

# Laborie Co-operative Credit Union Ltd.



Creating Value, Facilitating Progress, Impacting Lives.



33<sup>rd</sup> Annual General Meeting  
18<sup>th</sup> March 2018

## **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 33<sup>rd</sup> Annual General Meeting of the Laborie  
Co-operative Credit Union Ltd.  
at the Laborie Boys' Primary School on Sunday 18<sup>th</sup> March 2018 from  
1:30 p.m.

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# AGENDA

## 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 32<sup>nd</sup> Annual General Meeting
- ✓ Reports
  - × Board of Directors
  - × Treasurer
  - × Auditor
  - × Credit Committee
  - × Supervisory Committee
- ✓ Election of Officers
- ✓ Appointment of Auditor
- ✓ Any Other Business
- ✓ Adjournment



**Lana Alexander**  
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.





Notice was thereby given of the 32<sup>nd</sup> Annual General Meeting on Sunday 26<sup>th</sup> March 2017 at 1:30 p.m. at the Laborie Boys' Primary School.

Chairperson, Director Steven Auguste proposed an amendment to the Agenda for the afternoon's proceedings to allow the Auditor to deliver his report after the reading of the Minutes. Membership approved the amendment.

### Welcome Remarks

As President of the Board of Directors and Chairperson of the afternoon's proceedings, Director Steven Auguste welcomed all present to the Annual General Meeting (AGM). He recognized the presence of the Officers of various committees, specially invited guests and esteemed members of the Society. Director Auguste noted that while the name states Laborie Co-operative Credit Union, the Credit Union's boundaries extend to Vieux Fort North and members live all over St. Lucia as well as overseas. A warm welcome was extended to members who have since returned home to St. Luca and were present. Having ascertained a quorum as of 1:30 p.m. the President opined that this was an indication of members' interest in their Credit Union. He encouraged members to ask questions, participate fully and to be mindful of the Standing Orders found on page 3 of the booklet.

### Greetings from Fraternal Organizations

- Mr Sylvester Dickson congratulated the Society on behalf of the St. Lucia Civil Service Credit Union and the St Lucia Co-operative Credit Union League Ltd. In applauding the selected theme *"Forty years of Caring and Forty years of Sharing, A legacy to be proud of"* he noted that Laborie Credit Union continues to be one of the strongest community based organizations. He surmised that the Society's progress evidenced in the surplus attained was an indication that Laborie Credit Union remained steadfast amidst the current economic times while other conglomerates crumbled. He wished LCCU a successful AGM.
- Mr Christiani Leon, Plant Supervisor of the Laborie Fishers & Consumers Co-operative congratulated LCCU on its 32<sup>nd</sup> AGM. He remarked that LCCU demonstrated signs of excellent governance and that staff exhibited high standards of customer service. He encouraged the Society to keep up the good work.



## Part Two

### Ascertainment of Quorum

The Chairperson informed the meeting that a quorum was ascertained with 161 members being duly present, surpassing that figure of 100 as specified in LCCU's By-laws.

The members of the Board of Directors introduced themselves and the respective positions held.

### Minutes

The Minutes of the 31<sup>st</sup> Annual General Meeting held on Sunday March 20, 2016 were read by the Secretary.

### Errors & Omissions

Page 4        2016 to replace 2015 in date of prior AGM at the top of the page

                 Delete word "recitation" under the heading *Prayers and National Anthem*

Page 7        Delete second "that" in first line of second paragraph of the Treasurer's Report

### Confirmation of Minutes

The Minutes of the 31<sup>st</sup> Annual General Meeting of Sunday March 20, 2016 were confirmed on a motion moved by Christiani Leon and seconded by Etheldred James.

### Matters Arising

- A member described the minutes as "economical" as in her opinion, several points that she raised were not included in the minutes.
- RE: *ATM/Debit Card Facility*  
Progress has been made with the ATM/Debit Card project which was projected to be operational by year end or the following year. The Chairperson informed members that the machines will be accessed by all members of participating credit unions.





- A member who raised concerns about the status of his loan, was encouraged discuss the issue with a Loans Officer.
- RE: Delinquency Management  
It was noted that some progress had been made, as delinquency fell below 10%. An appeal was made for the general membership to pay their loans on time

To facilitate the smooth running of the meeting, it was recommended that members on the outside curb the level of noise and as well as cease all vending.

At this point, Mr. Dickson sought and obtained permission to leave to facilitate his attendance at Choiseul Co-operative Credit Union's AGM.

