

# Laborie Co-operative Credit Union Ltd.



Preserving the Core; Stimulating Progress

34<sup>th</sup> Annual General Meeting

Sunday 31<sup>st</sup> March 2019



40<sup>th</sup>

*Anniversary of Independence*

SAINT LUCIA

ALL IN

OUR JOURNEY, OUR FUTURE

## **Credit Union Prayer**

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

O, Divine Master,

Grant that I may not so much seek  
to be consoled as to console;  
to be understood as to understand;  
to be loved as to love;  
For it is in giving that we receive;  
it is in pardoning that we are pardoned;  
and it is in dying that we are born to eternal life.

\*\*\*\*\*

### **Core Values**

We believe our members come first  
We believe in being human centered  
We believe in unequivocal excellence in all aspects of our operations  
We believe in being community focused  
We believe in the co-operative philosophy

### **Core Purpose**

To enhance the standard of living and quality of life of our members.

### **Vision**

To become the financial institution most known for enhancing the lives of our members and their communities.

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Notice is hereby given of the 34<sup>th</sup> Annual General Meeting of the  
Laborie Co-operative Credit Union Ltd.  
at the Laborie Boys' Primary School on  
Sunday 31<sup>st</sup> March 2019 from 1:30 p.m.

# A G E N D A

## Part One

- ✓ Call to Order
- ✓ Prayers & National Anthem
- ✓ Welcome Remarks
- ✓ Apologies
- ✓ Introduction of Guests and Greetings from Fraternal Organizations

## Part Two

- ✓ Ascertainment of quorum
- ✓ Reading and Confirmation of Minutes of the 33<sup>rd</sup> Annual General Meeting
- ✓ Reports
  - × Board of Directors
  - × Treasurer
  - × Auditor
  - × Credit Committee
  - × Supervisory Committee
- ✓ Election of Officers
- ✓ Appointment of Auditor
- ✓ Any Other Business
- ✓ Adjournment



**Denver Chiquot**  
**Secretary**

# STANDING ORDERS

1. A member shall:
  - a. Stand when addressing the Chairperson.
  - b. Identify himself / herself by name before proceeding to make speeches.
2. Speeches should be clear and relevant to the subject before the meeting.
3. A member shall only address the meeting when recognized or called to do so by the Chairperson after which he/she shall immediately take his / her seat.
4. No member shall address the meeting except through the Chairperson.
5. A member shall not speak twice on the same subject except:
  - a. He/she is the mover of the motion and has the right to reply.
  - b. He/she rises to object or explain (with the permission of the Chairperson).
6. No speeches shall be allowed after the question has been put, carried or negated.
7. A member rising on a 'Point of Order' must state the point clearly and concisely. (A Point of Order must have relevance to the Standing Orders).
8. The mover of a 'procedural motion' (adjournment, postponement) shall have no right of reply.
9. A member shall:
  - a. Not 'Call' another member 'To Order' but may draw the attention of the Chairperson to a 'Breach of Order'.
  - b. At no time 'Call' the Chairperson 'To Order'.
10. A question should not be put to the vote if a member desires to speak on it or move an amendment to it.
11. Only one motion / amendment should be before the meeting at one and the same time.
12. When a motion is withdrawn any amendment to it fails.
13. The Chairperson shall have the right to a 'Casting Vote' in addition to his/her ordinary vote in the event of an equality of votes.
14. If there is an equality of votes on a motion / amendment, and if the Chairperson does not exercise his/her casting vote the motion / amendment is lost.
15. The Chairperson shall make provisions for the protection of members from vilification or personal abuse at all times.
16. No member shall impute improper motives against the Chairperson, Board of Directors, Officers or any other member.

# Minutes of the 33<sup>rd</sup> Annual General Meeting held at the Laborie Boys' Primary School on Sunday 18<sup>th</sup> March 2018

## PART ONE

### Call to order

The meeting was called to order at 1:56 p.m. by the Chairperson, Director Steven Auguste.

### Invocation and National Anthem

All joined in the Prayer of St Francis of Assisi and Laborie Credit Union's Core Values, following which an instrumental version of the National Anthem was played.

### Attendance

<b>Board of Directors</b>	<b>Credit Committee</b>	<b>Supervisory &amp; Compliance Committee</b>
Steven Auguste	Virginia Blasse	Keth Thompson
Paul Sammy	Dale Louis	John Lawrence
Francillia Browne	Tresa Jn Jules	Kediana Charlery
Lana Alexander	Ashley Duncan	Michelle Edwide-Duplessis
Sienna London		Caron Serieux
Johnson Auguste		
Phils Louis		
Michelle Charlery		

Absent was Director Eyan St Helen who sent his apologies.

The following represented their respective entities.

- Mr Darnell Bobb                      Fond St Jacques Co-operative Credit Union Ltd.
- Mr Joseph Joseph                      St. Lucia Co-operative Credit Union League Ltd.
- Mr Brian John                          National Farmers & General Workers Co-operative Credit Union Society Ltd.
- Mr Matthew Sargusingh              TRI-FINITY Associates

### **Notice**

Notice was thereby given of the 33<sup>rd</sup> Annual General Meeting on Sunday March 18, 2018 at 1:30 p.m. at the Laborie Boys' Primary School.

### **Welcome Remarks**

Mr. Steven Auguste, President of the Laborie Co-operative Credit Union (LCCU) and Chairperson of the proceedings welcomed all members to the 33<sup>rd</sup> Annual General Meeting (AGM). He extended a special welcome to new members, members attending for the first time as well as members who are always present at AGMs. The Chairperson thanked the representatives from Fraternal Societies for being present at this event and was for a fruitful and successful AGM.

### **Greetings from Fraternal Organizations**

- Mr. Darnell Bobb thanked LCCU for inviting him to its AGM and informed the Meeting that the President of the Fond St. Jacques Credit Union was currently representing the Society at the Choiseul Co-operative Credit Union's AGM. He congratulated LCCU on impacting positively on the lives of its members and the community by extension, and thanked the General Manager, Mr. Lucius Ellevic and LCCU's Staff for assisting him in his new role as General Manager.

- Mr. Joseph Joseph was grateful for the invitation to attend this distinguished event. He expressed the League's profound gratitude for the support rendered by LCCU and was hopeful that the synergies from this partnership would, in large measure, contribute to the attainment of the goals and objectives of the Credit Union Movement. He wished everyone a successful AGM.
- Mr. Brian John, General Manager of National Farmers & General Workers Co-operative Credit Union, extended greetings on behalf of his Society. He lauded the efforts of LCCU and its management for assistance rendered to him and his Society in particular, and for promoting and supporting the Co-operative Movement in general.

## **PART TWO**

### **Ascertainment of Quorum**

The Chairperson informed the Meeting that a quorum had been ascertained with 327 members being registered.

Following the introduction of himself as the Society's President and Chairperson for the afternoon's proceedings, Director Auguste drew the Meeting's attention to the Standing Orders on page 3 of the AGM booklet.

### **Minutes**

Director Sienna London read the Minutes of the 32<sup>nd</sup> Annual General Meeting held on Sunday March 26, 2017, on behalf of the Secretary who was ill and unable to seat at the head table.



**Errors & Omissions**

- Page 5                    Line 6 -'**Lucia**' to replace Luca
- Page 7                    First line – insert '**to**' between encouraged and discuss
- Page 10                Re: Supervisory & Compliance Committee's Report
- Replace 2<sup>nd</sup> sentence with the following: '***He explained that the Committee did not complete the Membership Satisfaction Survey but completed audits of the following internal controls:***'
- Page 11                Re: Table outlining details of Nominations and Elections of Officers.
- Delete second letter '**t**' in the word "Directtors"
- Delete second '**n**' in name Vann Aimable (page 12 re: nomination of Dafrose Caputo to Supervisory Committee)
- Page 12                Re: Appointment of an Auditor (1<sup>st</sup> line)
- '**motion**' to replace motioned
- Insert the word '**respectively**' after Leon
- Page 13                Re: Adjournment
- '**Laurent**' to replace Lawrence

**Confirmation of Minutes**

The Minutes of the 32<sup>nd</sup> Annual General Meeting of Sunday March 26, 2017 were confirmed on a motion moved by Raymond Couloute and seconded by Christiani Leon. The Motion was unanimously carried.

**Matters Arising**

Page 7      *Re: Advanced payment to fishermen*

The meeting was informed that the entity to be established after the impending merger of the St Lucia Fish Marketing Co-operation and the St Lucia Marketing Board will be responsible for paying all outstanding liabilities.

*Re: Legal fees & professional--Number of lawyers in LCCU's employ*

Though there are three lawyers in its employ, the Society is under no obligation to have them on retainer. It was explained that:

- Members are referred to these lawyers for legal services required.
- The lawyers are compensated for conducting business on LCCU's behalf.
- Lawyers are paid only when legal matters are completed.
- While members are free to have their legal work done by any lawyer of their choice, they are however, expected to meet the cost of the Society's lawyer who will ensure the vetting of the legal process.

Page 9      Re: Treasurer's Report

It was explained that notwithstanding the departure of staff and the appointment of new employees, LCCU's staff complement increased by only one during the review period.

## **Board of Directors' Report**

The President delivered this report themed “*Creating Value, Facilitating Progress, Impacting Lives.*” The following key points were highlighted:

- LCCU’s Total Assets grew by 11.3% and a Net Surplus of \$5.71 million was realised.
- The Loans’ portfolio recorded a 10.59% growth after provisions for bad debts
- Delinquency was reduced to 8.22%
- Members’ Equity increased from \$22.675 million to \$28.511 million, an increase of 25.7%.
- The minimum requirements for both the Liquidity Reserve and the Capital Adequacy Ratio were surpassed.
- LCCU will manage the implementation of a three-year climate smart agricultural project, SABLE (Sustainable Agribusiness for Laborie and Environs) in which farmers and fishers in the South will benefit. The Inter-American Development Bank (IDB) funded project is estimated to cost \$4.96 million of which XCD \$2.147 million (US\$804,000) will be loan funds for farmers/organizations; \$0.96 million will be non-reimbursable funds for institutional strengthening, designing and implementing systems and procedures; and \$1.848 million will be counterpart funding.
- At the 2018 St Lucia Business Awards, LCCU won the award for Corporate Social Responsibility and the General Manager, Mr Lucius Ellevic, the Award for Corporate Leadership.
- Mr. Ellevic also won the Manager of the Year Award at the first ever Corporate Awards hosted by the St. Lucia Co-operative Credit Union League.
- ATM services will be available to members during the latter part of 2018.
- LCCU accepted the offer of 65% of the amount owed to the Society by CLICO. As a result, members on record as at December 31, 2011 will receive 6% dividends to be paid as equity shares and 5% patronage refund.

After the delivery of this report, members congratulated:

- a) The Management and Staff on the success of the Financial Reality Fair. A video clipping of the activity was shown, and members were informed that this initiative will be repeated in October 2018.
- b) The Board of Directors and the General Manager for the awards won.
- c) LCCU on the progress made on the ATM project.

The Board of Directors' Report was adopted on a motion moved and seconded by Isla Sammy and Jane Ramroach respectively. The motion was unanimously carried. Members approved the request to set LCCU's maximum liability at 3 million dollars.

### **Hamper Raffle # 1**

This raffle was won by Cindy Louisy holder of ticket # 414 833.

### **Treasurer's Report**

This report was delivered by Director Francillia Browne who highlighted the following salient points:

- LCCU, despite the current economic environment and aggressive marketing strategies from competitors, continued to grow and had a successful year overall.
- LCCU was able to realise most of its financial targets as outlined below.

	<b>Projected 2017 (\$ million)</b>	<b>Achieved 2017 (\$ million)</b>
Total Assets	160	159.6
Institutional Capital	16	27.7
Member Savings	131	130.9
Gross Loans	128	129.1
Total Income	12.8	13.6
Surplus	4.7	5.7

- Membership grew by 6.04%.
- Delinquency stood at 8.22% and not 8.18% as stated in the booklet.
- Total assets increased by 11.3% to \$159.6 million in 2017 from \$143.4 million in 2016.

