Now that the lease with the tenant has come to an end, the way is now clear for that work to begin. We have completed the drawings for the upgrade to the building and are awaiting approval

from various authorities. This project is for the benefit of both members and staff, so that you can conduct your business in a more customer friendly and comfortable environment.

You are aware of what is happening in the Banking sector as it relates to deposits, the Credit Union has greatly benefited from increased deposits. However, for you to get the kind of returns you would like on your deposits, we need you to do more borrowing with us. What I am asking is for you to encourage all of your family members and your friends who are not members, to bring their business to our Credit Union.

Additionally, we are creating new products to add value and assist in making life better for you; stay tuned to your Credit Union for the launching of these products.

Once again, I wish to thank all of you for the opportunity to serve as your President for the year.

MAY GOD CONTINUE TO BLESS OUR CREDIT UNION AND OUR COUNTRY.

Board of Directors



Bro. Robert Gibson
Supervisory Committee
Chairman



Bro. Sherwin Greenidge
Vice-President



Bro. Vere Rock
Secretary



Sis. Carolyn Barton
Treasurer



Sis. Novaline Brewster
Assistant Secretary



Sis. Althea Bishop
Assistant Treasurer



Sis. Marsha Greenidge
Director



Bro. Ashton Turney
Deputy Chairman



Sis. Faye Arthur
Assistant Secretary



Sis. Safiya Wilkinson
Secretary



Bro. Damien Chase
Member



Sis. Daceia Bailey
Credit Committee
Chairman



Sis. Pearl Yearwood
Secretary



Sis. Fiona Goodridge
Member



Sis. Corinne Clarke
The Management Team
General Manager

Our Corporate Team

Sis. Alana Cadogan
Finance and Accounting Manager



Bro. Peter Blackman
Business Development and Communications Manager



Sis. Shirleyne Best
Operations Manager



Bro. Antonio Arthur
Information Systems Manager



Sis. Cheryl-Ann Vaughan
Credit Manager



Management Team

Sis. Corinne Clarke..... General Manager
Sis. Alana Cadogan..... Finance and Accounting Manager
Bro. Peter Blackman..... Business Development and Communications Manager
Bro. Antonio Arthur..... Information Systems Manager
Sis. Shirleyne Best..... Operations Manager
Sis. Cheryl-Ann Vaughan..... Credit Manager

Bro. Elroy Dawe..... Officer-in-Charge, Oistins Branch

Internal Audit

Bro. William Payne..... Internal Auditor

Accounts Department

Sis. Dana Wilson..... Assistant Accountant
Bro. Micaiah Boyce..... Accounts Assistant
Sis. Kristina Browne..... Accounts Assistant
Bro. Shomari Inniss..... Accounts Assistant
Sis. Shonnelle Holmes..... Collections Officer
Sis. Sharon Hope..... Collections Officer

Administration Department

Sis. Lucretia Hall..... Executive Secretary
Sis. Gail Cumberbatch..... Human Resources/ Administration Officer
Bro. Michael Freeman..... Office Assistant
Sis. Janice Griffith..... Office Attendant
Sis. Mary Haynes..... Office Attendant
Sis. Colleen Phillips..... Office Attendant

Information Systems Department

Bro. Dario Holder..... Systems Administrator

Loans Department

Sis. Keisha Goddard..... Loans Officer
Sis. Janice Burgess..... Loans Officer
Sis. Lisa Collymore..... Loans Officer
Sis. Yvette Jordan..... Securities Officer
Bro. Rajiv Worrell..... Loans Clerk

Member Experience Department

Sis. Grace Norville-Clarke..... Member Experience Supervisor
Sis. Jessica Gibson..... Marketing Assistant
Sis. Toni Worrell..... Member Relations Officer
Sis. Kathleen Smith..... Receptionist
Sis. Lauraline Garrick..... Member Experience Representative
Bro. Jamaro Yearwood..... Member Experience Representative
Sis. Sherri Taylor..... Outdoor Sales Ambassador

Operations Department

Sis. Kim Hunte..... Operations Supervisor
Sis. Margo Jordan..... Operations Supervisor
Sis. Shakira Forde..... Operations Supervisor
Bro. Damian Gilkes..... Accounts Clerk/Teller
Sis. Shana McCollin..... Accounts Clerk/Teller
Sis. Sacha Mondesir..... Accounts Clerk/Teller
Bro. Neville Nurse..... Accounts Clerk/Teller
Sis. Shamreca Turton..... Accounts Clerk/Teller
Bro. Derrick Hurdle..... Security Officer

Temporary Staff

Sis. Charmaine Johnson
Sis. Shanice Ward
Bro. Ordon Cumberbatch
Sis. Joakima Rochester
Sis. Ashlee Neblett
Sis. Rhea Carter



“Lucky winners All.
2016 Unleash Your Art
Mural Competition - Speightstown”

you're Better
With Us

Board of Directors Report

Our Highlights in 2016–2017

You the members own \$132 million in assets and should celebrate the 17% growth in market share. Your loans were funded by your deposits leaving a 20% buffer for future cash needs. Our delinquency ratio is below the industry benchmark as a result of our team’s hard work and your continued commitment.

We’re Better

Performance Benchmarks

Our delinquency ratio at the end of the year was 4.55%. We commend our collections team for its hard work in reducing our non-performing loans to below the industry benchmark and the prudential standard.

We are committed to moving our members from debt to prosperity, from dependency to a position of independence. This, however, comes by providing a firm yet gentle approach, counselling and offering constructive solutions to our members. Education therefore will continue to play a pivotal role in our collection strategy

You the members own \$132 million in assets and should celebrate the 17% growth in market share. Your loans were funded by your deposits leaving a 20% buffer for future cash needs. Liquidity remains adequate to support the anticipated loan demands for the 2017/2018 financial year or for the next twelve months.



Incredible Journey Ahead

Having celebrated one year at Oistins, we are pleased to report that the performance at this branch has exceeded expectations. Eight hundred (800) new members have signed up at the Oistins location, and we continue to satisfy our members’ needs through the provision

of exceptional services and memorable experiences. We will continue to promote this branch as the financial institution of choice in Christ Church and surrounding parishes.

With our place in Oistins secured and our expanded location at Speightstown, we are excited now to turn our full attention to our headquarters and to transform this location into a modern financial complex.

Our Bridgetown headquarters has historical significance as a part of the world heritage site, Bridgetown and its Garrisons. We will ensure that this history is not only preserved but also showcased in the renovated structure.

We look forward to offering expanded facilities for staff and comfort and commodious services to our membership. Our new facilities will also be fully equipped to accommodate our elderly members and those with special needs.

We've Listened

Speightstown Expanded

Our members in St. Peter and other northern parishes have welcomed our relocation of the Speightstown Branch from the Town Square Centre to the Northern Business Centre.

We are now able to offer a larger banking hall and more comfortable and accommodating surroundings for our loyal members.

This move, which brought us closer to the hub of the town, allows us to operate in the same space as Cooperators General Insurance Company Limited. The spin-off is our ability to offer credit union and insurance services from one office, creating a one stop service for financial needs to the residents of the North.

Growing Membership

Our membership increased by eight percent, this expansion is evidence of the confidence Barbadians repose in the BWU Co-operative Credit Union.



card and they would receive up to 10% off selected inventory.

We also partner with Spring-Sons Nursing Service and Wellness Centre, a day care center for the elderly. They too, provide monthly medical checks at our Oistins location.