### **Auditor's Report**

The Auditor thanked the Chairperson and members for amending the agenda to facilitate his presentation of the report and for choosing TRI-FINITY Associates to serve LCCU. Having conducted a comprehensive review of 2016 financial statements, Mr. Sargusingh was pleased to report that the Laborie Co-operative Credit Union's performance in the aforementioned year surpassed that of 2015. He further stated that as of December 31, 2016, Laborie Co-operative Credit Union's financial position was in accordance with International Financial Reporting Standards.

The following explanations were provided in the ensuing discussions:

- With regards to the discrepancies that existed between the figures presented in the booklet and those he mentioned, the Auditor explained that figures may have been transposed during analysis. However, the figures in the booklet are correct.
- Re: Advanced payment to fishermen for catches sold to the St. Lucia Fish Marketing Corporation  
The General Manager explained that the outstanding amount was recorded under "Accounts *Receivables*" on page 37. Having inquired about the outstanding debt, the new Board of Directors of the Laborie Fishers & Consumers Co-operative were informed of the St Lucia Fish Marketing Corporation's inability to fulfil their obligation to LCCU.
- Re: Administrative Expenses page 32 - Legal fees & professional  
The General Manager explained that LCCU has three lawyers in its employ and as a result have been able take legal action against more members in an effort to recover monies owed.



- **Re: Employment Benefit Fund (page 33)**

The General Manager explained that this fund is used to pay gratuity to staff members. The balances at closing reflected monies were paid as gratuity to staff members who are no longer in the employ of LCCU.

The Auditor's Report was adopted on a motion moved and seconded by Marylene John Marquis and Etheldred James respectively.

### **Board of Directors' Report**

The President delivered his address themed *"Forty years of Caring, Forty years of Sharing, A legacy to be proud of,"* in which he outlined LCCU's successes in spite of the depressed state of the economy. He highlighted that:

- LCCU continued to grow steadily and assets recorded a high of \$143.43 million in 2016.
- The loans portfolio reached \$116 million which attested to members' level of confidence in LCCU. As a result, a surplus in excess of \$4 million was realised by LCCU, which showed an increase from the previous year.
- LCCU has surpassed the 10% Institutional Capital requirement as mandated by the Co-operative Act, and as of 2016 stood at 11%. He explained that this figure indicated that LCCU was safe, strong and reliable.
- LCCU along with the Inter-American Development Bank will be implementing a Climate Smart Agriculture Project dubbed SABLE (Sustainable Agri-Business for Laborie & Environs). This initiative will benefit the Black Bay Farmers' Co-operative, Laborie Fishers and Consumers Co-operative as well as Laborie Co-operative Credit Union. The main aim of SABLE will be to strengthen the viability of agri-business and fishing operators in the southern part of the island.

In the ensuing discussions, the Director explained that though LCCU celebrated 40 years of existence, this was its 32<sup>nd</sup> AGM, because AGMs were not held in the first few years. However, since that inaugural AGM, LCCU has had such meetings every single year. It was also noted that the Society was only registered in 1982.

In response to a member's question regarding the disparity in the number of accounts held at LCCU and the number of its members, it was explained that not all account holders met the requirements for membership e.g. the age requirement (16 years), though organizations and schools are able to open accounts they are not considered members; not all members had the \$100 qualifying shares. A plea was made for individuals who had not purchased the qualifying shares to try to comply.



The Board of Directors' Report was adopted on a motion moved by Francisca Louisy and seconded by Brenda Alexander.

A minute of silence was observed in remembrance of deceased LCCU's pioneers Hilary Darcheville, Keith St Aimee and Rudy John.

### Treasurer's Report

This report themed "*Anchoring the Future*" was presented by Director Francillia Browne. The following key points were highlighted:

- LCCU attained a capital base of 13.63% which surpassed the threshold of 10% of total liabilities as required by the current Co-operative Act.
- The number of account holders increased by 5.18% to 16, 442 account holders
- LCCU's total assets recorded a 12.47% increase bringing its assets to \$143.4 million
- Members' equity increased by 26.29% bringing this figure to \$17.95 million
- Members' savings grew to \$120.6 million, recording a 10.33% increase

In the discussions that followed, it was explained that

- Though LCCU's staff increased by one, the payroll increased by 13% as a result of pay increases to staff members, acting allowances, as well as additional salaries for new staff members. This increase now ranked LCCU as the third highest paying Credit Union on the island.
- The refurbishment of the Vieux Fort Office as well as servicing and repairing the air-conditioning units in Vieux Fort Office accounted for the increase in Repairs and Maintenance figures.
- The 40<sup>th</sup> Anniversary celebration activities resulted in the variances in figures for Members' Relation.
- Office Supplies increased as a result of issuing new passbooks and jackets which all members were entitled to except when replacing a lost passbook which bore a \$5.00 fee.