In the ensuing discussions, the following variances were explained:

- Exhibit II- Donations - This figure increased as a result of LCCU's contribution to Dominica's Credit Union Movement after the passage of Hurricane Maria.
- Exhibit II- Member Relations saw a decline in the figures recorded because 2016's figure included the cost of hosting LCCU's 40<sup>th</sup> anniversary celebrations.
- Exhibit II- Special Events. There was a significant increase in this figure as a result of the cost of hosting the Financial Reality Fair.

The Treasurer's Report was adopted on a motion moved and seconded by Brenda Alexander and Bernie Chiquot respectively. The motion was unanimously carried.



**Hamper Raffle # 2**

This raffle was won by Julie Talbert, holder of ticket # 415 090.

**Auditor's Report**

This report was delivered by Matthew Sargusingh, of TRI-FINITY Associates. He opined that after reviewing the Society's financial statements for 2017, LCCU's financial position was in accordance with International Financial Reporting Standards.

The following explanation was provided in the ensuing discussions:

- Re: Commitments - Lease (*page 14 of 15*)

LCCU's monthly rental of its Vieux Fort branch was lower at the beginning of the lease period. Thereafter, the monthly rental amount as per agreement increased by \$1500.00 for each subsequent term as a result of the upgrades that had to be done to the physical structure.

The Auditor's Report was adopted on a motion moved and seconded by Martina Alexander and Denver Chiquot respectively. Members showed their unanimous approval with a show of hands.

**Credit Committee's Report**

This report was delivered by the Chairperson, Virginia Blasse, who explained that:

- Personal loans, mortgages and medical loans represented the largest amounts approved.
- A total of 2264 loan applications were reviewed and only 92 loans were not approved.
- Loans amounting to \$28 686 383.89 were approved.

In the ensuing discussions, the Officer made the following explanations/corrections:

- Page 25- Insert “92” between review and loans in the penultimate sentence.
- A total of 2132 loan applications were approved having met the stipulated requirements.

The Credit Committee’s Report was adopted on motion moved and seconded by Mary Jameson and Francis Poleon respectively. The motion was unanimously approved.

### **Notice of Closure**

Members were informed that both branches will be closed on Saturday March 24, 2018 to facilitate a system upgrade.

### **Supervisory & Compliance Committee Report**

In this report, the Chairperson, Officer Keth Thompson, informed the meeting that the following audits were completed during the year in review:

- Security Audit (Cash and Physical Building)
- Staff and Officers’ Loans and delinquent loans over one year
- Scholarships and Bursaries
- Investments
- Board and Credit Committee Meetings

He stated that no substantial concerns were observed, and recommendations were forwarded to the Board of Directors.

In the ensuing discussions, the following points were highlighted:

- The plight of older members who have problems navigating the steps to access the washrooms upstairs LCCU's Laborie branch was raised. It was proposed that the following arrangements be made to address this situation:
  - Grant members access to the washrooms in the Cultural Hall adjacent to the Laborie branch.
  - Convert a room downstairs into a washroom.
  - Reduce the time members spend on the line to the tellers
- Officer Thompson explained that several attempts were made to meet with the Board of Directors, but scheduling was problematic.

The Supervisory & Compliance Committee Report was adopted on a motion moved and seconded by Marylene John-Marquis and Judith Charlery respectively. The motion was unanimously carried.

### **Hamper Raffle # 3**

The third hamper was won by Christina Sonson, holder of ticket # 414 969.

### **Nominations & Elections of Officers**

Details of the Nominations and Elections of Officers presided over by Director Lana Alexander are outlined in the table below.

COMMITTEE	RECOMMENDATIONS		ELECTED OFFICERS
	Nominations Committee	The Floor	
BOARD OF DIRECTORS	<p>Paul Sammy Phils Louis Denver Chiquot</p> <p><i>(A motion that nominations be closed was moved and seconded by Michelle Edwide-Dulpessis and Christiani Leon respectively. The motion was carried.)</i></p>		<p>Paul Sammy Phils Louis Denver Chiquot</p> <p><i>(Officers were elected unopposed)</i></p>
CREDIT	<p>Celia John-Chicot Nataki George Jenny Chicot Louisy Carina Snagg</p> <p><i>(A motion that nominations be closed was moved and seconded by Luvina Simeon and Eudovia St Helen respectively. The motion was carried.)</i></p>		<p>Celia John-Chicot Nataki George Jenny Chicot Louisy Carina Snagg</p> <p><i>(Officers were elected unopposed)</i></p>
SUPERVISORY & COMPLIANCE	<p>Keth Thompson Irma Francis</p>	<p>Mario Caglin (Nominated by Kediana Charlery and seconded by Michelle Edwide-Duplessis)</p> <p><i>(Nominations were closed on a motion moved and seconded by Bruno Charlery and Jane Ramroach respectively. The motion was carried.)</i></p>	<p>Keth Thompson (223 votes) Irma Francis (187 votes)</p> <p>Mario Caglin (79 votes) - not elected.</p>

**Appointment of Auditor**

A motion was moved and seconded by Mario Caglin and Bruno Charlery respectively, to authorise the Board of Directors to appoint an Auditor for the financial year ending December 31, 2018. The motion was unanimously carried.

**Hamper Raffle Draw # 4**

Fabian Laurent, holder of ticket # 415 082 won the fourth hamper.

**Any Other Business**

- Staff members were commended for the quality of customer service delivered to members.
- It was explained that a member who co-signs or co-makes a loan on behalf of another, accepts responsibility for payment of that loan should delinquency arise. In the event of the member's death, and both the security and insurance coverage amounts are insufficient, the co-maker will also be held liable for paying the outstanding balance.
- All members of Laborie Fishers & Consumers Co-operative and Black Bay Farmers' Co-operative, regardless of their place of residence in St Lucia, can benefit from S.A.B.L.E. project. However, fishers and farmers from the South who are desirous of accessing this loan facility must be a member of LCCU or any of the aforementioned Co-operative.
- It was recommended that a Customer Service Desk be placed at the Vieux Fort Branch.
- Director Paul Sammy thanked outgoing Director Steven Auguste for services rendered to the Society.



**Hamper Raffle Draw #5 & 6**

Nasha Joseph (ticket holder # 414 882) and Brenda Alexander (ticket holder # 414 798) won the remaining hampers.

**Adjournment**

The Chairperson thanked all for attending, participating and making the AGM a success. The meeting was adjourned at 6:14 p.m. on a motion moved and seconded by Isla Sammy and Mathias Richard respectively.

A handwritten signature in black ink, appearing to read 'Lana Alexander', written over a horizontal line.

Lana Alexander

Secretary

# Board of Directors' Report

## For the year ended December 31, 2018

### Introduction

The members of the Board of Directors of the Laborie Cooperative Credit Union (LCCU) take this opportunity to account to you, the members, our stewardship of the LCCU for 2018. We appreciate the trust you placed in us as a Board. We recognise the established and solid foundation laid by our predecessors and the need to preserve the core; we also realise the need to grease the engine to enable future growth. On this note, we are pleased to engage you in presenting the progress report of our Credit Union.

### Financial Objectives

	Projected 2017	Achieved 2017	Projected 2018	Achieved 2018
Total Assets	\$160m	\$159.6m	\$179	\$184.67m
Institutional Capital	\$16m	\$20.32m	\$22.8m	\$24.16m
Member Savings	\$131m	\$130.9m	\$146.2m	\$148.7m
Gross Loans	\$128m	\$129.1m	\$143.2m	\$144.68m
Total Income	\$12.8m	\$12.72 *\$13.56m	\$14.12m	\$13.28m *\$13.54m
Surplus	\$3.65m	\$4.75 *\$5.7m	\$5.18m	\$5.12m *\$5.38m

*\*With extra-ordinary income \$963,463: 2017; \$261,672: 2018*

## **Delinquency Management**

Delinquency control has been a major LCCU objective. During the past year monthly reviews of the status of the portfolio were made and strategies discussed and enforced. We are happy to report that our efforts were successful resulting in a reduction in delinquent loans.

## **Regulatory Compliance**

The LCCU recognises the value of complying with regulatory and statutory requirements. Conforming to the requirements ensure a greater level safety and soundness of our Credit Union. During 2018, a Compliance Officer was appointed to monitor and ensure that LCCU Leadership and Management maintain the regulatory standards. The Officer works alongside the Supervisory Committee.

## **Social Responsibility**

The LCCU continued to support Community efforts towards the development of current members as well as potential members. Towards this end, we assisted schools, sporting bodies, volunteer organisations, cultural groups including the two Flower Societies. We also supported the Independence Day activities of communities within the areas of our operations.

The highly acclaimed 'Reality Fair' which was initiated last year was hosted again in 2018. The intention is to provide practical and on the spot financial education to Senior Secondary School students and other young persons. From all accounts, the Fair accomplished its goal and we have received multiple requests to continue this exercise as a resourceful financial package for our future members.

As we consolidate and progress, LCCU is ever mindful of developing the human capacity of our workers as well as others. We have in place a highly effective work and study facility which most of our staff members have accessed to advance and upgrade themselves.

As we continue to fulfil our social mandate in community improvement, LCCU has been building strategic partnerships. LCCU worked in collaboration with the Black Bay Farmers Cooperative to provide help in streamlining and expanding their farms and businesses. Incidentally, the majority of its membership are part of the LCCU family. Also, we worked with the Laborie Fishers' Cooperative providing technical and other forms of assistance as they seek to enhance their enterprise.

In addition, we continued our Agricultural Project with the Inter-American Development Bank (IDB) which was started in 2017. The focus of the Project is to design a model which would help farmers cope with climate change. It is anticipated that this model will be replicated to help farmers in other parts of the island. To date LCCU has drawn down \$648,344 from the IDB for on lending to Black Bay Farmers Co-operative and their farmers.

## **The Trajectory of Transforming Lives**

### *Beginnings*

Over 42 years ago, a small group of visionary Laborians sat together and put together the framework of a community enterprise which would be used to assist the development and empower the people of Laborie. They then shared their vision with others who recognised the potential and came on board. So was the foundation of the LCCU set in the heart of Laborie and its immediate environs.

### *Progress*

Fast forward to 2008 and the doors of the Vieux Fort Branch was opened to the people of Vieux Fort South and North. This bold move was in keeping with LCCU's new thrust to expand its outreach and life changing mission. On January 5, 2019, LCCU relocated its Vieux Fort Office to more spacious and conducive quarters amid much joy and fanfare. The pioneers of this illustrious organisation, their successors as well as the many staff who toiled and continue to toil dutifully, must be highly commended.

### *The Need to go National*

The changing landscape of the financial services market warrants that we be responsive or be a less pertinent service provider in the market. LCCU, must at all times, be in a position to offer its members the best suite of financial services, at reasonable prices. LCCU must also be in a position to offer members the best returns on savings and continue to be the superior alternative to the banks. So as to achieve these objectives we must develop the latitude and market space, hence the need to go national. Further, four credit unions already have island-wide bonds. We have to be strategic to ensure our credit union position itself to meet the needs of the future generations. To this end the Board will be putting a resolution to you, the members, asking that we amend the LCCU By-laws to enable an island-wide area of operations.

### **Strategic Plan 2019 – 2021**

As we envisage the next three years, we anticipate continued success and steady growth of our Credit Union. We challenge ourselves as a team to pursue the following goals:



1. LCCU must position itself to consolidate and sustain the growth strides made over the past 42 years.
2. LCCU must remain competitive in the financial market.
3. LCCU must continue to be relevant to the needs of members, and in particular, our small to medium entrepreneurs (SME's).
4. LCCU must enhance its service offerings within the context of the technological age
5. LCCU must remain true to its mission to transform lives.

### *Strategies*

To enable us realise those leadership goals, we must pursue these strategies:

1. Foster strategic alliances and partnerships with others with the intention to respond to members' needs.
2. Review and restructure LCCU to reflect the expansion philosophy of the organisation.
3. Continue building capacity by utilizing available facilities including work and study facility.
4. Promote financial education.
5. Create value for our members by participating in the productive sectors of the National economy, namely, agriculture and small businesses.
6. Explore opportunities in the service industries as the National economy changes in structure.

### **Acknowledgements**

The progress we made in 2018 must be attributed to the commitment and devotion of elected officials, sub committees, Management, Staff and you, the members. We are extremely grateful for your loyalty and care.