We welcomed on board the Caribbean Telehealthcare Services Inc. a company that provides emergency monitoring equipment and services primarily to the elderly. We understand the need for some older members to maintain a semblance of independence and in the event of an emergency, help is just the push of a button away.

We will continue to expand our partnerships with organisations that bring value and

provide new services to our members. We take this opportunity to encourage our membership to support those organisations which have partnered with us for your benefit.

New Conveniences

Depositing money to your accounts or making a loan payment has been made so much easier through our Surepay partnership. Our members now have the additional convenience of using any of the 31 locations around the island to quickly add money to their accounts or keep their loans current.

We are excited about this partnership and have already seen an overwhelming adoption by hundreds of members. There will be other innovations coming through SurePay that will bring greater convenience to our wider membership.

Expanded Voice

The Purple Post, our quarterly electronic newsletter, was officially launched at the end of March 2017 and is available online on our website

This newsletter allows us increased communication to our membership and enables us to keep you up to date on important events, products or new services each quarter.

This is your newsletter, and we want you to be a part of it. We welcome your ideas, suggestions or even a one-on-one interview with you to share your credit union story.

Entrepreneurial members are given the opportunity to promote their businesses on the programme "Mind your Business" aired on the local television channel. Many of you have reported the immediate positive impact your businesses received when you were showcased. We encourage you to take advantage of our Micro Business loan.

We are on target to meet our 3-year strategic plan as far as membership growth is concerned. Our refocused efforts on promoting the Credit Union, member service and our mantra WE CARE are reflected in our steady growth. Loyalty and an appreciation for the excellent member care continues to be a feature of our Credit Union.

Partnering for Success

Providing complimentary services, or access to products at attractive prices, goes hand in hand with the cooperative principles. To support our Healthy Living Group Insurance Plan, we partnered with iMart Pharmacy who provide monthly blood sugar and blood pressure testing to members visiting our branches. As an added benefit, members using iMart simply show their BWU Credit Union ATM



We Care

Investing in our Youth

The future of our Credit Union lies in the youth. We were proud to support young people at all levels within our Credit Union and across the community. In addition to supporting requests for donations to fundraising efforts to assist schools, we also participated in Camp Transition, The Alexandra Secondary School Speech Day, The Daryll Jordan, Secondary and the Barbados Entrepreneurial Foundation \$20 Challenge just to name a few.

65 students benefited from sponsorships or scholarships at various levels. We are especially pleased to announce that two of our past Winfield Belle Scholarship Awardees, Sis. Jalisa Carvalho and Bro. Jonathan Pucci, have now completed their medical programmes and are interns at the Queen Elizabeth Hospital (QEH).



Grounded in our Community

We are committed not only to our members but also to the communities in which we operate. Over the last several years, we supported the Sayes' Court Children's Home. However, we are happy to report that the children have now been relocated to an impressive complex at Nightingale Children's Home in Black Rock.

We were able to visit with the residents and brought cheer by engaging them in activities such as arts, craft days, ministry and song.

We continue to support the activities of the QEH Infection Control Week to sensitize Barbadians about the need to maintain good sanitary practices, both in the home and in public spaces.

One activity which we are immensely proud of is our Reading Club which was started during the financial year and which has evolved into an educational support activity for our young members.

The Reading Club is conducted during the summer every Saturday at all three locations simultaneously, however, once a month, students visit with volunteers comprising of staff and members from the Kiwanis Club Pride of Barbados, for a homework helper program and a range of other activities to hone in on their reading and comprehension skills.

Through this programme, we've identified some at risk students and the Credit Union provided the necessary means to have those students evaluated and counselled by trained personnel.

Our sponsorship of the Speightstown Esplanade continues and this year we added a much needed splash of colour. The Credit Union sponsored a mural competition under the theme 'Speightstown Gem of the North' which was won by Richellia Stuart, a student of the Alexandra Secondary School. The winning piece was erected and



the Esplanade has now become the central point for the Barbados Tourism Product Authority's "Speightstown Sizzlin'" which is held on the last Saturday of each month and has been a great boost to businesses in the area.

Investing in Our People

You, our valued members continue to access training offered by the Barbados Cooperative and Credit Union League. During this financial year, 35 of our members benefited from sponsored training with the League in a variety of courses.

We want to encourage all members to take advantage of this facility to educate and reinforce good financial habits.

Anti-Money Laundering and Fraud Detection Training has been standardized as key components of the annual training portfolio for staff members. We are cognizant of the need to remain vigilant and to safeguard not only the money of our members but also the very integrity of this proud institution and we are pleased that the staff have responded well to these annual exercises.

In the upcoming year, we will focus more assiduously on product and member/customer experience training



to engender a more confident, knowledgeable workforce capable of responding to the changing needs of the members and public at large.

Several employees also successfully completed training at BIMAP in Marketing, Banking and Finance, and our Board applauds them for upgrading their educational skills.

Looking Forward

Next year we will focus on renovating our Head Office which will house our first ATM to bring increased convenience to all of you. We will also seek out opportunities to partner with Credit Unions and other businesses to provide more value added services for our members.

Although the Barbados economy looks uncertain, our Board and Management will continue to adopt best practices and prudent management principles to safeguard your assets. We will continue to pursue the implementation of the Deposit Insurance Scheme to safeguard our member deposits.

The Board of Directors thanks you for your loyalty and patronage over the years.





Sis. Carolyn Barton
Treasurer's Report

The Credit Union continues to be successful financially for the period ending 31 March 2017. There was growth for the financial year 2016-2017 in all areas particularly in investments, loans and mortgages to members, revenues and net surplus. There was also improved performance in asset management and asset quality. This reflects continued confidence in the Credit Union's management and operations.

REVENUES

Revenues for the year increased by 5% or \$0.39 million, to \$8.77 million. The Credit Union recorded revenue growth in interest income on loans and interest on investments. Interest income on loans contributed most to the increase in revenue by \$0.36 million and interest on investments contributed by \$0.03 million. The growth in interest income on loans is as a result of a 9% increase in loans and mortgages to members and the increase in interest on investments is as a result of a 64% increase in investments. In financial year 2015-2016 there was a gain on sale of investment of \$0.18 million, there was no such gain this year so the \$0.82 million is solely as a result of interest and dividends received on investments.

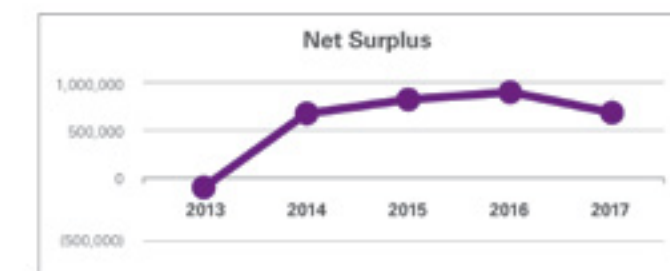


NET INTEREST INCOME ON LOANS

Interest income on loans totaled \$7.42 million and represents a yield of 8% on loans and mortgages to members. Net Interest income on loans totaled \$4.92 million and is as a result of \$2.50 million paid to our members on their deposits. This represents an increase of 9% or \$2.1 million over 2015-2016. Despite the interest rate changes in the market the Credit Union remained very competitive with an average interest on deposits of 2.16% and as a result attracted a 19% increase in deposits. Total deposits of members are \$115.87 million, the growth in deposits are in line with the Pearls ratio of 10-20%.