The Treasurer's Report was adopted on a motion moved and seconded by Cecilia Rene and Mary Jameson respectively.



### **Credit Committee's Report**

This report was delivered by Officer Virginia Blasse on behalf of Officer Emmanuel Clery in his absence.

Officer Blasse noted that her tenure would end in 2018 and not 2017 as stated in the booklet. She stated that 2016 saw a decrease in the number of loan applications but an increase in the value of the loans approved. Personal loans were the main drivers with a sum of \$23, 816, 552.14 representing 63.06 % of the portfolio.

The Officer explained why loans were deferred and supported a member's plea for young unemployed members to engage in the agricultural sector.

The Credit Committee's Report was adopted on a motion moved by Kirby Jameson and seconded by Laura Broomes.

### **Hamper Raffle Draw #1**

The first raffle for the afternoon was won by Sylvia Joyeux holder of ticket number 414 380.

### **Supervisory & Compliance Committee's Report**

This report was delivered by the Chairperson of the committee, Officer Keth Thompson. He explained that the Committee completed a Membership Satisfaction Survey as well as an audit of the following internal controls:

- Security Audit
- Staff loans, Officer Loans and Delinquent loans
- Progress reports on External audits
- Scholarship and bursaries
- Investments
- Board and Credit Committee meetings



In the ensuing discussions, the Officer confirmed that efforts were made at dialoguing with delinquent members in an effort to assist them in meeting their loan obligations, thereby curbing the level of delinquency. However, not all members responded favourably to these attempts and LCCU had to resort to legal action as a last resort.

The General Manager explained that a member who is unable to meet his/her loan obligations as a result of accident or illness, will have that loan paid off by CUNA once a doctor deems the member unfit to work.

The Supervisory & Compliance Committee’s Report was adopted on a motion moved and seconded by Etheldred James and Francis Poleon respectively.

**Hamper Raffle Draw # 2 & 3**

The raffles were by won by Vince Joseph ticket holder number 414 459 and Julitta Kenson ticket holder number 414 505.

**Nominations and Elections of Officers**

The details of the election process are outlined in the table below.

COMMITTEES	RECOMMENDATIONS		ELECTED OFFICERS
	Nominations Committee	The Floor	
BOARD OF DIRECTORS	Johnson Auguste Francillia Browne Sienna London  (A motion that nominations be closed was moved by Etheldred James and seconded by Christiani Leon). The motion was carried.		Johnson Auguste Francillia Browne Sienna London  (Officers were elected unopposed)



<p><b>CREDIT</b></p>	<p>Van Aimable  (A motion that nominations be closed was moved by Agatha Jn Panel and seconded by Nioka Fred). The motion was carried.</p>		<p>Van Aimable  (elected unopposed)</p>
<p><b>SUPERVISORY</b></p>	<p>Caron Serieux  Laura Jn Pierre  John Lawrence</p>	<p>Kedianna Charlery (Nominated by Virginia Blasse and seconded by Claudia Burin)  Dafrose Caputo (Nominated by Tressa Jn Jules and seconded by Vann Aimable)  Nominations were closed on a motion moved by Marylene John-Marquis and seconded by Christaini Leon.)</p>	<p>Caron Serieux (187 votes)  John Lawrence (174 votes)  Kedianna Charlery (165 votes)  Dafrose Caputo won 73 votes and Laura Jn Pierre won 93 votes and were not elected.</p>

Appointment of an Auditor

A motioned was moved and seconded by Cecilia Rene and Christani Leon to authorize the Board of Directors to appoint an Auditor for the next financial year. The motion was unanimously carried.



Any Other Business


- Staff members were applauded for high level of congeniality and customer service
- Members were encouraged to save wisely for unforeseen circumstances such as death and illness
- President informed members of the Family Indemnity Plan (F.I.P) and explained briefly how the plan worked and how it could benefit members
- Founding members were applauded on starting LCCU
- Members were encouraged to ask questions if they didn't understand
- Dividends and Patronage Refund will be paid by March 30, 2017.
- An appeal was made for LCCU to host town hall meetings to educate members about the different products available
- Re: A plea to re-introduce Fixed Deposits  
The General Manager explained that Fixed Deposits were de-marketed and not discontinued as part of the liquidity management strategies of LCCU. He emphasized that members' Fixed Deposits were still being accepted.