For 2018, your team of Directors were:

Ms Lana Alexander

Mrs Francillia Brown - Treasurer

Mrs Sienna London

Ms Michele Charlery

Mr Johnson Auguste – Vice President

Mr Eyan St Helen

Mr Phils Louis

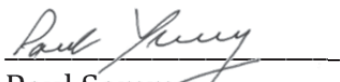
Mr Denver Chiquot - Secretary

Mr Paul Sammy - President

## **Conclusion**

We wish to express our gratitude to you for your continued economic participation and involvement in the business of LCCU in 2018. Indeed, we can categorically state that we had a very successful year. Based on the surplus realised, the Board recommends a payment of 7% dividends and 6% patronage refund for the year ending December 31, 2018.

I thank you and may the Almighty God bless us all abundantly in 2019 and beyond.

  
Paul Sammy  
President

# Treasurer's Report

## For the year ended December 31, 2018

A pleasant good afternoon to fellow directors, officers, members, management, staff, co-operators from our sister credit unions, invited guests and well-wishers. It is my pleasure to present you with a summary of the financial affairs of the Laborie Cooperative Credit Union (LCCU) for the year ended December 31, 2018.

### Overview

The domestic economy is reported to have grown by 3% in 2018. While this is welcoming news, we still continue to grapple with a high rate of unemployment. It is evident that the financial services market is now saturated with fringe credit providers. Many of those credit providers are offering easy access to cash on demand loans, at high cost that generally do not serve the best interest of the borrower.

The local financial services market continues to be in a liquidity trap, with large amounts of money being available for deposits. LCCU has been hesitant to accept those large deposits from members because there was not a corresponding demand for loans. Accepting those deposits would have caused a significant reduction in our earnings.

We are determined to remain the financial service provider of choice to our members. LCCU continues to provide above market returns on savings, and our quick response to loan requests is unparalleled in the market. The creation of the product dubbed "Kwédi Alèz" helped significantly in safeguarding our members' interests. Moreover, there has been no reduction in LCCU's interest rates on savings. Need I remind you that this organization, without a doubt, has your interest at heart.

## Performance Review

During the period under review, we are pleased to report a continued decrease in delinquency as a result of:

- greater vigilance and scrutiny of loan applications;
- strategic interventions in the area of delinquency management;
- early identification of troubled loans;
- member's commitment to repaying loans.

Thank you, members for honoring your loan obligations.

LCCU launched its online financial services, and as of year-end 2018, 328 active users had been recorded. We are working assiduously at building proficiency in this area, as this will enable you to access and transact a number of services from the comfort of your homes.

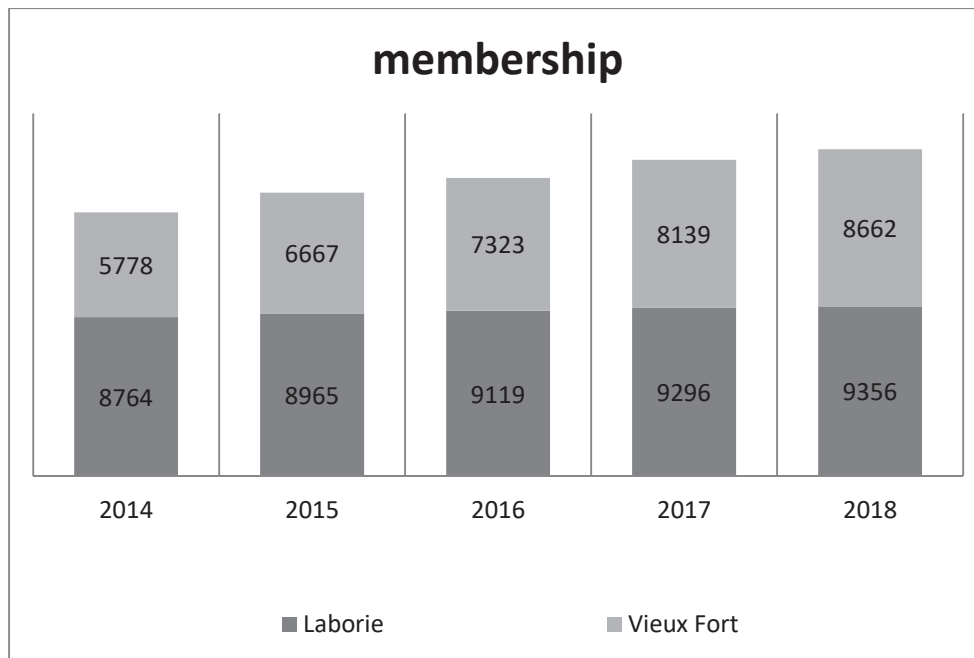
The Cooperative Societies Act mandates that the institutional capital of any credit union be at least 10% of its total liabilities. Since the setback caused in writing off the short-term investments with Colonial Life Insurance Company (CLICO) and British American Insurance Company (BAICO) in 2011, our focus has been on rebuilding our capital reserves. I am elated to report that the statutory requirements have been exceeded, and our capital base stood at 16.10% of our liabilities in 2018. This has enabled LCCU to give back to our members in the following ways:

- sustain interest rates on fixed, ordinary deposits, and withdrawable shares;
- Increase patronage refund.

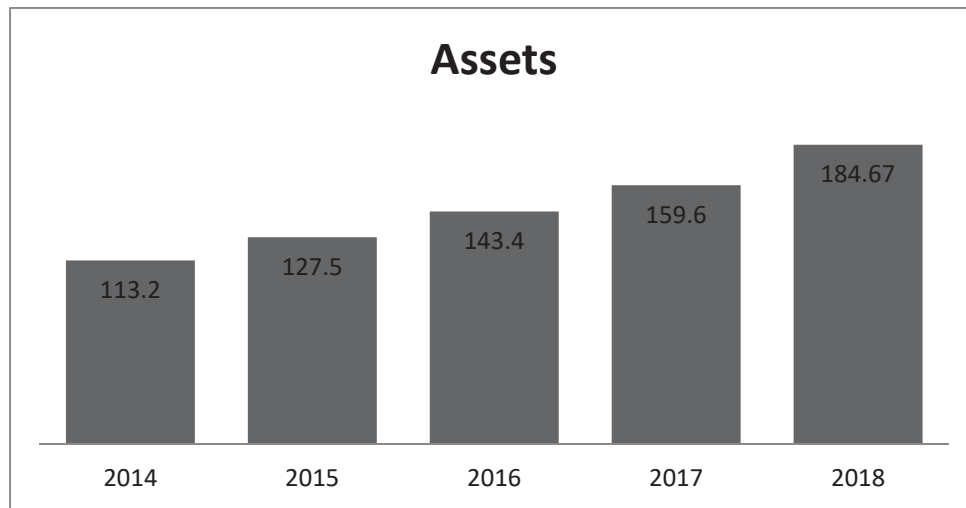
The increased level of business generated at our branches significantly contributed to our continued growth and sustained market share. The Vieux Fort Branch continues to do well, and as mentioned before, our expansion to Vieux Fort, was indeed a visionary move.

### Membership and Account Holders

The total membership and account holders moved from 17,435 in 2017 to 18,018 in 2018, an increase of 583. The bulk of that increase, 523, was recorded at the Vieux Fort Branch, and the remaining 60, at the Laborie Branch. LCCU is positioning itself to become the Credit Union of choice in St. Lucia.



## Assets



Total assets as at December 31, 2018 was \$184.67M, an increase of \$25.02M or 15.67%. This increase can be attributed mainly to the following:

## Cash

Our cash position moved from \$5.99M in 2017 to \$7.71M in 2018, representing a 28.71% increase due to a surge in the amounts received on deposits.

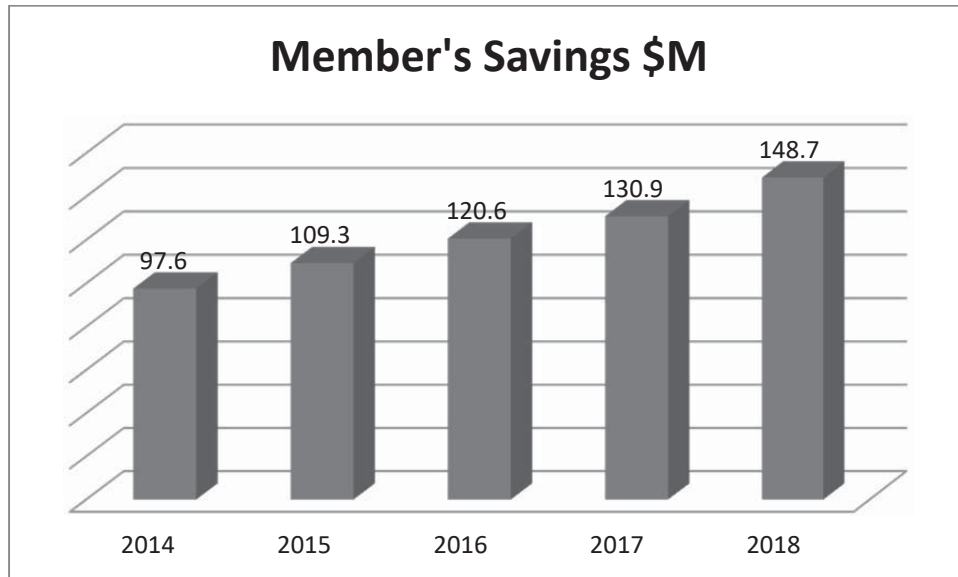
## Members' Loans

Total loans less allowances for impairment in 2018 stood at \$144.13M, from \$128.30M in 2017, an increase of \$15.83M or 12.34%.

## Investments held to maturity

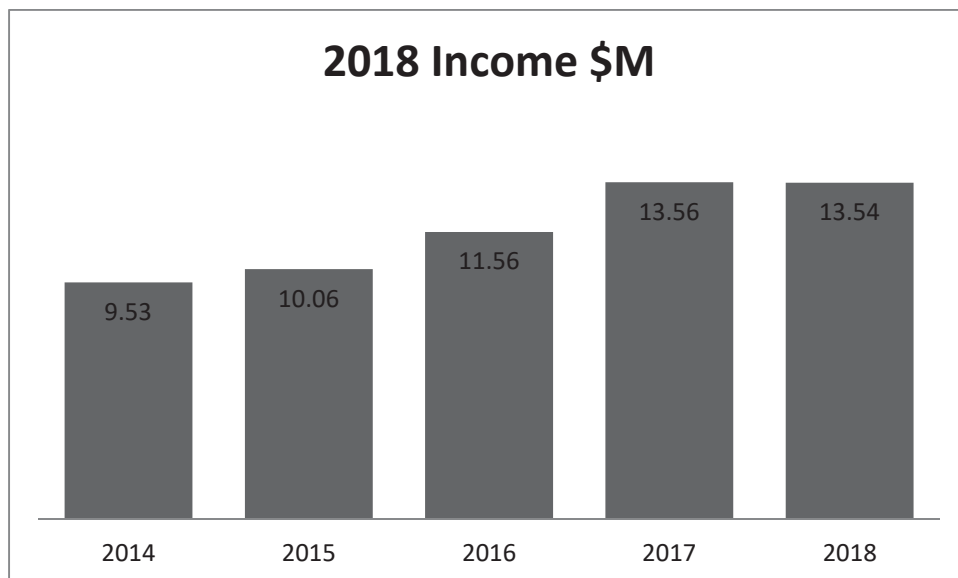
Increase in Investments held to maturity of \$7.82M, from \$17.64M in 2017 to \$25.47M in 2018. This is an additional amount placed on fixed deposit with Bank of St. Lucia.

### Members Savings



As evident in the above graph, there is a continuous upward movement in members’ savings, comprising regular savings, fixed and withdrawable shares. The figure represents an increase of \$17.82M or 13.62%, recording overall growth from \$130.9M in 2017, to \$148.73M in 2018.