NET SURPLUS

The Credit Union recorded a net surplus of \$688,863 this represented a decrease of 22% or a \$0.19 million from 2015-2016. This decrease is mainly due to the increase in interest paid on deposits. The Credit Union sought to maintain a constant return on deposits to the members despite the significant decrease in rates by other financial institutions.



OPERATING EXPENSES

Operating expenses increased from March 2016 by 8% or \$0.39 million, to \$5.55 million. This increase was in line with the Credit Union's plans for 2016-2017. This was mainly due to increased expenses from payroll cost as the Credit Union negotiated pay increases for its staff

“Teamwork plus hidden talent equaled Christmas cheer”

you're Better With Us

and increases in occupancy cost relating to land tax and utilities.

ASSET MANAGEMENT

The Credit Union's assets base increased from \$112.2 million in 2016 to \$131.57 million at 31 March 2017- an increase of \$19.3 million or 17%.

During the year, cash and investments increased by \$10.4 million or 44%, as a result of an increase in member deposits. The Credit Union continues to maintain a healthy liquidity ratio.

Property Plant and Equipment increased by \$0.44 million or 7% to \$6.75 million mainly due the planned renovation at Head Office, roof repairs, purchase of two company vehicles, construction due to the relocation of the Speightstown Branch, a server to support the Cruise platform and other computer related costs.

Loans and Mortgages also increased from \$84.7 million in 2016 to \$92.6 million at 31 March 2017, an increase of 9% or \$7.9 million. Real estate loans were the main driver of loan growth again this financial year increasing by 11 % from prior year. Our growth in loans and mortgages is in line with the Pearls benchmark of 8-15%.



ASSET QUALITY

With a sound loan underwriting process and a dedicated collections team, the Credit Union was able to manage its delinquency downwards to record a ratio of 4.55% as at 31 March 2017. This ratio is below the Pearls guideline of 5% and remains below the industry average.

The Credit Union continues to offer financial advice to its members' who may require assistance and offer them solutions and loans restructuring options to put them in control of their finances. Our strategies have been highly successful thus far.



LIABILITY MANAGEMENT

Deposits of members totaled \$115.87 million, an increase of 19% or \$18.39 million, over the previous financial year. Regulatory Capital also grew by 8% or \$0.141 million, with 1,568 new members joining the Credit Union.

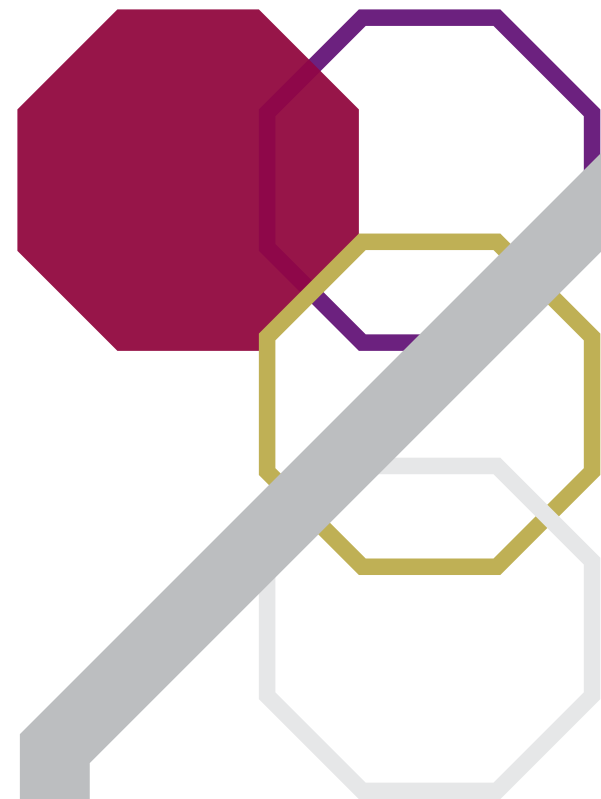


The Credit Union continues to service its loans payable of \$.0187 million by meeting all monthly payments to date. Loans payable relates to a loan successfully negotiated with the Central Funds Facility in keeping within the Credit Union Movement.

Accounts payable and accrued expenses increased by \$.118 million and this was as a result of interest accrued on deposits.

CONCLUSION

The growth in the Credit Union remains constant as we improve in most of our major areas. We are committed to continued success for the benefit of our membership and society. Membership is our most important asset and no effort will be spared to ensure wealth creation for our members. The Credit Union will continue to focus on developmental programs for our members will at the same time ensuring that we provide them with the best returns on their investments.



March 31st, 2017 Financial Statements

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P. O Box 690C
Bridgetown, Barbados

Independent Auditors' Report

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

Report on the Audit of the Non-Consolidated Financial Statements

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, 2017, statement of changes in equity, statement of comprehensive income, and the statement of 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, 2017 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 ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' Report, Treasurer's Report and Supplementary 2016 - 2017 in the Annual Report 2016 - 2017 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.

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



Independent Auditors' Report

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

Other Information, continued

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 2016 - 2017, 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.



Independent Auditors' Report

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

Auditors' Responsibilities for the Audit of the Financial Statements, continued

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

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

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.



Independent Auditors' Report

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

Other Matter

This report is made solely to the Credit Union's members, in accordance with Section 109 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.

Chartered Accountants
Bridgetown, Barbados
June 1, 2017

BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED

(Expressed in Barbados dollars)

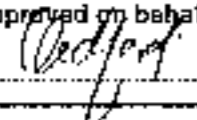
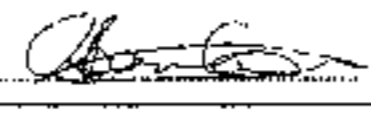
Statement of Financial Position

For the year ended March 31, 2017 with comparative figures for 2016

	Notes	2017	2016
Assets			
Cash resources	6	\$ 5,308,820	6,044,896
Interest receivable	7	278,394	300,650
Investments	8	28,742,907	17,554,162
Loans and mortgages to members	4 & 9	92,606,397	84,671,381
Less allowance for doubtful loans	4 & 9	(2,536,561)	(3,012,406)
		<u>124,399,957</u>	<u>105,558,683</u>
Other Assets			
Accounts receivable - net	10	313,926	273,656
Prepaid expenses		76,272	62,978
Deferred expense		6,125	12,250
Property and equipment	11	6,774,499	6,315,146
Total other assets		<u>7,170,822</u>	<u>6,664,030</u>
Total Assets		\$ 131,570,779	112,222,713
Liabilities and Members' Equity			
Liability to non-members			
Accounts payable and accrued expenses	12	\$ 1,011,766	893,554
Loan payable	14	187,057	242,918
Tax on assets payable	3(h) & 15	-	54,874
		<u>1,198,823</u>	<u>1,191,346</u>
Liabilities to members			
Deposits of members	13	115,873,067	97,486,561
Regulatory capital	16	1,932,600	1,791,400
		<u>117,805,667</u>	<u>99,277,961</u>
Members' equity			
Revaluation reserve	11	4,014,629	4,014,629
Statutory reserve	17(a)	6,742,446	6,084,592
Education fund	17(b)	20,700	7,532
Common good fund	17(c)	31,344	24,982
Unrealised gain on investments		488,440	364,420
Undivided earnings		1,268,730	1,257,251
Total members' equity		<u>12,566,289</u>	<u>11,753,406</u>
Total Liabilities and Members' Equity		\$ 131,570,779	112,222,713

See accompanying notes to financial statements.