Hamper Raffle Draw # 4, 5 & 6

- Bona Daniel (ticket # 414 379), Sharmain Kenson (ticket # 414 326) and Gertrude Robert (ticket # 414 382) won the remaining hampers.

Adjournment

The President thanked all for attending and participating in the meeting. The meeting was adjourned at 6:20 p.m. on a motion moved by Nannia Cyris and seconded by Gregory Lawrence.



Lana Alexander  
Secretary



## **Board of Directors' Report**

### **For the year ending December 31, 2017**

*Creating Value, Facilitating Progress, Impacting Lives*

#### **Introduction**

The members of the Board of Directors of the Laborie Cooperative Credit Union (LCCU) take great pride and honour in representing the interests of our members by delivering sound governance to our Credit Union. We appreciate and respect the trust you have placed in us as your Board and believe that we have created value, facilitated progress and positively impacted the lives of our members. The continued growth in our members' asset and improvement in the overall performance of the Laborie Cooperative Credit Union are indicative of our sound management practices and a caring approach toward our members. We have continued to consolidate our gains notwithstanding the challenging economic environment. We are pleased, once again to engage you as we seek to provide a progress report and improve our beloved Credit Union.

#### **Key Performance Indicators**

Our continuous trend of viability and value creation materialised during the period under review. This is reflected particularly in the growth in members' equity (that part of the credit union that belongs to all of us). The figure moved from \$22.675 million to \$28.511 million, an increase of 25.7%. We also realised a net surplus of \$5.71 million.

Asset growth was sustained despite the bleak economic situation in St. Lucia. The 11.3% increase in total assets over the previous year is testament to the hard work of a team of dedicated staff who drove and attracted new investments and designed new lending solutions.

Our commitment to the development of our members has refined the way we lend. The 10.59% growth in loans (after provisions for bad debts) has come as a result of the caring philosophy in our lending process. The current market for loans is marred by 'incentive wars' with banks offering various inducements to customers to switch from one service provider to another.

At all times we try to exceed expectations and delight our members with a unique and enviable culture of customer service. This is demonstrated through our dynamic service culture and core values.





## Delinquency Control

Consistent with prudent management paramount in our operations, special attention was paid to the delinquency portfolio. Over the past year we proactively sought to manage default by implementing strategies to curb delinquency. Our efforts have resulted in a reduction in delinquency to 8.22%.

## Regulatory Compliance

The LCCU acknowledges the importance of compliance with regulatory and statutory guidelines. Compliance provides a framework for maintaining a robust well managed corporate vehicle which meets the expectations of its stake holders. For the year under review we surpassed the minimum requirement for both the liquidity reserve and the capital adequacy ratio.

## Expanding Our Footprint

Touching the lives of our members means meeting the needs of members in their various roles and capacities. In this regard, LCCU has signed an agreement with the Inter-American Development Bank (IDB), to manage the implementation of a three-year climate smart agricultural project for the benefit of farmers and fishers of the South. The project known as SABLE (Sustainable Agribusiness for Laborie and Environs) will be implemented through the Black Bay Farmers' Co-operative (BBFC) and the Laborie Fishers and Consumers Co-operative (LFCC). The total cost of the project is \$4.96 million of which \$2.147 million will be loan funds for farmers/organizations; \$0.96 million will be non-reimbursable funds for institutional strengthening, designing and implementing systems and procedures for the successful operation of the project; and \$1.848 million will be counterpart funding.

The primary objectives of SABLE are to:

1. Expand the opportunities for more sustainable livelihood in Agriculture within the context of climate change.
2. Develop new markets and leverage existing markets for agri-producers.
3. Set up of an insurance facility to provide farmers with insurance products to protect their investments and loan liabilities.
4. Enable BBFC and LFCC become viable co-operatives and serve as organizational resources to fishers and agri-business entrepreneurs.
5. Increase the productivity and reliability of agro-production.



LCCU is the project implementer and as such needs to borrow \$2.147million (US\$804,000) from the IDB for lending to the project beneficiaries. Those funds serve as the core of the project.

### **Maximum Liability**

To facilitate this borrowing and in keeping with Section 117 and Regulation 36 of The Co-operative Societies Act, the Board seeks the permission of the membership to set the maximum liability of the LCCU to \$3 million.