### Income

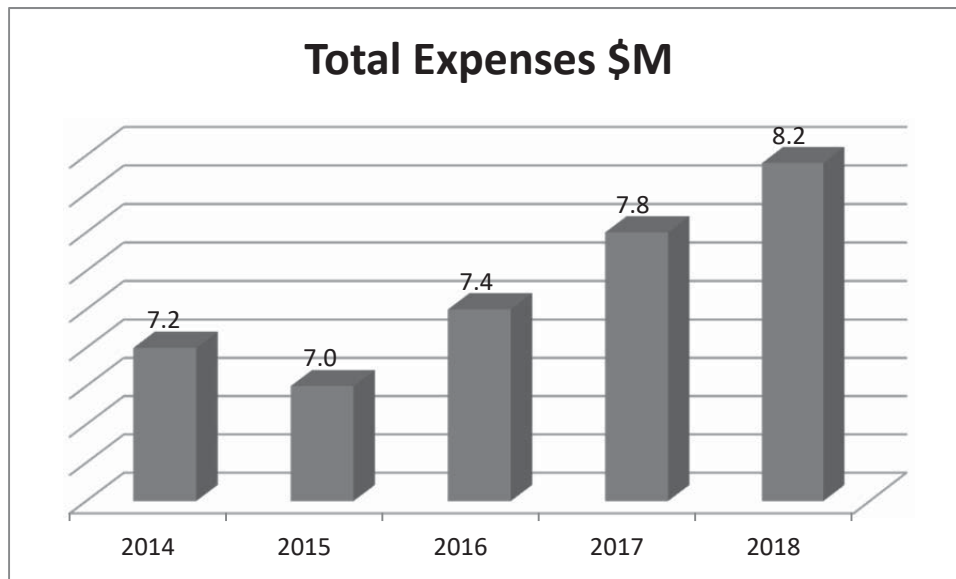




Total income generated by our core business activities for 2018 was \$13.28M compared to \$12.60M in 2017, a moderate increase of 5.43% (without the refunds of \$963,463 from CLICO in 2017 and \$259,110 from BAICO in 2018).

However, when the proceeds from the insurance companies are included in the reporting figures, a small decline of \$20,663 or 0.15% is realized. The recorded amount is \$13,561,302 in 2017 compared to \$13,540,639 in 2018.

### Expenses



Total expenditure moved from \$7.8m in 2017 to \$8.2M in 2018. The net increase of \$354,599 or 4.54% was due mainly to the following:

- Advertising and promotion
- Building repairs
- Utilities
- Member Relations activities
- Cuna Insurance
- Vieux Fort relocation expenses
- Interest expenses on fixed deposits and savings

Decreases were recorded in the following:

- Provision on loan loss
- AGM expenses
- Education & Training
- Legal fees

It should be noted that the decrease in delinquency has also resulted in a decline in legal fees and the required provisions for bad loans.

## **OTHER SERVICES**

Our members are encouraged to take advantage of our Sure Pay Bill Payment service which facilitates the payment of their water, cable and electricity bills, as well as their loan payments and deposits. Our Western Union Money Transfer Service continues to provide members and the general public access to a quick and safe manner of receiving or sending

money. In this age of technology, we urge members to access our services on line for this will become a significant way of doing business.

## **LOOKING FORWARD**

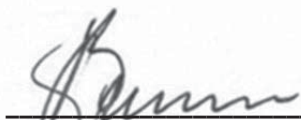
In conclusion, 2018 was a successful and productive year for LCCU. Our accomplishments are testaments to the dedication and commitment of LCCU's workforce and members' confidence. In 2019, we will continue to build on those achievements as well as address the many challenges facing the credit union. In doing so, we are helping to ensure that LCCU is able to meet the current and future financial needs of all our members.

Therefore, in 2019 and beyond, our priorities will include:

- successfully managing enterprise risks;
- developing new tools, processes and systems to improve our effectiveness and efficiency;
- continuing the downward trend in delinquency.

We are profoundly grateful for your continued support and patronage. Our success is your success. Let us all journey onward.

***Sustainability is a journey that must be shared. We are better together!***



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**Francillia Brown**  
**Treasurer**

# Credit Committee's Report

## For the year ended December 31, 2018

It is indeed my pleasure on behalf of the Credit Committee to present this report for the year ended December 31, 2018. The Credit Committee's aim is to assure membership fair access to members' deposits in the form of loans. The policies, inclusive of lending policies that guide the Credit Union's operation, are determined by the Board. The loan policy identifies the criteria which qualify members for credit and it is the Credit Committee's duty to implement these lending policies established by the Board of Directors.

The following persons served on the Credit Committee:

Mrs. Celia John – Chicot      Chairperson

Mr. Ashley Duncan              Deputy Chairperson

Ms. Jenny Chicot Louisy      Secretary

Ms. Carina Snagg                Member

Ms. Nataki George              Member

The Credit Committee met 49 times and 4318 loans were processed, 2054 more than last year. The number of applications recorded in the respective categories are illustrated in Table 1 below with figures for the preceding year.

**TABLE 1: LOAN APPLICATION BY CATEGORY**

CATEGORY	No. of Loans	
	2017	2018
Business	47	81
Education	89	262
Agriculture	26	48
Personal	1908	3646
Mortgage	96	86
Medical	98	195
<b>TOTAL</b>	<b>2264</b>	<b>4318</b>

The table reveals that personal, education and medical loans were the largest categories of loans requested.

The Credit Committee approved a total of 4262 loans for the year 2018, reflecting an increase of 2130 loans from 2017. The total amount approved was \$40,977,765.59, an increase of \$12,291,381.70 over the last year and this is reflected in Table 2.

**TABLE 2: LOANS APPROVED**

<b>CATEGORY</b>	<b>NUMBER</b>	<b>% OF APPROVED LOANS</b>	<b>AMOUNT</b>	<b>% OF TOTAL AMOUNT APPROVED</b>
Business	78	1.83%	\$4,126,163.64	10.07%
Education	257	6.03%	\$1,547,761.93	3.78%
Agriculture	48	1.13%	\$345,386.60	0.84%
Personal	3603	84.54%	\$22,460,451.11	54.81%
Mortgage	81	1.90%	\$11,841,489.41	28.90%
Medical	195	4.58%	\$656,512.90	1.60%
<b>TOTAL</b>	<b>4262</b>	<b>100%</b>	<b>\$40,977,765.59</b>	<b>100%</b>

Similar to last year, personal, mortgage, business and education loans respectively represented the largest amounts of approved loans for 2018.

While the Laborie Cooperative Credit Union is committed to serving its members, we must ensure that we maintain and adhere to lending policies. As a committee, it is our responsibility to meticulously review loan applications when serving our members as well as safeguarding the interest of the institution. Thus, some loans were denied. During the review period, 56 loans out of 4318 processed loans were not approved for varied reasons including insufficient security, prior delinquency, uncertainty about ability to repay.

In addition to processing loan applications weekly, we attended Joint Committee meetings and participated in several other activities organized by the Credit Union. Some of these activities were effective in empowering us to better execute our responsibilities.

At this juncture, we would like to remind you, members, of the requirements for the approval of loans. These include, cash security, mortgages, bills of sales, co-makers, life and term insurance. Therefore, members, you need to familiarize yourselves with these requirements to ensure the prompt processing of your loan applications.

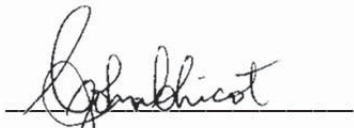
Officer Ashley Duncan has completed his two terms and is not eligible for re-election. The Committee will surely miss him at meetings. It was indeed a pleasure to have a male officer in our midst. We would like to profoundly thank you, Mr. Duncan for your contribution during our deliberations and wish you success in all your undertakings.

The Credit Committee would like to thank the Manager and Staff, the Board of Directors and the Supervisory Committee for their cooperation during the past year. We would also like to thank you, esteemed members, for without you, this financial institution would not be in existence. Thanks for being patient and understanding when applications were delayed for various reason or when things did not go as you intended. It is worth noting that while we aspire to assist all members, we are also duty bound to protect the interest of the credit union and its members.



Based on the foregoing reports, it is quite clear that our institution is progressive and in good financial standing. Therefore, we implore you, members to remain steadfast and committed as the organization continues to strive to better improve the quality of life of its members.

Long live LCCU and we await a fruitful 2019.

A handwritten signature in black ink, appearing to read 'C. John-Chicot', written over a horizontal line.

Celia John-Chicot

Chairperson

# Supervisory & Compliance Committee's Report

## For the year ended December 31, 2018

It is with great pleasure that the Supervisory and Compliance Committee presents its report for the financial year ending 31<sup>st</sup> December 2018.

Having placed your confidence in us at the last Annual General Meeting, the Supervisory and Compliance Committee was mandated to supervise and review the operations of the Laborie Co-operative Credit Union (LCCU) during the financial year 2018. We are indeed pleased to report on our findings pertaining to the adherence of best practices, policies and procedures of the Society.

The Committee comprises the following members:

- ❖ Mr. Keth Thompson: Chairperson
- ❖ Mr. John Lawrence: Assistant Chairperson
- ❖ Ms. Kediana Charlery: Secretary
- ❖ Mrs. Irma Francis: Assistant Secretary
- ❖ Mr. Caron Serieux: Member

### **Work Plan**

Our Work Plan for 2018 included the following:

- ❖ Security Audit (Cash and Physical Building)
- ❖ Staff Loans, Officers Loans and Delinquent Loans Audit (With property held as security).
- ❖ Scholarships and Bursaries Audit.
- ❖ Investments Audit.
- ❖ Board and Credit Committee Meetings
- ❖ Employee Satisfaction Survey

The above-mentioned audits were conducted in accordance with established standards and practices. While no major concerns were detected during these exercises, recommendations for the continuous improvement and delivery of excellent service to our members were presented to the Board of Directors. It is evident that most of our recommendations from previous audits have been considered and implemented. The Committee is satisfied with the Security procedures in place for the movement of cash, given the increase in the number of armed robberies at the national level. In the audit of Loans that were delinquent over a one-year period, we observed that, despite holding borrowers' properties as security, and all the efforts utilized by the Society to assist, some members continue to default on their loans. We have recommended that those members be taken to the court for legal action.

The Committee conducted an Employee Satisfaction Survey to ascertain the overall satisfaction of staff with their job description, position in the workplace, relationships with colleagues and supervisors, and advancement opportunities. Twenty-four staff members representing 65% of employees participated in the survey, for which they must be commended. Generally, staff indicated that they were very satisfied working there, and would recommend LCCU as a good place to work. Some of their reasons included management style,

work environment and member satisfaction. In addition, support from their supervisor, benefits offered by LCCU, and the management of and investment in staff were highlighted as significantly impacting job satisfaction. However, staff noted having to work the entire week plus half day on Saturdays without a day off continues to be a contentious issue. As areas for improvement the staff proposed team building exercises/activities, employee incentives, and enhancing communication among co-workers and management.

During the period under review, the Committee attended Joint Committee Meetings and workshops organized by the Society.

## Conclusion

The members of the Supervisory and Compliance Committee would like to congratulate the management and staff of the Credit Union for another successful year. We urge staff to remain vigilant in this era of suspicious transactions and questionable sources of funds. I also wish to thank the Committee members for their dedication towards achieving the Society's objective of becoming the preferred financial institution recognized for transforming the lives of the members that we serve.



Keth Thompson  
Chairperson

# Laborie Co-operative Credit Union Ltd.

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## Independent Auditor's Report

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**  
**2018 Audited Financial Statements**  
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Summary of Significant Accounting Policies & Other Explanatory Notes	Pages 1 to 16

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## Corporate Information

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### **DIRECTORS**

Paul Sammy	Sienna London	Lana Alexander
Johnson Auguste	Denver Chiquot	
Francillia Browne	Phils Louis	
Michelle Charlery	Eyan St Helen	

### **PRESIDENT**

Paul Sammy

### **SECRETARY**

Denver Chiquot

### **TREASURER**

Francillia Browne

### **GENERAL MANAGER**

Lucius Ellevic

### **REGISTERED OFFICE**

Allan Louisy Street, Laborie, Saint Lucia.