Approved on behalf of the Committee of Management:

 Director  Director

BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED

(Expressed in Barbados dollars)

Statement of Changes in Equity

For the year ended March 31, 2017 with comparative figures for 2016

	Notes	Revaluation Reserve	Statutory Reserves	Education Fund	Common Good Fund	Unrealised Gain (loss) on Investment	Undivided Earnings	Total
Balance at March 31, 2015		\$ 3,066,629	5,523,478	7,324	38,127	321,689	1,148,794	10,106,041
Net income for the year		-	-	-	-	-	656,634	656,634
Revaluation of Building		948,000	-	-	-	-	-	948,000
Transfer to statutory reserves	17(a)	-	561,114	-	-	-	(561,114)	-
Transfer to education fund	17(b)	-	-	6,832	-	-	(6,832)	-
Transfer to common good fund	17(c)	-	-	-	6,832	-	(6,832)	-
Disbursements from fund		-	-	(6,624)	(19,977)	-	26,601	-
Realised gain on sale of investment		-	-	-	-	(178,171)	-	(178,171)
Unrealised gain on investments for the year	3(f)	-	-	-	-	220,902	-	220,902
Balance at March 31, 2016		4,014,629	6,084,592	7,532	24,982	364,420	1,257,251	11,753,406
Net income for the year		-	-	-	-	-	688,863	688,863
Revaluation of Building		-	-	-	-	-	-	-
Transfer to statutory reserves	17(a)	-	657,854	-	-	-	(657,854)	-
Transfer to education fund	17(b)	-	-	20,000	-	-	(20,000)	-
Transfer to common good fund	17(c)	-	-	-	6,963	-	(6,963)	-
Disbursements from fund		-	-	(6,832)	(601)	-	7,433	-
Realised gain on sale of investment		-	-	-	-	-	-	-
Unrealised gain on investments for the year		-	-	-	-	124,020	-	124,020
Balance at March 31, 2017		\$ 4,014,629	6,742,446	20,700	31,344	488,440	1,268,730	12,566,289

See accompanying notes to financial statements.

BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED

(Expressed in Barbados dollars)

Statement of Comprehensive Income

For the year ended March 31, 2017 with comparative figures for 2016

	Notes	2017	2016
Operating Income:			
Interest on loans		\$ 4,058,138	4,090,405
Interest on mortgages		3,357,201	2,962,993
Total Loan Interest Income		<u>7,415,339</u>	<u>7,053,398</u>
Less Interest on Members' Deposits			
Interest expense		(2,495,188)	(2,288,385)
Net Interest Income		<u>4,920,151</u>	<u>4,765,013</u>
Investment Income			
Interest on savings account		15,575	16,539
Dividend income		71,918	72,596
Interest on investments		730,375	520,412
Gain on sale of investments		-	178,171
Total Investment Income		<u>817,868</u>	<u>787,718</u>
Less investment fees and charges		(21,400)	(30,931)
Net Investment Income		<u>796,468</u>	<u>756,787</u>
Other Income			
Other operating income		477,010	475,201
Rental income		64,500	68,400
Total Other Income		<u>541,510</u>	<u>543,601</u>
Total operating income		<u>\$ 6,258,129</u>	<u>6,065,401</u>
Operating Expenses:			
Payroll Costs		\$ 2,584,911	2,402,478
Membership Protection and Governance	19	505,519	447,659
Occupancy Costs	19	525,730	435,110
General and Administrative Expenses	19	273,186	304,442
Allowance for Bad and Doubtful Debts		385,435	563,818
Marketing Costs		379,250	330,771
Depreciation		452,090	279,003
Information Systems Expense		440,905	391,807
Penalty and Interest/ Overages		230	845
Total operating expenses		<u>5,547,256</u>	<u>5,155,933</u>

BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED

(Expressed in Barbados dollars)

Statement of Comprehensive Income (con't)

For the year ended March 31, 2017 with comparative figures for 2016

	Notes	2017	2016
Profit before interest and tax for the year			
Interest expense	14	(14,577)	(17,677)
Profit before tax for the year		696,296	891,791
Tax on assets	15	-	(208,556)
Net profit for the year after tax and before disbursements to funds		<u>696,296</u>	<u>683,235</u>
Disbursement from funds:			
Common Good Fund	17(c)	(601)	(19,977)
Education Fund	17(b)	(6,832)	(6,624)
		<u>(7,433)</u>	<u>(26,601)</u>
Net income for the year		<u>688,863</u>	<u>656,634</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation Reserve Owner Occupied Property		-	948,000
<i>Items that are or maybe reclassified to profit or loss</i>			
Unrealised gain/loss on investments for the year		124,020	220,902
Other comprehensive income, net of tax		124,020	1,168,902
Total comprehensive income for the year		<u>\$ 812,883</u>	<u>1,825,536</u>

See accompanying notes to financial statements.

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Statement of Cash Flows

For the year ended March 31, 2017 with comparative figures for 2016

	2017	2016
Cash Flows from Operating Activities		
Net income for the year	\$ 688,863	656,634
Adjustments for:		
Depreciation	452,090	279,003
Allowance for doubtful loans	385,435	539,127
Gain on sale of investments	-	(178,171)
Dividend income	(71,918)	(72,596)
Interest income	(8,161,289)	(7,590,349)
Gain on sale of asset	7,814	-
Interest expense	2,509,765	2,306,062
Taxes levied on assets	-	208,556
Operating loss before working capital changes	(4,189,240)	(3,851,734)
Increase (decrease) in accounts payable	22,136	(63,145)
(Increase) decrease in prepaid expenses	(13,294)	27,073
Decrease in deferred expense	6,125	6,125
Decrease in accounts receivable	9,645	22,282
Increase in loans to members	(8,410,861)	(8,078,043)
Increase in regulatory capital	141,200	107,800
Net cash used in operations	(12,434,289)	(11,829,642)
Interest received – loans	7,437,595	6,992,223
Interest paid	(2,575,156)	(2,073,377)
Taxes paid	(54,874)	(244,884)
Net cash used in operating activities	(7,626,724)	(7,155,680)

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Statement of Cash Flows (con't)

For the year ended March 31, 2017 with comparative figures for 2016

	2017	2016
Cash Flows from Investing Activities		
Additions to property and equipment	(1,001,939)	(524,154)
Net proceeds from sale of assets	106,754	88,019
Net proceeds from sale of investments	-	207,322
Interest received on investments	696,035	535,915
Dividends received	71,918	72,596
Increase in investments - net	(11,312,765)	(5,206,876)
Net cash used in investing activities	(11,439,997)	(4,827,178)
Cash Flows from Financing Activities		
Increase in members' deposits	18,386,506	13,920,409
Repayment of loan principal	(55,861)	(52,761)
Net cash from financing activities	18,330,645	13,867,648
(Decrease) increase in cash resources during year	(736,076)	1,884,790
Cash resources, beginning of year	6,044,896	4,160,106
Cash resources, end of year	\$ 5,308,820	6,044,896

See accompanying notes to financial statements.

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

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 1, 2017.

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 available for sale investments.

(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 in note 2(b)(i).

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

2. Basis of Preparation (continued)

(b) The use of estimates and judgments (continued)

(i) Key sources of estimation and uncertainty

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

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

3. Significant Accounting Policies

(a) Functional and presentation currency

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

(b) Revenue recognition

Interest

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

Dividend

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

Rent

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

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

3. Significant Accounting Policies (continued)

(c) Foreign currency

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

(d) Loans receivable

(i) Loans to members

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Credit Union does not intend to sell immediately or in the near term.