### **Social Responsibility**

The LCCU continues to observe our high standards of community ethos and in so doing we impact lives of many in a positive manner. The success of our operations affords us the opportunity to fund social and environmental initiatives that create value for community but does not necessarily create direct financial benefits for the Credit Union. In this vein, LCCU continues to sponsor the Flower Festivals. In addition, in October 2017 we hosted St. Lucia's first ever Financial Reality Fair. The Fair gave over 350 secondary school students real life financial planning and budgeting experiences; it was aimed at preparing them to manage their earnings when they join the world of work.

### **Promoting Healthy Membership**

The physical wellness of our members is as significant to us as their financial wellness. Hence, in April 2017 we organised a health walk and fair. The route was from the Laborie Market to Independence Square Vieux Fort. We remain committed to improving the health of our members by encouraging them to be more educated about healthy living. We will continue our health related activities for the benefit of our members.

### **Achievements**

The excellent contribution of the LCCU in corporate leadership and community development for 2017 was recognised by the St. Lucia Chamber of Commerce as well as the St. Lucia Cooperative League. At the recent St Lucia Business Award, the LCCU won the award for Corporate Social Responsibility.



Our manager, Mr. Lucius Ellevic, also won the Award for Corporate Leadership. In addition, Mr Ellevic also won the Manager of the Year Award at the first ever Cooperative Awards hosted by the St. Lucia Cooperative League.

These awards represent an endorsement of the excellent efforts of the of the Board of Directors, management and staff and the support that you have given over the past year. This will undoubtedly serve as reinforcement and motivation for all of us to continue the excellent work and create value for our membership.

### **New Solutions for Members**

LCCU, in collaboration with the Credit Union League, will be offering ATM services to members during the latter part of 2018. Additionally, during the first quarter of 2018 members will have online access to their credit union accounts. Those initiatives are in keeping with the objective of providing members access to their accounts at anytime and anywhere. Those solutions will also improve our quality of service as there will be no need for members to stand on long lines particularly to make withdrawals.

### **Acknowledgements**

Our continued success over the past year could not be achieved without the invaluable contribution of elected officials, management and staff and sub committees who toiled earnestly in the interest of our advancement. For the year under review your Directors were:

Mr. Steven Auguste

Mr. Johnson Auguste

Mr. Paul Sammy

Mr. Phils Louis

Ms. Lana Alexander

Ms. Michelle Charley

Mrs. Francillia Brown

Mrs. Sienna London

Mr. Eyan St. Helen

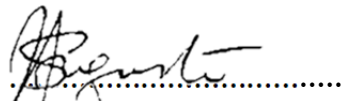


Mr Dale Louis, Tresa Jn Jules and Virginia Blasse have come to the end of their tenure on the Credit Committee. They must be commended for their personal sacrifices and significant output on behalf of the LCCU. We wish them success in their future endeavors. I am also retiring after serving two terms. I wish to thank all officers for their cooperation.

### Conclusion

Through your economic participation in the business of the LCCU, we once again had a successful year. We report that we accepted the offer of 65% of the amount owed to us by CLICO as a full settlement. Since we were not able to pay patronage refund and dividends in 2011, the Board is proposing payment of patronage refund and dividends to members on record as at December 31, 2011. The Board therefore recommends payment of 6% dividends and 5% patronage refund for the year ending 2011 and 2017. The dividends for 2011 be paid as equity shares.

I thank you and may God bless all of us.



Steven Auguste

President



## **Treasurer's Report**

### **For the year ending December 31, 2017**

*Creating Value, Facilitating Progress, Impacting Lives*

Invited guests, Officers, Staff and members of the Laborie Co-operative Credit Union,

It is indeed a privilege to present a review of the financial operations of the Laborie Co-operative Credit Union (LCCU) for the financial year 2017, and to give you an indication of the Society's activities for the year under review.

The desired result of the management and officers of our Credit Union has always been to impact the lives of our members by creating value and facilitating progress.

#### **Overview**

As a financial institution, we were challenged in the current economic and competitive environment. Fortunately, our Credit Union continued to move ahead, and I am confident of our long-term survival, due to your continued patronage and business.

We continued to suffer from an anemic economy, in spite of the many predictions of growth. The past year signaled a change in the financial landscape of St. Lucia, where our financial competitors were very aggressive with their marketing strategies, by waging an interest rate war on mortgage loans. In some cases, customers are offered monthly loan payments extending up to the customer's eightieth birthday. Laborie Credit Union will not engage in those strategies because we do not think it ultimately create value for you our members. Such strategies do not facilitate progress for our members. We believe that our products and services must be mutually beneficial to our members and their Credit Union.