### **REGULATOR**

Financial Services Regulatory Authority, Ministry of Finance, Economic Affairs and Social Security, Government of Saint Lucia

### **AFFILIATION**

St Lucia Co-operative League Limited  
The Caribbean Confederation of Credit Unions  
Eastern Caribbean Co-operative Central Ltd

### **SOLICITORS**

John & John Chambers Inc  
Sylvester Anthony Chambers  
Bapson U Ambrose Chambers

### **BANKERS**

Bank of St Lucia Limited  
CIBC First Caribbean International Bank Ltd

### **AUDITORS**

Tri~Finity Associates  
P O Box RB2761  
Rodney Bay  
Gros Islet, LC01 401  
Saint Lucia



**Independent Auditors' Report**

Page 1 of 2

To the Members of:

**Laborie Co-operative Credit Union Limited**

***Opinion***

We have audited the financial statements of Laborie Co-operative Credit Union Limited (the Co-operative) which comprise the statement of financial position as at December 31<sup>st</sup>, 2018 and the statements of income, changes in Equity, cash flows, and notes, comprising a summary of significant accounting policies and other explanatory information.

***Basis for Qualified Opinion***

As outlined in Note 09 of the financial statements, Members' loans & advances, net of allowance for impairment – the allowance for loan impairment was determined in accordance with the Co-operative Societies Amendment (Statutory Instrument 2001, No.72). IFRS 9, financial instruments became effective on January 1<sup>st</sup>, 2018. That standard introduced an expected loss impairment model for all financial assets. In that respect, the Co-operative was not in compliance with IFRS 9.

In our opinion, except for the matter referred to in the *Basis for Qualified Opinion*, the accompanying financial statements present fairly, in all material respects, the financial position of the Co-operative as at December 31<sup>st</sup>, 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report.

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

***Independent***

We are independent of the Co-operative in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

***Responsibilities of management and those charged for the governance of the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of those 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 Co-operative'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 Co-operative or cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Co-operative's financial reporting process.

***Auditors' Responsibility 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

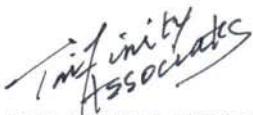
To the Members of:  
Laborie Co-operative Credit Union Limited

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of the 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 Co-operative'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 Co-operative'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 Co-operative 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 the Board of Directors (the group charged with governance of the Co-operative) 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.



**TRI-FINITY ASSOCIATES**  
Chartered Accountants

Rodney Bay, Gros Islet, St. Lucia  
Wednesday February 27<sup>th</sup>, 2019

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED****Statement of Financial Position**

Exhibit I

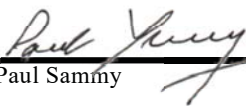
As At December 31<sup>st</sup>, 2018

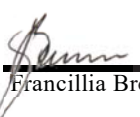
(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>			
Cash & cash equivalents	Exhibit IV	\$7,706,240	\$5,987,149
Investment securities, available for sale	Note 08	1,155,691	1,153,130
Accounts receivable, net of allowance for impairment	Note 06	1,729,687	2,031,867
Land, available for sale	Note 07	80,728	206,617
Investment securities, held to maturity	Note 08	25,465,316	17,643,024
Members' loans & advances, net of allowance for impairment	Note 09	144,128,067	128,297,682
Deferred equipment cost		14,604	14,604
Property, plant & equipment, net of accumulated depreciation	Note 10	4,386,828	4,316,378
<b>Total assets</b>		<b>\$184,667,161</b>	<b>\$159,650,451</b>
<b>Liabilities</b>			
Accounts payable & accruals	Note 11	\$520,074	\$234,372
Members' fixed deposits	Note 12	59,645,772	50,531,326
Members' regular deposits	Note 13	29,675,866	25,562,277
Members' special savings	Note 14	59,405,674	54,810,605
Long-term Debt	Note 15	648,344	0
<b>Total liabilities</b>		<b>\$149,895,730</b>	<b>\$131,138,580</b>
<b>Net assets (deficiency)</b>		<b>\$34,771,431</b>	<b>\$28,511,871</b>
<b>Represented by:</b>			
<b>Members' equity</b>			
Share capital	Exhibit III	\$9,670,207	\$7,335,708
Reserves & funds	Exhibit III	9,838,641	8,349,603
Retained earnings	Exhibit III	15,262,583	12,826,560
<b>Members' equity</b>		<b>\$34,771,431</b>	<b>\$28,511,871</b>

Approved by the Board of Directors For release on:

Wednesday February 27<sup>th</sup>, 2019

  
 \_\_\_\_\_ President  
 Paul Sammy

  
 \_\_\_\_\_ Treasurer  
 Francillia Browne

  
 \_\_\_\_\_ Secretary  
 Denver Chquot

The attached notes are an integral part of these financial statements



**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

Statement of Comprehensive Income

For the Year Ended December 31<sup>st</sup>, 2018

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit II

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>Revenue</b>			
Members' loan interest		\$12,239,871	\$11,785,219
Investment interest		772,291	554,240
		<u>13,012,162</u>	<u>12,339,459</u>
<b>Interest expense</b>			
Bank charges & interest		21,015	16,643
Members' fixed deposit interest		2,204,243	2,234,243
Members' deposits & special savings interest		1,989,974	1,861,088
		<u>4,215,232</u>	<u>4,111,974</u>
<b>Net interest income</b>		<b>8,796,930</b>	<b>8,227,485</b>
<b>Administrative expenses</b>			
Annual general meeting (AGM)		41,153	47,568
Special events		49,262	32,244
Audit		30,144	29,802
Allowance for loan impairment (recoveries)		88,979	187,638
Property tax		0	3,477
CUNA insurance		398,190	347,687
Insurance		57,317	62,635
Depreciation	Note 10	262,370	241,816
Donation		51,510	55,495
Lease	Note 17	238,500	220,500
Advertisement & promotions		104,266	67,848
Allowance for investment impairment (recoveries)	Note 19	(261,672)	(919,913)
Legal fees & professional		17,632	28,920
League dues		75,000	75,000
Office supplies & stationery		128,788	126,525
Honorarium		28,500	28,500
Repairs & maintenance		212,342	128,325
Salaries, wages & costs	Note 18	1,535,064	1,457,262
Appreciation		45,638	40,607
Board of directors		12,293	13,008
Vieux Fort Office relocation expense		50,000	0
Security		124,550	119,851
Education & training		122,855	138,394
Member relations		33,944	30,768
Utilities		238,031	211,117
		<u>3,684,656</u>	<u>2,775,074</u>
<b>Operating income before other income</b>		<b>5,112,274</b>	<b>5,452,411</b>
<b>Other income (expense)</b>			
Loan processing, photocopies & service fees		11,973	12,723
Dividends		9,500	10,100
Commissions		197,926	185,130
Other income		51,778	50,427
Other expense		(7,101)	0
		<u>264,076</u>	<u>258,380</u>
<b>Comprehensive income</b>	Exhibit IV	<b>\$5,376,350</b>	<b>\$5,710,791</b>

The attached notes are an integral part of these financial statements

# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

## Statement of Changes in Equity

For the Year Ended December 31<sup>st</sup>, 2018

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit III

Page 1 of 2

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>Share capital</b>			
Balance, opening		\$7,335,708	\$6,213,760
Additions		2,523,918	1,460,874
Withdrawals		9,859,626	7,674,634
		(189,419)	(338,926)
<b>Balance, closing</b>	Exhibit I	<b>\$9,670,207</b>	<b>\$7,335,708</b>
<b>Outstanding shares at \$5.00 per share</b>			
		<b>1,934,041</b>	<b>1,467,142</b>
<b>Reserves &amp; funds</b>			
<b>Revaluation reserve</b>			
Balance, opening		\$592,985	\$592,985
Comprehensive income appropriation – 0.0%		0	0
Other		0	0
		592,985	592,985
Reductions		(125,930)	0
<b>Balance, closing</b>		<b>\$467,055</b>	<b>\$592,985</b>
<b>Statutory reserve</b>			
Balance, opening		\$7,540,951	\$6,102,508
Comprehensive income appropriation – 25.0%	Exhibit III/2	1,344,088	1,427,698
Entrance fees		8,996	10,745
		8,894,035	7,540,951
Reductions		0	0
<b>Balance, closing</b>		<b>\$8,894,035</b>	<b>\$7,540,951</b>
<b>Employment benefit fund</b>			
Balance, opening		\$215,667	\$159,930
Comprehensive income appropriation – 3.0%	Exhibit III/2	268,818	171,324
Other		0	0
		484,484	331,254
Reductions		(6,933)	(115,587)
<b>Balance, closing</b>		<b>\$477,551</b>	<b>\$215,667</b>
<b>Total reserves &amp; funds</b>			
Balance, opening		\$8,349,603	\$6,855,423
Comprehensive income appropriations		1,612,905	1,599,021
Entrance fees		8,996	10,745
		9,971,504	8,465,190
Reductions		(132,863)	(115,587)
<b>Balance, closing</b>	Exhibit I	<b>\$9,838,641</b>	<b>\$8,349,603</b>

The attached notes are an integral part of these financial statements

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED****Statement of Changes in Equity**For the Year Ended December 31<sup>st</sup>, 2018

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit III

Page 2 of 2

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>Retained earnings</b>			
<b>Comprehensive income</b>	Exhibit II	<b>\$5,376,350</b>	<b>\$5,710,791</b>
<b>Appropriations, dividends &amp; patronage refunds</b>			
Statutory reserve – 25.0% of comprehensive income	Exhibit III/1	1,344,088	1,427,698
Employment benefit fund – 5.0% (2017 - 3.0%) of comprehensive income	Exhibit III/1	268,818	171,324
Dividends & patronage refunds		1,327,422	891,278
<b>Total appropriations</b>		<b>2,940,327</b>	<b>2,490,299</b>
<b>Comprehensive income after appropriations</b>		<b>2,436,023</b>	<b>3,220,492</b>
<b>Retained earnings, beginning, as previously reported</b>		<b>12,826,560</b>	<b>9,606,069</b>
<b>Prior period adjustments</b>		<b>0</b>	<b>0</b>
<b>Retained earnings, beginning, as restated</b>		<b>12,826,560</b>	<b>9,606,069</b>
<b>Retained earnings, ending</b>	Exhibit I	<b>\$15,262,583</b>	<b>\$12,826,560</b>

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

## Statement of Cash Flows

For the Year Ended December 31<sup>st</sup>, 2018

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit IV

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operation activities</b>			
Comprehensive income	Exhibit II	\$5,376,350	\$5,710,791
Adjustments for non-cash items			
Depreciation	Note 10	262,370	241,816
		<u>5,638,720</u>	<u>5,952,607</u>
<b>Cash flows from working capital</b>			
(Increase) decrease in investment securities, available for sale	Note 08	(2,561)	(58,250)
(Increase) decrease in accounts receivable, net of allowance for impairment	Note 06	302,180	(1,146,026)
(Increase) decrease in land, available for sale	Note 07	125,888	0
(Increase) decrease in investment securities, held to maturity	Note 08	(7,822,292)	(5,228,253)
(Increase) decrease in members' loans & advances	Note 09	(15,830,385)	(12,279,962)
Increase (decrease) in accounts payable	Note 11	285,703	25,672
Increase (decrease) in members' fixed deposits	Note 12	9,114,446	4,388,721
Increase (decrease) in members' ordinary deposits	Note 13	4,113,589	1,845,681
Increase (decrease) in members' special savings	Note 14	4,595,069	4,114,101
<b>Cash flows from operating activities</b>		<b><u>520,357</u></b>	<b><u>(2,385,709)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	Note 10	(332,820)	(9,844)
Deferred equipment cost		0	0
<b>Cash flows from investing activities</b>		<b><u>(332,820)</u></b>	<b><u>(9,844)</u></b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term debt	Note 15	648,344	0
Proceeds from entrance fees		8,996	10,745
Payments from reserves & funds	Exhibit III	(132,863)	(115,587)
Dividends & patronage refunds payments	Exhibit III	(1,327,422)	(891,278)
Proceeds from share issue	Exhibit III	2,334,499	1,121,948
<b>Cash flows from financing activities</b>		<b><u>1,531,554</u></b>	<b><u>125,828</u></b>
<b>Increase (Decrease) in cash &amp; cash equivalents</b>		<b>1,719,091</b>	<b>(2,269,725)</b>
<b>Cash &amp; cash equivalents, beginning</b>		<b>5,987,149</b>	<b>8,256,874</b>
<b>Cash &amp; cash equivalents, ending</b>		<b><u>\$7,706,240</u></b>	<b><u>\$5,987,149</u></b>
<b>Represented by:</b>			
<b>Cash</b>			
Cash on hand		\$1,047,320	\$884,965
Vieux Fort Current account - Bank of St Lucia Limited		1,215,619	2,108,516
Current account PPCR sable loan - Bank of St Lucia Limited		648,454	0
Current account - MIF/PROADAPT Bank of St Lucia Limited		172,852	0
Laborie Current account - Bank of St Lucia Limited		4,621,995	2,993,668
<b>Cash &amp; cash equivalents, ending</b>	Exhibit I	<b><u>\$7,706,240</u></b>	<b><u>\$5,987,149</u></b>

The attached notes are an integral part of these financial statements



# LABORIE CO-OPERATIVE CREDIT UNION LIMITED

Summary of Significant Accounting Policies & Other Explanatory Notes

December 31<sup>st</sup>, 2018

Page 1 of 16

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

## 01. Registration, business activities, and tax status

The Laborie Co-operative Credit Union Limited (the *Co-operative* or *Credit Union*) was duly registered as a Credit Union on May 27<sup>th</sup>, 1981 pursuant to the Co-operative Credit Union Act, Chapter 82 of the Laws of Saint Lucia (1957) Revision, and is continued under Section 241 of the Co-operative Societies Act, No. 28 of 1999. The Credit Union was formed to promote thrift and co-operative principles among its members by providing the means to facilitate savings.