Loans are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(ii) Allowance for doubtful loans

The allowance for doubtful loans is based on specific identification of doubtful loans resulting from management's internal review of the loan portfolio. An additional blanket allowance is made for accounts not specifically considered doubtful. Related accrued interest is included in the provision where appropriate.

(e) Property and equipment

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

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

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.

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

3. Significant Accounting Policies (continued)

(e) Property and equipment (continued)

The following annual rates apply:

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

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

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

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

(f) Defined contribution plans

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

(g) Taxation

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

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

(h) 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).

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

3. Significant Accounting Policies (continued)

(h) Impairment of non-financial assets (continued)

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.

(i) Lease payments

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

(j) 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.

(k) Financial instruments

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at cost being their fair value plus transaction costs that are directly attributable to its acquisition or issue. The Company classifies non-derivative financial instruments into the following categories: held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

The Credit Union classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets and financial liabilities – Recognition & Derecognition

The Credit Union initially recognises loans and mortgages to members, deposits of member and loan payable on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date, i.e. the date that the Credit Union becomes a party to the contractual provisions of the instrument.

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

3. Significant Accounting Policies (continued)

(k) Financial instruments (continued)

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

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

Offsetting

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

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

Non-derivative financial assets – Measurement

Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Credit Union has the positive intention and ability to hold to maturity.

After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method (EIR), less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The Credit Union has reported government securities which have all been classified under the held-to-maturity classification.

Impairment losses are reported as a deduction from the carrying value of the investment (through an allowance account) or investment balance. The amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

3. Significant Accounting Policies (continued)

(k) Financial instruments (continued)

Non-derivative financial assets – Measurement (continued)

Held-to-maturity financial investments (continued)

If the Credit Union were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Credit Union would be prohibited from classifying any financial asset as held-to-maturity for the current and during the following two financial years.

Available-for-sale financial investments

Available-for-sale financial investments include equity securities. Equity securities classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently re-measured at fair value based on quoted bid prices or amounts derived from approved valuation models. Unrealised gains and losses on available-for-sale securities are recognised directly in the fair value reserve in equity and reported under other comprehensive income.

When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income.

Unquoted equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment.

For available-for-sale financial investments, the Credit Union assesses at each statement of financial position date whether there is objective evidence that an investment is impaired.

Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from other comprehensive income and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

3. Significant Accounting Policies (continued)

(k) Financial instruments (continued)

Non-derivative financial assets – Measurement (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment.

Impairment losses are reported as a deduction from the carrying value of the loan (through an allowance account) or balance and recognised in the statement of comprehensive income as loan impairment expense.

- *Fair value measurement*

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

- *Identification and measurement of impairment*

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

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

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

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

3. Significant Accounting Policies (continued)

(k) Financial instruments (continued)

Non-derivative financial assets – Measurement (continued)

Loans and receivables (continued)

- *Identification and measurement of impairment (continued)*

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

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

(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 2016 - 2017 comprises net unrealized gain on available-for-sale investments and the revaluation of owner occupied property.

(o) Standards, interpretations and amendments to existing standards effective for the current year

The Credit Union has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

3. Significant Accounting Policies (continued)

(o) Standards, interpretations and amendments to existing standards effective for the current year (continued)

During the year, certain new standards, interpretations and amendments to the existing standards became effective. Management has assessed that these new standards, interpretations and amendments to the existing standards where relevant did not have any significant impact on the preparation of these financial statements. The application of these pronouncements has therefore not been reflected in these financial statements.

(p) Standards in issue but not yet effective

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

- IAS 7 (Amendments) – Disclosure Initiative (effective January 1, 2017)
- IAS 12 (Amendments) – Recognition of Deferred Tax Assets for Unrealised Losses (effective January 1, 2017)
- Annual Improvements to IFRS 2014-2016 Cycle – (Amendments to IFRS 12 Disclosure of Interests in Other Entities (effective January 1, 2017)
- Annual Improvements to IFRS 2014-2016 Cycle – (Amendments to IFRS 1 First time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures (effective date January 1, 2018)
- IAS 40 (Amendments) – Transfer of Investment Property (effective January 1, 2018)
- IFRS 2 (Amendments) – Classification and Measurement of Share-based Payment Transactions (effective date January 1, 2018)
- IFRS 4 (Amendments) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date January 1, 2018)
- IFRS 9 - Financial Instruments (effective January 1, 2018)
- IFRS 15 - Revenue from Contracts with Customers (effective January 1, 2018)
- IFRS 16 - Leases (effective January 1, 2019)

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

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

3. Significant Accounting Policies (continued)

(p) Standards in issue but not yet effective (continued)

IFRS 9 — Financial Instruments

In July 2014, the IASB released the final version of IFRS 9 Financial Instruments. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement, with a new mixed measurement model having only two categories: amortised cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are recognised either at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognised in profit or loss insofar as they do not clearly represent a return on investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

IFRS 9 introduces a new single expected credit loss ("ECL") impairment model for all financial assets and certain off balance sheet loan commitments and guarantees. The new ECL model will result in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

The ECL model requires the recognition of credit losses based on twelve months of expected losses for performing financial assets and recognition of lifetime losses on financial assets that have experienced a significant increase in credit risk since origination.

Requirements for financial liabilities carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in the statement of other comprehensive income. It also includes guidance on hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Credit Union is currently evaluating the impact of the standard on its financial statements.

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

4. Financial Risk Management

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

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

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

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

(a) Credit risk

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

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

**BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED**

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Notes to the Financial Statements

For the year ended March 31, 2017

4. Financial Risk Management (continued)

(a) Credit risk (continued)

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.

Allowances for impairment

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

Loans and advances to members

	2017	2016
Delinquent Loans		
90 days and over	\$ 2,379,614	4,056,585
Classified Loans fully provided	1,834,766	1,326,156
Carrying amount	4,214,380	5,382,741
Less: Allowance for doubtful loans	(1,652,640)	(2,219,520)
Carrying amount less allowance loans > 90 days	\$ 2,561,740	3,163,221

Loans in Good Standing

Not yet due	\$ 72,406,425	64,529,030
1-29 days	12,633,152	11,540,426
30-59 days	1,859,620	2,180,345
60-89 days	1,492,820	1,038,839
Carrying amount	88,392,017	79,288,640
Less: Allowance for doubtful loans	(883,921)	(792,886)
Carrying amount less allowance for loans in good standing	87,508,096	78,495,754

Total carrying amount **\$ 90,069,836** **81,658,975**

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 \$30,000. The value of security of loans > 90 days is approximately \$5.6 million dollars.