I am pleased to report that due to stable Credit Union membership, sound management by its staff and prudent decision-making by its Board of Directors, 2017 has been a successful year for LCCU.

#### **Performance Review**

We are reporting on the end of the second year of LCCU's three-year strategic plan and once again we were able to realize most of our financial targets:



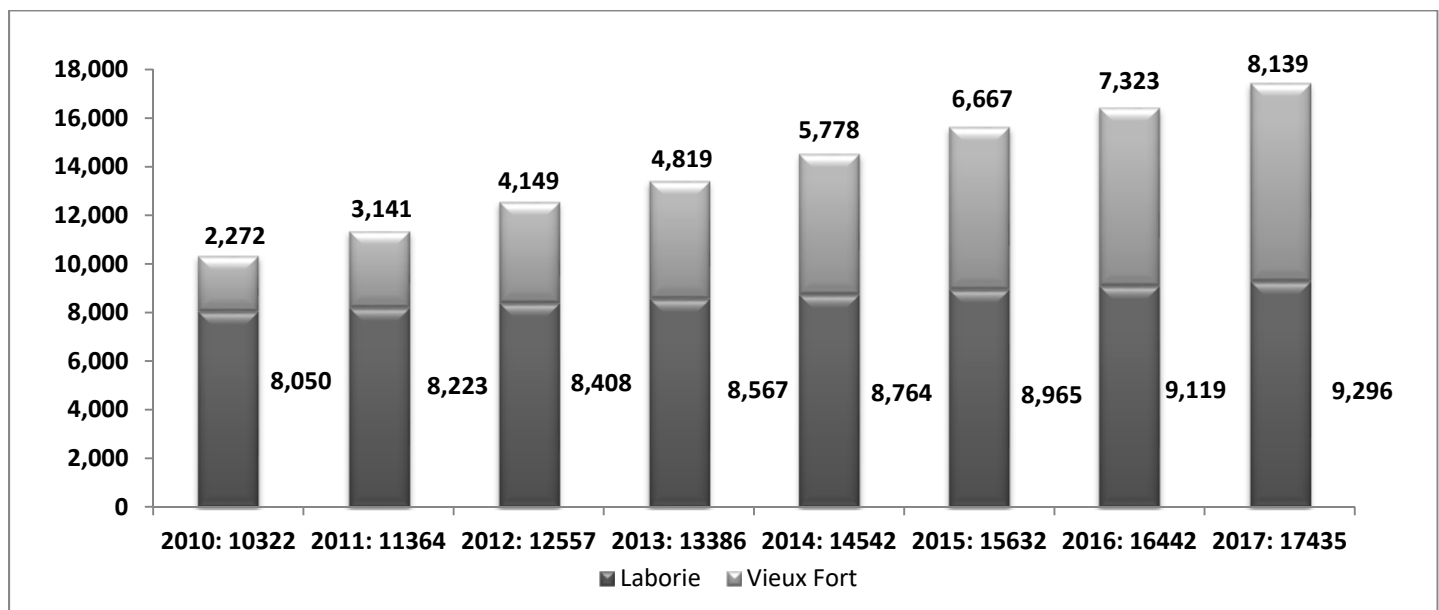
	Projected 2017	Achieved 2017
Total Assets	\$160m	\$159.6m
Institutional Capital	\$16m	\$27.7m
Member Savings	\$131m	\$130.9m
Gross Loans	\$128m	\$129.1m
Total Income	\$12.8m	\$13.6m
Surplus	\$4.7m	\$5.7m

Loans are our greatest assets and as the size of the loan portfolio grows, greater vigilance had to be placed on delinquency management. Delinquency is now 8.18%, we will continue to review and implementing measures as deemed necessary, in order to achieve a desired rate of 5%. We aim to achieve this target within the next two years.