The registered office and principal place of business of the Co-operative is located at Allan Louisy Street, Laborie, Saint Lucia. The principal activities of the Co-operative is the provision of financial services to its members on reasonable terms and conditions for provident and productive purposes.

The Laborie Co-operative Credit Union Limited is not subject to income tax in accordance with Subsection 25(1)(p) of the Income Tax Act No. 1 of 1989.

## 02. Summary of significant accounting policies

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

### (a) Basis of Presentation

The Laborie Co-operative Credit Union Limited's financial statements have been prepared under the historical cost convention in conformity with International Financial Reporting Standards (IFRS) as modified by the revaluation of available-for-sale financial assets.

The preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that could affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities, and the amounts of revenue and expenditures during the year. Actual amounts could differ from those reported. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key sources of estimation include: securities impairment, determination of fair value of financial instruments, and the allowance for credit losses.

Management also exercises judgement in the process of applying the Co-operative's accounting policies. Significant judgements have been made in the following areas:

- Fair value of financial instruments and securities impairment
- Allowance for credit losses
- Provisions
- Impairment losses on loans and advances
- Impairment of available-for-sale equity investments
- Held-to-maturity investments

Accordingly, actual results may differ from these and other estimates thereby impacting future financial statements.

### (b) Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the *functional currency*). The financial statements are presented in Eastern Caribbean dollars, which is the Co-operative's functional and presentation currency.

### Revised standards effective and relevant to the Co-operative

- a) New standards and revisions issued and effective for the financial year beginning January 1<sup>st</sup>, 2018.

### IAS 16 – Property, Plant and Equipment and IAS 38

Intangible assets have been amended to reflect clarification of acceptable methods of depreciation and amortization. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- i) When the intangible asset is expressed as a measure of revenue; or
- ii) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

**02. Summary of significant accounting policies** (Continued)**IAS 16 – Property, Plant and Equipment and IAS 38** (Continued)

The application of the amendments to IAS 16 and IAS 38 had no impact on the Co-operative's financial statements.

**IAS 11 – Joint Arrangements** sets forth the accounting by entities that jointly control arrangements. Joint control involves an agreement to share control. Arrangements subject to joint control are classified as either joint venture or joint operation. The standard was amended by *Accounting for Acquisitions of Interests in Joint Operation* and is effective for annual periods beginning on or after January 1<sup>st</sup>, 2016. This amendment had no effect on the financial statements.

b) Standards revised and issued but not yet effective and not early-adopted.

**Annual Improvements to IFRSs 2015 to 2017 Cycle** was issued in December 2017. The amendments related to four (4) standards and are effective for annual periods beginning on or after January 1<sup>st</sup>, 2019. These amendments have no impact on the financial statements of the Co-operative.

**Disclosure Initiative, Amendments to IAS 1, Presentation of Financial Statements** was issued in December 2014. The amendments address concerns about some of the existing presentation and disclosure required in IAS 1 and ensures that entities are able to use judgement when applying those arrangements. The amendments are effective for annual periods beginning with January 1<sup>st</sup>, 2016 and have no material effect on the financial statements.

**IFRS 9, Financial Instruments** – In July 2014, the IASB issued the complete version of IFRS 9, first issued in November 2009, which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39.

IFRS 9 introduces a principles-based approach to the classification of financial assets based on an entity's business model and the nature of the cash flows of the asset. All financial assets, including hybrid contracts, are measured at fair value through profit and loss (FVTPL), fair value through OCI or amortized cost. For financial liabilities, IFRS 9 includes the requirements for classification and measurement previously included in IAS 39.

IFRS 9 also introduces an expected loss impairment model for all financial assets. The model has three stages: (1) on initial recognition, 12-month expected credit losses are recognized in profit or loss and loss allowance is established; (2) if credit risk increases significantly and the resulting credit risk is not considered to be low, full lifetime expected credit losses are recognized; and (3) when a financial asset is considered credit-impaired, interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than its gross carrying amount.

Finally, IFRS 9 introduces a new hedge accounting model that aligns the accounting for hedge relationships more closely with an entity's risk management activities.

IFRS 9 is effective for annual periods beginning on January 1<sup>st</sup>, 2018. The Co-operative is yet to assess the impact of the foregoing standard.

**IFRS 15, Revenue from Contracts with Customers** was issued in May 2014 and establishes a single comprehensive model for entities to follow in accounting for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Pursuant to IFRS 15, an entity recognizes revenue when or as it satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when or as the customer obtains control of that asset. IFRS 15 is effective for annual periods beginning on or after January 1<sup>st</sup>, 2018. The Co-operative is yet to assess the impact of this standard.

**IFRS 16, Leases** was issued in January 2016 and will supersede IAS 17, leases. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard removed the current requirement for lessees to classify leases as finance or operating leases by introducing a single lessee accounting model that requires the recognition of lease assets and lease liabilities on the balance sheet for most leases. Lessees will also recognize depreciation expense on the lease asset and interest expense on the lease liability in the statement of income. There are no significant changes to lessor accounting aside from enhanced disclosure requirements.

**02. Summary of significant accounting policies** (Continued)

There are no other IFRS or IFRIC interpretations that are not yet effective and expected to have a material impact on the financial statements of the Co-operative.

Early adoption of standards

The Co-operative did not early-adopt any new or amended standards in 2018.

**Financial assets**

The Co-operative allocates financial assets to the following IAS 39 categories: loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

*a) Held-to-maturity*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Co-operative's management has the positive intention and ability to hold to maturity, other than: (a) those that the Co-operative upon initial recognition designates as at fair value through profit or loss; (b) those that the Co-operative designates as available for sale; and c) those that meet the definition of loans and receivables. These are initially recognized at fair value including direct and incremental transaction costs and measured subsequently as amortised cost, using the effective interest rate method. Interest on held-to-maturity investments is included in the statement of income. In case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognized in the statement of income.

If the Co-operative were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale investments.

*b) Available-for-sale*

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognized in the statement of income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the statement of comprehensive income is recognized in the statement of comprehensive income. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognized in the statement of income. Dividends on available-for-sale equity instruments are recognized in the statement of income when the Co-operative's right to receive payment is established.

*c) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short-term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available-for-sale; or (c) those for which the holder may not recover substantially all of the initial investment, other than because of credit deterioration.

Loans and receivables are initially recognized at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the statement of financial position as loans and advances to members or as investment securities. Interest on loans and advances to members and investment securities are included in the statement of income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognized in the statement of income.

**(c) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity, if any.

**02. Summary of significant accounting policies (Continued)****(d) Impairment of financial assets***Assets carried at amortised cost*

The Co-operative assesses at each balance sheet date whether there is objective evidence that the financial asset or group of financial assets is impaired. A financial asset or group of financial assets, is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimate future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of asset is impaired includes observable data that comes to the attention of the Co-operative about the following loss events:

- significant financial difficulty of the issue or obligor;
- a breach of contract, such as default or delinquency in interest or principal;
- the Co-operative granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of borrowers in the group; or
  - national or local economic conditions that correlate with defaults on the assets in the group.

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

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income. If a loan or held-to-maturity investment has variable interest rates, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Co-operative may measure impairment on the basis of an instrument's fair value using the observable market price.

The calculation of the present value of the estimated future cash flows of the collateralized financial asset reflects the cash flows that may or may not result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for the loan impairment in the statement of income.

If, in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (subsequent to an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of income.

*Assets carried at fair value*

The Co-operative assesses at each balance sheet date whether there is objective evidence that the financial asset or group of financial asset is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

**02. Summary of significant accounting policies (Continued)**

**Impairment of other non-financial assets**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on the net basis, or realize the asset and settle the liability simultaneously.

Pursuant to Section 109 of the 2001 Act, the Co-operative has a legally enforceable right to offset members' deposits against any related loan balances that are over 90 days overdue.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand and short-term deposits with original maturities of less than one year. For the purpose of Cash Flow Statement, cash and cash equivalents comprise balances of cash on hand and current bank accounts less any bank overdraft balances.

**(f) Accounts receivable**

Accounts receivable represent the principal amounts due at the balance sheet date less, where applicable, any provision for impairment.

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

Property, plant and equipment, except for land, are stated at historical cost less accumulated depreciation. Additions to property, plant and equipment are recognized as separate items when it is probable that future economic benefits will flow to the Co-operative and the cost of the items can be measured reliably. Cost comprises the purchase price, and cost directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis, so as to allocate cost to their residual values over their estimated useful lives as follows:

Furniture & Fittings		15.00%
Computer hardware & software	15.00%	33.33%
Leasehold improvements		20.00%
Buildings		2.50%
Land		0.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amounts are greater than their recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with their carrying amounts. These are included in the statement of income.

**(h) Financial liabilities**

The Co-operative's financial liabilities are measured at amortised cost and include members' deposits and savings, trade payables and accrued liabilities. Financial liabilities are derecognized when extinguished.

**(i) Members' shares**

Members' shares issued by the co-operative are classified as equity to the extent that they do not meet the definition of a financial liability. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are reported in equity as a deduction, from proceeds.

**02. Summary of significant accounting policies (Continued)****(j) Dividends on members' equity shares**

Dividends on ordinary shares are recognized as a reduction of retained earnings under members' equity and in the year declared. Dividend declaration is based on a rate that is not more than that recommended by the Board of Directors for distribution. Members, at Annual General Meeting, may not approve a rate that is higher than that recommended by the Board of Directors.

**(k) Interest income & expense**

Interest income and expense for all interest-bearing financial instruments are recognized within *interest income* and *interest expense* in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Co-operative estimates cash flows consisting all contractual terms of the financial instrument but does not consider further credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

**(l) Fees and commission income**

Fees, commissions and other income are recognized on an accrual basis when related service has been provided.

**(m) Dividend income**

Dividend income from available-for-sale equities is recognized when the right to receive payment is established.

**(n) Provisions**

Provisions are recognized when the Co-operative has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**(o) Financial instruments**

Financial instruments carried on the balance sheet include cash and cash equivalents, investment securities, loans to members, deposits and shares to members. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

**(p) Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

**03. Financial risk management****Responsibility & authority**

The Board of Directors has overall responsibility for risk management. The authority for assigning and operating the processes that address the objectives is delegated to the Treasurer.

**Financial instruments' strategy**

Consequent on its nature, the Co-operative's activities are principally related to the use of financial instruments. The Co-operative accepts the proceeds of deposits and shares from members and seeks to earn an interest margin by lending these monies to members while maintaining sufficient liquidity to meet all claims that may fall due.

The Co-operative also seeks to raise its interest margins by obtaining above average margins, net of allowances, through investing in various financial instruments.

The most common types of risks are credit risk, liquidity risk, market risk, and operational risk. Market risk includes currency and interest rate risks.