**BARBADOS WORKERS' UNION
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Notes to the Financial Statements

For the year ended March 31, 2017

4. Financial Risk Management (continued)

(b) Liquidity risks

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

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

Deposits from Members

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

2017 Deposits by Type	Interest Rate	Total	Less than 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Term Deposits	2.25%-5.00%	\$ 24,709,309	1,700,350	15,471,098	6,972,101	565,760
Other Savings	1.00%-3.15%	2,568,872	2,014,521	32,061	247,579	274,711
Special Savings	1.75%	5,041,893	4,618,464	24,450	199,612	199,367
Junior Savings	2.50%	2,724,519	2,703,010	-	8,509	13,000
Membership Prime Deposit	1.75%	54,906,994	43,843,916	663,432	4,733,039	5,666,607
Smart Builder	2.75%	25,920,931	23,274,516	71,135	920,294	1,654,986
Total		\$ 115,872,518	78,154,777	16,263,176	13,081,134	8,374,431

Loan by Type

Personal Loans	6.5%-18%	\$ 26,837,181	114,072	828,498	13,996,738	11,897,873
Business Loans	7%-17%	2,052,646	20,555	14,952	403,595	1,613,544
Other Loans	8%-18%	860,810	32,322	29,267	561,369	237,852
Real Estate Loans	4.5%-9%	49,244,504	968,408	50,335	855,378	47,370,383
Revolving Loans	15%-17%	7,578,861	2,989,044	384,579	1,586,726	2,618,512
Bridging Loans	5.5%-12%	6,032,395	-	-	225,393	5,807,002
Total		\$ 92,606,397	4,124,401	1,307,631	17,629,199	69,545,166
Liquidity Gap		\$ 23,266,121	74,030,376	14,954,545	(4,548,065)	(61,170,735)

**BARBADOS WORKERS' UNION
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Notes to the Financial Statements

For the year ended March 31, 2017

4. Financial Risk Management (continued)

(b) Liquidity risks (continued)

Deposits from Members (continued)

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

2016 Deposits by Type	Interest Rate	Total	Less than 3 months	3 months to 1 year	1 year to 5 years	5 years and over
Term Deposits	2.25%-5%	\$ 18,349,134	301	14,166,357	3,589,479	592,997
Other Savings	1%-3.15%	2,109,602	1,622,515	26,959	127,923	332,205
Special Savings	1.75%	4,815,497	4,448,650	46,800	177,551	142,496
Junior Savings	2.5%	2,636,800	2,618,655	-	5,145	13,000
Membership Prime Deposit	1.75%	53,316,811	42,577,252	722,873	4,562,091	5,454,595
Smart Builder	3.00%	16,258,717	14,584,199	58,493	706,456	909,569
Total		\$ 97,486,561	65,851,572	15,021,482	9,168,645	7,444,862
Loan by Type						
Personal Loans	6.5%-18%	\$ 24,026,595	442,107	939,414	11,449,134	11,195,940
Business Loans	7-17%	2,118,879	40,897	13,125	150,661	1,914,196
Other Loans	8-18%	1,364,319	65,848	64,767	885,260	348,444
Real Estate Loans	5.5%-9%	41,334,434	616,347	-	560,264	40,157,823
Revolving Loans	17%	7,542,449	2,592,135	1,306,040	502,071	3,142,203
Bridging Loans	6.5%-12%	7,984,705	54,800	-	72,813	7,857,092
Total		\$ 84,371,381	3,812,134	2,323,346	13,620,203	64,615,698
Liquidity Gap		\$ 13,115,180	62,039,438	12,698,136	(4,451,558)	(57,170,836)

Accounts payable balances are all current.

(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.

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Notes to the Financial Statements

For the year ended March 31, 2017

4. Financial Risk Management (continued)

(d) Operational risks

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

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

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

(e) Capital management

The Co-operative Societies (Amendment) Act 2008-39, stipulates that an amount equaling or greater than 10% of total assets must be held as capital. The Board of Directors continues to review the capital structure. The capital to assets ratio is now 7.56% (2016 – 8.14%).

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

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

(f) Fair value

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

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

BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED

(Expressed in Barbados dollars)

Notes to the Financial Statements

For the year ended March 31, 2017

4. Financial Risk Management (continued)

(f) Fair value (continued)

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

The fair values of cash resources, accounts receivable, interest receivable, accounts payable, accrued expenses, deposits 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:

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash resources	5,308,820	5,308,820	6,044,896	6,044,896
Accounts receivable	313,926	313,926	273,656	273,656
Interest receivable	278,394	278,394	300,650	300,650
Investments (note 8)	28,742,907	N/A	17,554,162	N/A
Deposits of members	115,873,067	115,873,067	97,486,581	97,486,581
Regulatory capital	1,932,600	1,932,600	1,791,400	1,791,400
Accounts payable	1,011,766	1,011,766	893,544	893,544
Loans payable	187,057	187,057	242,918	242,918
Loans and mortgages (net)	90,069,836	90,069,836	81,658,975	81,658,975

(g) Loans and mortgages receivable

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

Investments

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

(h) Real Property Management

The Co-operative Societies (Amendment) Act 2007-39, sec. 196A states that a Credit Union may not acquire or hold real property where the market value of the property to be acquired would cause the aggregate value of the property to exceed 6% of the stated assets of the Credit Union. At March 31, 2017, the Credit Union held 4.07% (2016 - 4.48%) in real property.

BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED

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Notes to the Financial Statements

For the year ended March 31, 2017

5. Determination of Fair Values

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

(a) Investments in equity and debt securities

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

(b) Trade and other receivables

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

6. Cash Resources

This balance consists of:

	2017	2016
Cash equivalents	\$ 7,496	555,507
Cash on hand	615,802	420,089
Cash at bank	4,685,522	5,069,300
	\$ 5,308,820	6,044,896

7. Interest Receivable

	2017	2016
Loan interest receivable	\$ 278,394	300,650

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

**BARBADOS WORKERS' UNION
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Notes to the Financial Statements

For the year ended March 31, 2017

8. Investments

(a) Investments comprise:

	2017	2016
Equity securities, mutual funds and fixed income, at fair value:		
Shares in Insurance Corporation of Barbados	728,817	592,284
CIBCFCIB "Blue Eagle" portfolio fixed income	1,547,060	3,304,955
CIBCFCIB "Blue Eagle" portfolio mutual funds/ equities	344,410	342,608
	<u>2,620,287</u>	<u>4,239,847</u>
Equity securities, at cost:		
Shares in the Barbados Co-operative Credit Union League Ltd.	21,020	21,020
Shares in Bridgetown Cruise Terminals Inc.	1,553	1,553
Shares in Co-operators General Insurance Co. Ltd.	1,177,050	1,141,560
	<u>1,199,623</u>	<u>1,164,133</u>
Other investments, held to maturity:		
First Citizens Investment Services Ltd.	2,812,850	1,347,900
CAPITA Financial Services Inc	2,013,986	828,945
Barbados Co-operative Credit Union League Ltd - Central Fund Facility Trust	2,565,994	937,819
Barbados Transport Board	186,311	225,477
Barbados Port Inc	768,263	713,246
Barbados Treasury Notes	5,500,000	1,000,000
Barbados Treasury Bills	10,431,088	6,474,785
Barbados Public Workers Co-operative Credit Union Ltd.	644,505	622,010
	<u>24,922,997</u>	<u>12,150,182</u>
Total Investments	<u>28,742,907</u>	<u>17,554,162</u>

The Credit Union outsources the management of its investment portfolio referred to as the "Blue Eagle" to CIBC First Caribbean International Bank's (The Bank) wealth management department. The Bank was given an investment policy and parameters to guide the investment decisions. The Investment policy was prepared by a group of members with an investment career background. Reports are submitted monthly to the management where the performance of the fund is reviewed. The total fund under management is \$1,892,740 (2016 - \$3,647,563). The portfolio is valued by CIBC First Caribbean International Bank Wealth Management Barbados.

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Notes to the Financial Statements

For the year ended March 31, 2017

8. Investments (continued)

(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)

As at March 31, 2017, 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.