The audited financial statements indicated that our Credit Union performed creditably in 2017. Here below is a summary of our key indicators for the year:

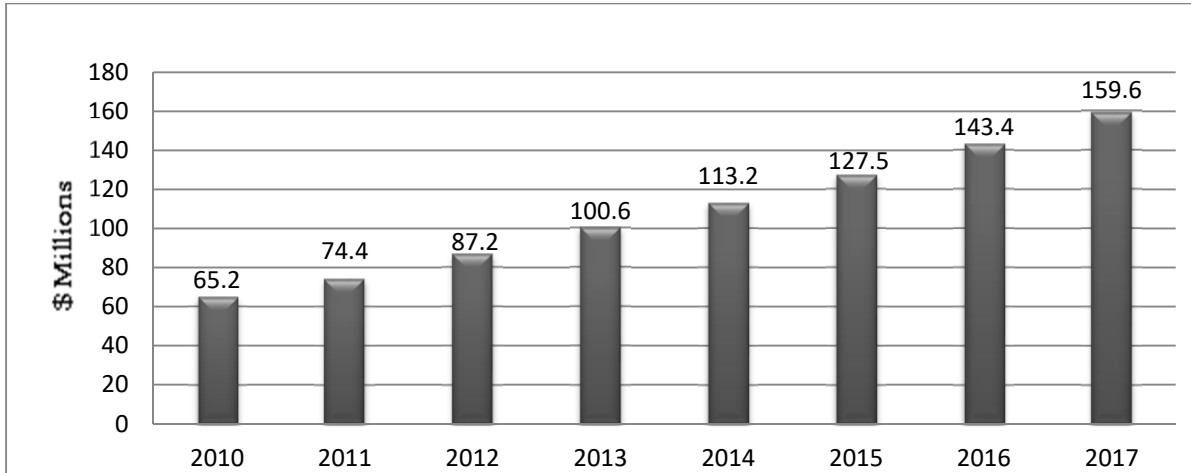
### MEMBERSHIP

Account holders grew by 6.04% to 17435 account holders as at December 31, 2017 from 16,442 at December 31, 2016.



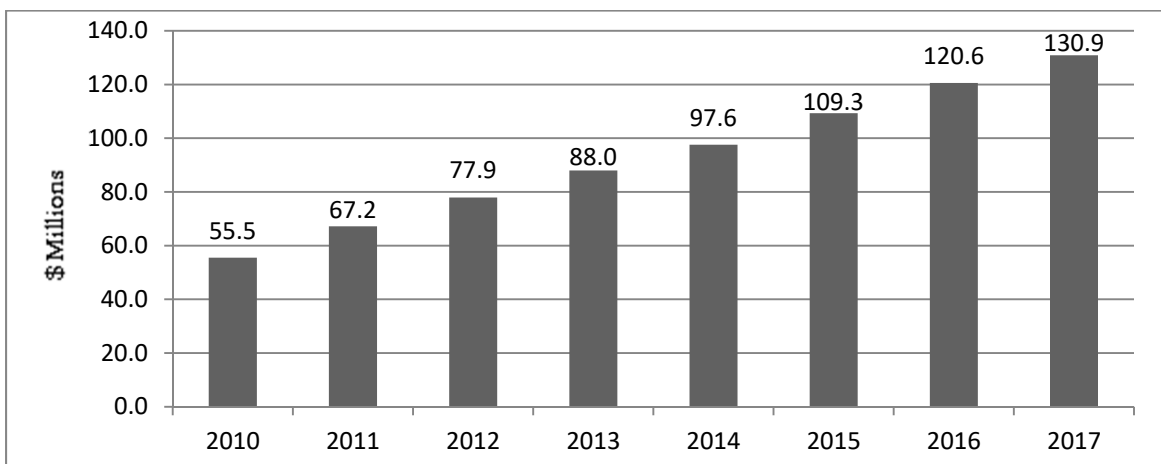
## ASSETS

Total Assets increased by 11.3% to \$159.6 million in 2017 from \$143.4 million in 2016. This represents an increase of \$16.2 million.



## SAVINGS

Members’ savings increased by 8.5% to \$130.9 million in 2017 from \$120.6 million in 2016. This \$10.3 million increase is attributable to increases in all categories of savings that is, fixed deposits, ordinary and withdrawable shares. This is due to (1) members’ confidence in LCCU and (2) the continued migration of depositors from other financial institutions to LCCU, in order to take advantage of our favorable interest rates on savings and fixed deposits. This move continues to work in our favour, by aiding LCCU surpass its capital base requirement.