**(a) Credit risk**

The Co-operative takes on exposure to credit risk which is the risk that a counter party will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Co-operative's portfolio, could result in losses that are different from those provided at the balance sheet date. Management, therefore carefully manages its exposure to credit risks.



**03. Financial risk management (Continued)**

**Financial instruments' strategy (Continued)**

The Co-operative structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis. Limits on the level of credit risk by products are approved by the Board of Directors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

*Impairment & provisioning policies*

Impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. Some accounts are reviewed monthly, others quarterly and sometimes when individual circumstances require.

Impairment losses on individually assessed accounts are determined by an evaluation of the incurred loss at the balance sheet date on a case by case basis and are applied to all individually significant accounts. The assessment encompasses collateral held and the anticipated receipts for those individual accounts. This forms the specific provisioning.

The collective provisioning requires management's judgment about the risks of default and loss associated with a pool of accounts. These accounts are in a segment that is considered to be Pass and or Special Mention. Management determines whether objective evidence of impairment exist based on the following criteria:

- Delinquency in payments of principal and interest
- Cash flow constraints of members
- Breach of loan covenants
- Deterioration of members competitive position
- Deterioration in the value of collateral
- Economic conditions

*Maximum exposure to credit risk before collateral held or other credit enhancements*

Credit risk exposures relating to on-balance sheet assets are as follows:

<i>Reference</i>	<b><u>2018</u></b>	<b><u>2017</u></b>
Cash at bank	\$6,658,920	\$5,102,184
Investment securities	26,621,007	18,796,154
Loans and advances to members	144,128,067	128,297,682
Accounts receivable	1,729,687	2,031,867
	<hr/>	<hr/>
	177,407,994	152,196,020
Loan commitments	1,198,858	2,554,126
<b>Maximum exposure to credit risk</b>	<hr/> <b>\$178,606,852</b>	<hr/> <b>\$154,750,146</b>

**(b) Market risk**

Market risk arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific movements. The interest rates on term contracts are fixed to the term of maturity. Rates on members deposits held are reviewed on an annual basis. The rates for the various deposits and other financial assets are disclosed in their associated notes.

The Co-operative is exposed to market risks (fair value). Share holdings in the Eastern Caribbean Financial Holding Company are traded on the open market through the Eastern Caribbean Securities Exchange, while that in the 1st National Bank St Lucia Limited are not traded on the open market.

Investments are monitored by management and changes in fair values are reported through the profit and loss accounts.

**(c) Currency risk**

The Co-operative takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The exposure of the Co-operative to currency risk is minimal since most of its assets and liabilities in foreign currencies are held in United States dollars (US\$). The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar has been pegged at EC\$2.7169 to US\$1.00 since 1974.

**03. Financial risk management (Continued)****(d) Interest Rate Risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Co-operative takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level mismatch of interest rate repricing that may be undertaken.

**(e) Liquidity Risk**

Liquidity risk is the risk that the Co-operative is unable to meet its payment obligations associated with the financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Co-operative is exposed to daily calls on its available cash resources from maturing members' deposits and loan draw downs. The Co-operative does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

*Liquidity risk management*

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Co-operative. It is unusual for the Co-operative to be completely matched as transacted business is often of uncertain terms and types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The contractual maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Co-operative and its exposure to changes in interest rates.

**(f) Fair Value of Financial Instruments**

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and are best evidences by the quoted market values, if they exist. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair values of cash resources, accounts receivable, accounts payable, members' deposits, members' savings and other short-term instruments are assumed to approximate their carrying amounts due to their short-term nature. The fair value of statement of financial position commitments are also assumed to approximate the amounts disclosed.

*Investment securities*

Assets classified as available-for-sale are at fair value based on market prices or broker price quotations. For unlisted securities, fair value is estimated based on their cost as the amounts are immaterial. For investment securities classified as loans and receivables, fair value is estimated using the discounted cash flows.

*Loans and advances to members*

Loans and advances are net of their provisions for impairment. The estimated values of loans and advances represent the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Except for the Eastern Caribbean Financial Holding Limited's shares which trade on the Eastern Caribbean Securities Exchange, there were no other financial instruments that traded in any active market.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available.

The carrying amounts of all financial liabilities are assumed to approximate their fair values.



**03. Financial risk management** (Continued)

**(g) Capital management**

The Co-operative manages capital with the following objectives:

- to comply with the statutory capital requirements of the Co-operative Societies Act of St Lucia and enforced by the Financial Services Regulatory Authority (FSRA);
- to safeguard the Co-operative's ability to continue as a going concern so that it can continue to provide returns for members and benefits other stakeholders;
- to maintain a strong capital base in an effort to maintain members, creditors and other parties confidence and sustain future development of the Co-operative; and
- to provide a cushion in the event of market instability.

The Board of Directors monitors the return, which is defined as surplus for the year divided by average total assets, and also the level of dividends paid to members. Section 119 of the Co-operative Societies Act Cap 12.06 requires the Co-operative to maintain statutory and other reserves at not less than 10.0% of its liabilities. As at the year end, the minimum requirements was:

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Minimum capital requirement		<b>\$14,989,573</b>	<b>\$13,113,858</b>

Capital adequacy is monitored quarterly using the PEARLS ratios prescribed by the World Council of Credit Unions for determining capital adequacy and which has been adopted by the Financial Services Regulatory Authority (FSRA). PEARLS requires that each Credit Union maintains a minimum of 10.0% of total assets as its capital base. As at the year end, the minimum capital required was:

Minimum capital requirement	<b>\$18,466,716</b>	<b>\$15,965,045</b>
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The Co-operative was in compliance for both these requirements.

**(h) Regulatory capital**

Regulatory capital is divided into two sections:

- Institutional capital: Share capital, Retained earnings, Statutory reserve; and
- Transitory capital: Fair value reserve, Revaluation reserve, Employment benefit fund, Education fund, Building fund, Disaster fund.

**Institutional capital**

Share capital	\$9,670,207	\$7,335,708
Retained earnings	15,262,583	12,826,560
Statutory reserve	8,894,035	7,540,951
	33,826,825	27,703,219

**Transitory capital**

Revaluation reserve	467,055	592,985
Employment benefit fund	477,551	215,667
	944,606	808,652

<b>Total regulatory capital</b>	<b>\$34,771,431</b>	<b>\$28,511,871</b>
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The risk-weighted assets are measured by an estimation of market, credit, interest and other risk associated with each asset and with due consideration to the collateral proffered. In addition, management and the Board of Directors monitor any major movements in asset levels on a monthly basis.

Cash & cash equivalents

**04. Cash and cash equivalents**

	<u>2018</u>	<u>2017</u>
Cash on hand	\$1,047,320	\$884,965
Cash at bank	6,658,920	5,102,184
	<b><u>\$7,706,240</u></b>	<b><u>\$5,987,149</u></b>

Interest is earned on deposit bank balances at an average rate of 1.75% (2016 – 2.0%) per annum. Pursuance to Section 119 (3) of the Co-operative Society's Act, the Credit Union is required to maintain a liquidity reserve calculated to be 15.0% of members' shares and deposits.

The following bank deposits and investment securities have been identified to meet the requirements of the Act.

Bank of St Lucia Limited – Cash	\$6,658,920	\$5,102,184
St Lucia Co-operative League - Deposit	710,373	691,307
Certificates of deposit	14,435,683	6,721,717
Government of St Lucia – Private Treasury Bond	2,049,166	2,049,315
Government of St Lucia – Treasury Bills	8,270,094	8,180,685
	<b><u>\$32,124,236</u></b>	<b><u>\$22,745,208</u></b>

The minimum requirement under the Act is	<b><u>\$23,759,628</u></b>	<b><u>\$20,735,987</u></b>
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As at the year-end, the Co-operative met the liquidity reserve requirement.

**05. Critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The Co-operative makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**06. Accounts Receivable, net of allowance for impairment**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Due from St Lucia Fish Marketing Corporation		\$205,422	\$205,422
Due from Black Bay Small Farmers' Association		178,639	212,114
Due from A & C Ltd (Western Union Agent)		747,185	197,864
Due from CLICO International Life Insurance Limited	Note 18	0	963,463
Other		611,519	483,386
		<u>1,742,765</u>	<u>2,062,249</u>
Less allowance for impairment		13,078	30,382
<b>Accounts receivable, net of allowance for impairment</b>	Exhibit I	<b><u>\$1,729,687</u></b>	<b><u>\$2,031,867</u></b>

**07. Land, available for sale**

Balance, opening		<b>\$206,617</b>	<b>\$206,617</b>
Additions		41	0
Revaluation adjustment		206,658	206,617
		<u>(125,930)</u>	<u>0</u>
<b>Balance, closing</b>	Exhibit I	<b><u>\$80,728</u></b>	<b><u>\$206,617</u></b>

The land, which is located at Des Cartier, in the Quarty of Micoud, was acquired in 2006 as a result of confiscation from a member for the non-repayment of a loan, and reported in the financial statements initially as part of Property, plant & equipment at the unpaid loan balance, was revalued on November 16<sup>th</sup>, 2017. As a result of the revaluation, the property is now reported at the revalued amount of \$80,728, and \$125,930 was transferred to the revaluation reserve.

The property was revalued by Richard R Sammy a Quantity Surveyor, and member of the St Lucia institute of Surveyors.

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**08. Investment securities**

	<u>2018</u>	<u>2017</u>
<b>Available for sale</b>		
St. Lucia Co-operative League – shares	\$500,106	\$500,106
Laborie Fishers & Consumers Co-operative Ltd (6,000 shares)	30,000	30,000
St Lucia Electricity Services Ltd (10,000 shares)	125,000	125,000
Eastern Caribbean Financial Holdings Ltd (ECFH) (85,393 shares)	398,785	396,224
1 <sup>st</sup> National Bank St Lucia Limited (10,000 ordinary shares)	101,800	101,800
<b>Total investment securities, available for sale</b>	1,155,691	1,153,130
Less provision for impairment	0	0
<b>Investments-available for sale, net of allowance for impairment</b>	<b>\$1,155,691</b>	<b>\$1,153,130</b>
<b>Held to maturity</b>		
Bank of St Lucia Limited – Certificates of deposit	\$14,435,683	\$6,721,717
St. Lucia Co-operative League – Central Finance Facility	710,373	691,307
Government of Saint Lucia – 10 year 7.5% Private Treasury Bond	2,049,166	2,049,315
Government of Saint Lucia – 1 year 5.0% Treasury Bill	8,270,094	8,180,685
<b>Investments-held to maturity</b>	25,465,316	17,643,024
Less allowance for impairment	0	0
<b>Investment securities, held to maturity, net of allowance for impairment</b>	<b>\$25,465,316</b>	<b>\$17,643,024</b>
<b>Total investment securities, net of allowance for impairment</b>	<b>\$26,621,007</b>	<b>\$18,796,154</b>

Exhibit I

Reference

**The Bank of St Lucia Limited** – a subsidiary of Eastern Caribbean Financial Holdings Ltd (ECFH), is a commercial bank operating in St Lucia.

**St Lucia Electricity Services Ltd (LUCELEC)** – a St Lucian incorporated company whose purpose is to provide electrical power for the Island. LUCELEC's shares are traded on the Eastern Caribbean Securities Market, and as at December 31<sup>st</sup>, 2018, the market value of these shares was \$20.00.

**Eastern Caribbean Financial Holdings Ltd**, is the parent company to the Bank of St Lucia Limited among others. Its shares are traded on the Eastern Caribbean Securities Market, and as at December 31<sup>st</sup>, 2018, the market value of its shares was \$4.67.

**1<sup>st</sup> National Bank St Lucia Limited**, a St Lucian incorporated company, was formed in December 1937 and commenced trading in January 1938. The Bank provides commercial and retail banking services, including acceptance of deposits, granting loans and advances among other services. The Bank's shares are not traded on any exchange.

**St Lucia Co-operative League Ltd**, of which the Laborie Co-operative Credit Union Limited is an affiliate member, is the umbrella organization responsible for the development of the credit union movement in St Lucia.

**Laborie Fishers & Consumers Co-operative Ltd** is a duly registered society pursuant to section 241 of the Cooperative Society's Act of St Lucia. It was formed to promote thrift and co-operative principles among its members.