9. Loans and Mortgages to Members

Loans and mortgages to members comprise:

	2017	2016
Loans	\$ 38,375,315	35,858,501
Mortgages	54,231,082	48,812,880
	<u>92,606,397</u>	<u>84,671,381</u>
Less Allowance for doubtful loans	(2,536,561)	(3,012,406)
	<u>\$ 90,069,836</u>	<u>81,658,975</u>

Loans are classified as personal, business, line of credit and other loans. Personal and business loans bear interest at a rate of 6.5% 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 installments over a maximum period of thirty years.

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Notes to the Financial Statements

For the year ended March 31, 2017

9. Loans and Mortgages to Members (continued)

Mortgages usually bear a floating interest rate of 6.5% per annum on the reducing balance. As of March 2017 mortgages are being offered at a variable rate of 4.5% to 7.5% (2016 - 5.5% to 7.5%) per annum on the reducing balance. Mortgages are repayable to the Credit Union in monthly blended principal and interest instalments over a maximum period of thirty years.

Allowance for doubtful loans

	2017	2016
Opening balance	\$ (3,012,406)	(2,473,279)
Charge for the year	(385,435)	(563,818)
Write offs	648,710	-
Recoveries	212,570	24,691
Ending balance	\$ (2,536,561)	(3,012,406)

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

	2017	2016
Accounts receivable	\$ 249,350	258,995
Interest receivable – Investments	64,576	14,661
\$ 313,926	273,656	

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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Notes to the Financial Statements

For the year ended March 31, 2017

11. Property and Equipment

2017

	Equipment & Computer Software	Motor Vehicles	Land & Buildings	Leasehold Improvements	Total
Cost/Valuation					
At beginning of year	\$ 3,038,847	158,442	5,025,000	839,490	9,061,779
Additions/WIP	338,342	160,464	435,097	68,036	1,001,939
Revaluation	-	-	-	-	-
Disposals	-	(158,442)	-	-	(158,442)
At end of year	\$ 3,377,189	160,463	5,460,097	907,526	9,905,276

Accumulated Depreciation

At beginning of year	\$ 2,146,028	41,342	-	559,263	2,746,633
Charge for year	233,552	45,442	91,163	81,933	452,090
Disposals	-	(67,946)	-	-	(67,946)

At end of year	\$ 2,379,580	18,838	91,163	641,196	3,130,777
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Net Book Value	\$ 997,609	141,626	5,368,934	266,330	6,774,499
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2016

	Equipment & Computer Software	Motor Vehicles	Land & Buildings	Leasehold Improvements	Total
Cost/Valuation					
At beginning of year	\$ 2,839,095	199,377	4,200,000	608,737	7,847,209
Additions	200,749	92,652	-	230,753	524,154
Revaluation	-	-	825,000	-	825,000
Disposals	(997)	(133,587)	-	-	(134,584)
At end of year	\$ 3,038,847	158,442	5,025,000	839,490	9,061,779

Accumulated Depreciation

At beginning of year	\$ 1,933,675	107,928	123,000	521,083	2,685,686
Charge for year	211,554	29,269	-	38,180	279,003
Disposals	799	(95,855)	(123,000)	-	(218,056)

At end of year	\$ 2,146,028	41,342	-	559,263	2,746,633
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Net Book Value	\$ 892,819	117,100	5,025,000	280,227	6,315,146
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The Credit Union's building is valued on a tri-annual basis as dictated by the Board of Directors.

**BARBADOS WORKERS' UNION
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Notes to the Financial Statements

For the year ended March 31, 2017

11. Property and Equipment (continued)

The next valuation is scheduled to take place in the 2018 - 2019 financial year. During the 2015 - 2016 financial year the Board of Directors determined the value of the Credit Union's building was \$5,410,540 based on a valuation prepared by an independent, professional valuer. The resulting increase of \$984,000 was credited to revaluation reserve in equity. The accumulated depreciation of \$184,500 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.

12. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses comprise:

	2017	2016
Interest payable on deposits	\$ 563,793	483,825
Non-member deposits	138,410	141,395
Professional fees	98,719	79,625
Other payables	210,845	188,709
	\$ 1,011,767	893,554

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

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

13. Deposits of Members

Members' deposits comprise the following:

	2017	2016
Term deposits	\$ 23,996,349	17,674,005
Other deposits	36,368,329	25,820,616
Prime deposits	54,795,429	53,316,812
Registered Retirement Savings Plan	712,960	675,128
	\$ 115,873,067	97,486,561

13. Deposits of Members (continued)

Term deposits are fixed-term interest bearing deposits which attract a rate of interest of 2.25% to 5.00% (2016 - 2.25% to 5.00%).

Other deposits represent interest bearing deposits that may be withdrawn on demand. These deposits attract interest at a rate of 1.00% - 3.15% (2016 - 1.00% - 3.15%).

Prime Deposits, previously known as Members' Shares, is an interest bearing deposit account which has attracted an average rate of 1.75% (2016 - 2.00%) 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 4% (2016 - 4%)

14. Loan Payable

	2017	2016
Current portion	\$ 52,930	52,830
Long term portion	134,127	190,088
	\$ 187,057	242,918

During 2015 the Credit Union secured a loan from The Central Fund Facility Trust in the amount of \$300,000. The loan is repayable in equal instalments of \$5,870 monthly over a 5 year period. The loan is secured by investments in the CFFT valued at \$344,904 as at year end.

15. Tax on Assets

The Tax on Assets included in the Statement of Comprehensive Income is calculated at 0.20% per annum (0.05% per period) of Average Domestic Assets. Average Domestic Assets is defined as Total Assets less Provision for Bad Debts and Reserve for Depreciation. The tax on assets was discontinued effective March 31, 2016 thus no tax on assets was incurred by the Credit Union during the year.

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16. Regulatory Capital

	2017	2016
Balance at April 1	1,791,400	1,683,600
Contributions for the year	141,200	107,800
Balance at March 31	1,932,600	1,791,400

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 cooperative at general meetings. Shares may only be withdrawn when the member wishes to end their membership with the Credit Union. No dividend or patronage refund has been declared for the year.

BARBADOS WORKERS' UNION
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Notes to the Financial Statements

For the year ended March 31, 2017

17. Reserves
(a) Statutory Reserve

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

The statutory reserve accumulated transfer from net income

The Credit Union is required under governing legislation to transfer an amount equivalent to the greater of one half of one percent (0.5%) of total assets or twenty-five percent (25%) of Net Income (before dividends) to the statutory reserve annually until the capital ratio equals ten percent (10%). At March 31, 2017, capital ratio was 7.56% (2016 - 8.14%). The allocation for the year was \$657,854 (2016 - \$561,114).

(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 \$ 20,000 (2016 - \$6,832).

(c) Common Good Fund

The common good fund was established by the Credit Union and represents amounts allocated to facilitate donations to benevolent causes. The amount transferred is 1% of net income. The amount transferred for the year was \$6,963 (2016 - \$6,832).