**09. Members' loans & advances, net of allowance for impairment**

Balance, opening	\$129,089,048	\$117,046,020
Additions	102,588,946	126,104,079
	231,677,994	243,150,099
Repayments	(86,995,873)	(114,061,051)
Balance, closing	144,682,121	129,089,048
Less allowance for impairment	(54,459,054)	(791,366)
<b>Members' loans &amp; advances, net of allowance for impairment</b>	<b>\$144,128,067</b>	<b>\$128,297,682</b>

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## 09. Members' loans & advances, net of allowance for impairment (cont'd)

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>Sectorial analysis of members' loans &amp; advances</b>			
Personal 1		\$27,891,344	\$23,138,069
Business		7,395,706	4,989,828
Land		20,340,837	17,916,133
REDIP		1,170	6,500
Mortgage		17,498,283	19,233,532
Agriculture		295,055	323,223
Education		6,258,482	6,843,094
BUST		0	0
Housing		11,407,877	10,447,728
Vehicle		14,459,387	14,907,183
Vision Plus		127,739	11,943
Kwedi Alez		315,306	0
Personal 2		920,112	671,870
Mix & Match		37,671,607	30,510,738
Accrued interest		99,216	89,207
	Exhibit I	<b>\$144,682,121</b>	<b>\$129,089,048</b>
<b>Allowance for Impairment</b>			
Balance, opening		\$791,366	\$1,028,300
Addition (reduction) of provision for impairment		216,707	310,622
		1,008,073	1,338,922
Recoveries/(writeoffs)		454,019	547,556
<b>Balance, closing</b>		<b>\$554,054</b>	<b>\$791,366</b>

The allowance for loan impairment is determined in accordance with the Co-operative Societies Amendment (Statutory Instrument 2001, No. 72) as a percentage of exposed overdue loans as follows:

1. 3 but less than 6 months	25.00%	25.00%
2. 6 but less than 9 months	50.00%	50.00%
3. 9 but less than 12 months	75.00%	75.00%
4. 12 or more months	100.00%	100.00%

## 10. Property, plant and equipment, net of accumulated depreciation

### Opening Costs

Furniture & equipment	\$1,003,772	\$1,000,440
Computer hardware & software	277,847	277,131
Leasehold improvements	468,911	468,911
Buildings	4,190,650	4,190,650
Land	187,225	187,225
	<b>\$6,128,405</b>	<b>\$6,124,357</b>

### Additions

Furniture & equipment	\$190,803	\$9,128
Computer hardware & software	124,767	716
Leasehold improvements	7,049	0
Buildings	10,201	0
Land	0	0
	<b>\$332,820</b>	<b>\$9,844</b>

### Disposals & adjustments

Furniture & equipment	(\$698)	(\$5,796)
Computer hardware & software	0	0
Leasehold improvements	0	0
Buildings	0	0
Land	0	0
	<b>(\$698)</b>	<b>(\$5,796)</b>

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**10. Property, plant and equipment, net of accumulated depreciation (Cont'd)**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>				
<b>Closing Costs</b>							
Furniture & equipment		\$1,193,877	\$1,003,772				
Computer hardware & software		402,614	277,847				
Leasehold improvements		475,960	468,911				
Buildings		4,200,851	4,190,650				
Land		187,225	187,225				
		\$6,460,527	\$6,128,405				
<b>Accumulated Depreciation</b>							
	<b>Furniture &amp; Equipment</b>	<b>Computer HW &amp; Software</b>	<b>Leasehold Improve</b>				
	<b>Buildings</b>	<b>Land</b>					
Balance, opening	\$701,224	\$223,726	\$468,911	\$418,166	\$0	\$1,812,027	\$1,576,006
Depreciation – disposals	(698)	0	0	0	0	(698)	(5,795)
Depreciation expense	108,898	48,451	0	105,021	0	262,370	241,816
Balance, closing	<b>\$809,424</b>	<b>\$272,177</b>	<b>\$468,911</b>	<b>\$523,187</b>	<b>\$0</b>	<b>\$2,073,699</b>	<b>\$1,812,027</b>
<b>Property, P &amp; E, net</b>	<b>\$384,453</b>	<b>\$130,437</b>	<b>\$7,049</b>	<b>\$3,677,664</b>	<b>\$187,225</b>	<b>\$4,386,828</b>	<b>\$4,316,378</b>

**11. Accounts payable & accruals**

National Enrichment Learning Program (NELP)		\$66,470	\$33,870
Unclaimed deposits		42,346	44,515
CUNA insurance		35,667	30,214
Inter-American Development grant	Note 11a	164,326	0
Accruals		189,749	104,624
Audit fees		21,516	21,149
<b>Accounts Payable &amp; Accruals</b>	Exhibit I	<b>\$520,074</b>	<b>\$234,372</b>

**11a. Inter-American Development grant**

Balance, opening		\$0	\$0
Additions		308,935	0
Disbursements		(144,609)	0
<b>Balance, closing</b>	Exhibit I	<b>\$164,326</b>	<b>\$0</b>

Pursuant to an agreement – ATN/ME-16289-RG – the Inter-American Development Bank agreed to provide the Laborie Co-operative Credit Union Limited – the executing agency, with grant funding of US\$360,940 for distribution to eligible applicants to finance a portion of the technical co-operation project. The main objective of the project is to strengthen the viability of agri-business operators in the southern region of St Lucia within the context of climate change through a developed model.

During the 2018 year, US\$114,960 was received pursuant to the grant agreement, and EC\$144,609 was disbursed.

**12. Members' fixed deposits**

Balance, opening		\$50,531,326	\$46,142,605
Additions		69,379,895	61,919,858
Withdrawals		119,911,221	108,062,463
<b>Balance, closing</b>	Exhibit I	<b>\$59,645,772</b>	<b>\$50,531,326</b>
<b>Sectorial Analysis of Members' Fixed Deposit</b>			
Balance		\$59,007,007	\$49,734,378
Accrued interest		638,765	796,948
		<b>\$59,645,772</b>	<b>\$50,531,326</b>

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**13. Members' regular deposits**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, opening		\$25,562,277	\$23,716,596
Additions		87,701,373	77,192,686
Withdrawals		113,263,650	100,909,282
<b>Balance, closing</b>	Exhibit I	<b>\$29,675,866</b>	<b>\$25,562,277</b>

**Sectorial analysis of members' deposits**

Deposits - 0		\$27,954,524	\$24,081,336
Special		145,933	132,459
FIP		79,262	72,396
Vision		322,717	300,955
Vision Plus		153,472	32,240
Accrued interest		1,019,959	942,891
		<b>\$29,675,867</b>	<b>\$25,562,277</b>

**14. Members' special savings**

Balance, opening		\$54,810,605	\$50,696,504
Additions		25,116,022	22,230,145
Withdrawals		79,926,627	72,926,649
<b>Balance, closing</b>	Exhibit I	<b>\$59,405,674</b>	<b>\$54,810,605</b>

**15. Long-term debt****Inter-American Development Bank – #4257/SX-RG**

Balance, opening		\$0.00	\$0.00
Additions/interest		648,343.68	0.00
		648,343.68	0.00
Less payment		0.00	0.00
		648,343.68	0.00
Less current portion		(109,219.38)	0.00
<b>Balance, closing</b>		<b>\$539,124.30</b>	<b>\$0.00</b>

**Inter-American Development Bank**

Pursuant to an agreement executed on November 11<sup>th</sup>, 2017, the Inter-American Development Bank agreed to loan the Laborie Co-operative Credit Union Limited the sum of US\$804,000 (EC\$2,184,388) to on-lend to members to finance climate resilient projects in the agricultural sector. The loan proceeds are restricted to:

- >75.0% for long-term loans to finance investments in climate adaptation; and
- >25.0% for working capital loans.

The loan fetches an interest rate of 5.0% and is repayable semi-annually commencing with 1.5 years after the date of signing the agreement.

As at December 31<sup>st</sup>, 2018, the Co-operative had drew down US\$241,200 (EC\$643,343.68). It is to be repaid in 12 consecutive semi-annual amortized principal installments of US\$20,100, commencing with April 5<sup>th</sup>, 2019, plus interest at the rate of 5.0% p.a.

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**16. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by making financial and operational decisions. In this regard the balances of Management & Directors accounts as at December 31st, 2018 for loans, deposits, and shares, were as follows:

**Loans**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Directors		\$1,794,080	\$1,632,975
Credit Committee		617,030	704,091
Supervisory Committee		84,330	117,190
Staff		480,378	464,398
		<b>\$2,975,818</b>	<b>\$2,918,654</b>

**Special savings**

Directors		\$550,286	\$257,016
Credit Committee		96,980	104,146
Supervisory Committee		53,436	250,988
Staff		4,215	12,735
		<b>\$704,917</b>	<b>\$624,885</b>

**Deposits**

Directors		\$241,415	\$294,032
Credit Committee		123,007	208,078
Supervisory Committee		266,418	5,853
Staff		131,185	134,098
		<b>\$762,025</b>	<b>\$642,061</b>

**Share capital**

Directors		\$22,592	\$21,718
Credit Committee		8,369	11,645
Supervisory Committee		14,756	5,873
Staff		29,579	11,692
		<b>\$75,296</b>	<b>\$50,928</b>

**17. Commitments****Lease**

Effective January 1<sup>st</sup>, 2019, the Laborie Co-operative Credit Union Limited entered into a ten (10) year lease agreement for its Vieux Fort office accommodations. The lease agreement commits the Credit Union to a monthly payment of \$20,016 commencing with January 2019, security deposit of \$20,016, and last month rent of \$20,016.

The subsequent year --2019 lease commitment is:

<b>\$240,192</b>	<b>\$238,500</b>
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**Undisbursed loans & advances**

As at December 31<sup>st</sup>, 2018, the Credit Union had the following commitments to disburse approved loans to its members:

Personal 1	\$168,361	\$102,290
Business	0	0
Land	284,739	130,513
Mortgage	10,370	805,834
Education	129,702	403,439
Housing	355,712	443,453
Vehicle	98,404	41,553
Personal 2	1,000	0
Mix & Match	150,570	627,044
	<b>\$1,198,858</b>	<b>\$2,554,126</b>

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**18. Management & employee Costs**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Salaries & wages		\$1,318,172	\$1,245,233
Travelling		78,995	73,300
Medical insurance		21,086	27,586
NIC contributions, uniforms & other		120,010	111,143
	Exhibit II	<u>\$1,538,263</u>	<u>\$1,457,262</u>
<b>Key management compensation</b>			
Salaries & wages		\$278,177	\$263,785
Travelling		41,907	44,500
Medical insurance		2,699	3,430
NIC contributions & uniforms		18,956	12,325
		<u>\$341,739</u>	<u>\$324,040</u>
The average number of employees		<u>38</u>	<u>37</u>

**19. Written-off investment recoveries****British American Insurance Co Ltd**

Included in the figure of \$261,672 for the Allowance for investment impairment (recoveries) in the statement of Comprehensive Income is an amount of \$259,110 received from the British American Insurance Co Ltd as part settlement of an amount due from investments executed by the Credit Union several years ago. That investment was fully provided for, and eventually written off. The amount represents 10.0% of the the established plan claim.

**CLICO International Life Insurance Limited**

At a Board of Directors' Meeting of February 15<sup>th</sup>, 2017, agreement was reached to accept a settlement of 65.0% of the investment principal plus legal costs in full release and discharge of the judgment against CLICO. That amount totaled \$963,463.21 and is reported in these financial statements in accounts receivable and investment impairment (recoveries) in the statement of comprehensive income for 2017.

On February 15<sup>th</sup>, 2018, the Credit Union received a cheque in full settlement of the debt from the Judicial Manager of CLICO.

**20. Credit card finance facility**

The Laborie Co-operative Credit Union Limited has a \$50,000 credit limit facility on a credit card with the Bank of St Lucia Limited.









# Laborie Co-operative Credit Union Ltd.



**P.O Box LB 02L**

## **Laborie Branch**

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Laborie

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## **Vieux Fort Branch**

New Dock Road

Vieux Fort

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**Facebook:** <https://www.facebook.com/laboriecooperativecreditunionltd>

**Twitter:** <https://www.twitter.com/laborieCU>