18. Mutual Benefits Plan

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

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Notes to the Financial Statements

For the year ended March 31, 2017

19. Major Operating Expenses

These comprise:

	2017	2016
General and Administrative Expenses		
Audit Fees	\$ 76,898	80,042
Stationery Office supplies	64,856	59,344
Professional Fees	46,119	37,993
Equipment Maintenance	24,875	25,569
Motor Vehicle Expense	19,924	24,385
Supplies	21,350	17,272
Postage	11,964	51,573
Motor Vehicle Insurance	7,200	8,264
	\$ 273,186	304,442
Occupancy Costs		
Utilities	\$ 86,773	83,635
Rental Expense	157,443	122,753
Security	120,326	101,397
Property Insurance	66,498	56,904
Maintenance	53,862	24,933
Other Office Expenses	23,402	27,050
Land Tax	13,860	13,860
Television Charges	2,045	2,256
Other Property Expense		691
Miscellaneous	1,521	1,631
	\$ 525,730	435,110
Membership Protection and Governance Expenses		
MBP Premiums	\$ 219,690	182,735
League Dues	88,912	80,549
Convention	51,445	52,901
Reimbursable Expenses	62,400	69,648
Annual Meeting	24,257	26,897
Committee Meetings	24,432	21,174
Other Meetings	2,835	680
Committee Expenses	9,735	7,930
Committee Activities	16,938	-
Fidelity Insurance – Directors	4,875	5,145
	\$ 505,519	447,659

20. Financial Instruments

Credit risk

Exposure to credit risk

	Carrying amount	
	2017	2016
Interest receivable	\$ 278,394	300,650
Investments	28,742,907	17,554,162
Loans and receivables	90,069,836	81,658,975
Cash resources	5,308,820	6,044,896
Total	\$ 124,399,957	105,558,683

Interest rate risk

Profile

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

	Carrying amount	
	2017	2016
Fixed Rate Instruments		
Fixed Financial Assets	\$ 33,219,460	30,477,427
Fixed Financial Liabilities	(24,996,349)	(19,465,406)
Net Fixed Rate Instruments	\$ 8,223,111	11,012,021
Variable Rate Instruments		
Financial Assets	\$ 93,438,664	77,793,012
Financial Liabilities	(91,765,153)	(79,137,428)
Net Variable Rate Instruments	\$ 1,673,511	(1,334,416)

BARBADOS WORKERS' UNION
CO-OPERATIVE CREDIT UNION LIMITED

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Notes to the Financial Statements

For the year ended March 31, 2017

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Notes to the Financial Statements

For the year ended March 31, 2017

21. Interest and Dividend Income

Recognised in profit or loss

	2017	2016
Interest on loans	\$ 4,058,138	4,090,405
Interest on mortgages	3,357,201	2,962,993
Interest income on held-to-maturity investments	730,375	520,412
Interest income on bank deposits	15,575	16,539
Dividend income on held to maturity financial assets	71,918	72,596
Interest and dividend income - gross	8,233,207	7,662,945
Interest expense on financial liabilities measured at amortised cost	(2,495,188)	(2,288,385)
Gain realized on sale of investments	-	178,171
Net interest, realised gain and dividend income recognised in profit or loss	<u>\$ 5,738,019</u>	<u>5,552,731</u>

Recognised directly in equity

Net unrealized gain (loss) on investments for the year	\$ 124,020	220,902
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22. Related Parties

(a) Identity of related parties

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

(b) Related party balances

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

	Loans Balance	Deposits	Qualifying Shares
As at March 31, 2017	\$ 986,870	1,286,888	1,500
As at March 31, 2016	<u>\$ 987,076</u>	<u>983,580</u>	<u>1,500</u>

BARBADOS WORKERS' UNION
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Notes to the Financial Statements

For the year ended March 31, 2017

22. Related Parties (continued)

(c) Key Management personnel compensation:

	2017	2016
Wages and salaries	\$ 604,646	770,542
Reimbursable expenses for directors and Committee members	<u>\$ 62,400</u>	<u>69,648</u>

23. Commitments

Loan commitments

Loan commitments in respect of undisbursed loans as at March 31, 2017 amounted to \$7,704,571 (2016 - \$5,096,445).

24. Operating Lease

Leases as Lessor

The Credit Union leased part of the property at Fairchild Street, this lease ended 31 January 2017. The future minimum lease payments under terms of the leases are as follows:

	2017	2016
Less than one year	-	57,000
Between two and four years	-	-

The Credit Union leased part of rental space at Northern Business Centre, Speightstown this lease. The future minimum lease payments under terms of the leases are as follows:

	2017	2016
Less than one year	30,000	-
Between two and four year	120,000	-

During the year ended March 31, 2017, \$64,500 (2016 - \$68,400) was recognised as rental income in the statement of comprehensive income.

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Notes to the Financial Statements

For the year ended March 31, 2017

24. Operating Lease (continued)

Leases as Lessee

The Credit Union leases the property which houses the Speightstown Branch from ABK Investment and in Oistins at the Southern Plaza Complex. The future minimum lease payments under terms of the leases as follows:

	2017	2016
Less than one year	141,168	103,098
Between two and five years	564,671	415,933

During the year ended March 31, 2017, \$157,443 (2016 - \$122,753) was recognised as rental expense in the statement of comprehensive income.

25. Contingencies

At March 31, 2017, 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.

Credit Union Operating Principles

The International Credit Union Operating Principles are founded in the philosophy of cooperation and its central values of equality, equity and mutual self-help. Recognizing the varied practices in the implementation of credit union philosophy around the world, at the heart of these principles is the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their community.

DEMOCRATIC STRUCTURE

Open and Voluntary Membership

Membership in a credit union is voluntary and open to all within the accepted common bond of association that can make use of its services and are willing to accept the corresponding responsibilities.

Democratic control

Credit union members enjoy equal rights to vote (one member, one vote) and participate in decisions affecting the credit union, without regard to the amount of savings or deposits or the volume of business. Voting in credit union support organizations or associations may be proportional or representational, in keeping with democratic principles. The credit union is autonomous, within the framework of law and regulation, recognizing the credit union as a cooperative enterprise serving and controlled by its members.

Non-Discrimination

Credit unions are non-discriminatory on all grounds, including but not limited to race, orientation, nationality, sex, religion and politics.

SERVICE TO MEMBERS

Distribution to Members

To encourage thrift through savings and thus to provide loans and other services, a fair rate of interest is paid on savings and deposits, within the capability of the credit union.

The surplus arising out of the operations of the credit union after covering the cost of finance, operating costs, provisions for loan losses and ensuring appropriate capital reserve levels, belongs to and benefits all members with no member or group of members benefiting to

the detriment of others. This surplus may be distributed among members in proportion to their transactions with the credit union, as dividends on shares or directed to improved or additional services required by the members.

Building Financial Stability

A prime concern of the credit union is to build the financial strength, including adequate reserves and internal controls that will ensure continued service to membership.

Service to Members

Credit union services are directed to improve the economic and social well-being of all members.

SOCIAL GOALS

On-Going Education

Credit unions actively promote the education of their members, officers and employees, along with the public in general, in the economic, social, democratic and mutual self-help principles of credit unions. The promotion of thrift and the wise use of credit, as well as education on the rights and responsibilities of members, are essential to the dual social and economic character of credit unions in serving member needs.

Cooperation Among Cooperatives

In keeping with their philosophy and the pooling practices of cooperatives, credit unions within their capability actively cooperate with other credit unions, cooperatives and their associations at local, national and international levels in order to best serve the interests of their members and their communities.

Social Responsibility

Continuing the ideals and beliefs of cooperative pioneers, credit unions seek to bring about human and social development. Their vision of social justice extends both to the individual members and to the larger community in which they work and reside. The credit union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interest of the broader community within which the credit union and its members reside.