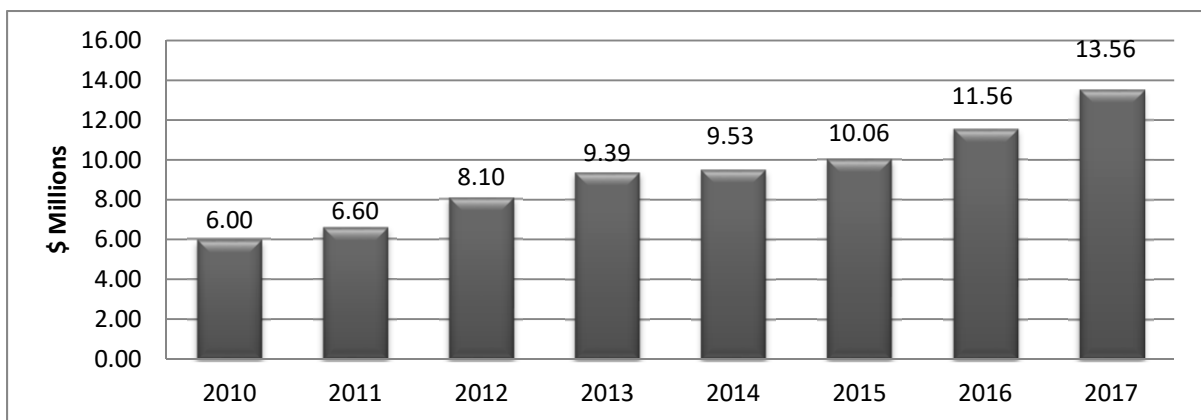


## INCOME & EXPENSES

The total income generated in 2017, as reflected in the Statement of Comprehensive Income, shows a Net Surplus of \$5.7 million compared to \$4.1 million for 2016. The 39.02 % increase or \$1.6 million is due to the following:

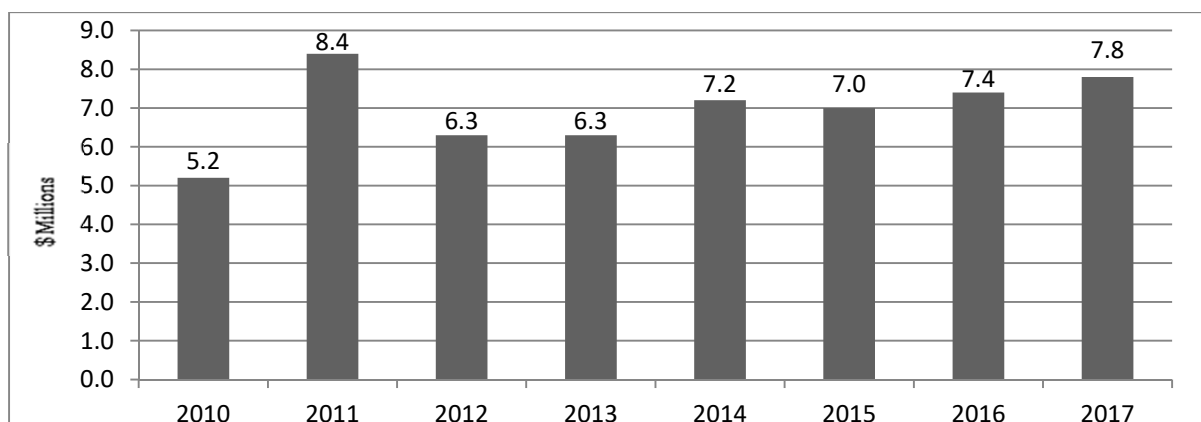
### 1. Income

Total income grew by 17.3% to \$13.56 million in 2017 compared to \$11.56 million in 2016. Other income increased by \$971,467 in 2017, primarily due to the recovery of 65% of the impaired investment in CLICO International Life Insurance Limited.



### 2. Total Expenses

There was a net marginal increase in total expenses from \$7.4 million to \$7.8 million.





## CONCLUSION

As our Credit Union grows and expands, it is imperative that the products and services that we offer you our members also continue to add value and help better meet the needs that a fast-paced life demands. 2018 will therefore see the implementation of the long-awaited ATM service, together with the introduction of online banking services. This is reflective of our goal in ensuring that LCCU remains the primary financial services provider to our membership.

We look to the future with confidence based on your continued support, and hope for the realization of the promised improvement in the economic conditions in St. Lucia. We remain committed to strengthening our overall performance as we cement our place among other leading financial institutions.

At Laborie Co-operative Credit Union **“Together we are Better”**.



.....  
**Francillia Browne**  
Treasurer



## Credit Committee's Report For the year ending December 31, 2017

The purpose of the Credit Committee is to assure fair access of the membership to members' deposits in the form of loans. The loan policy outlines the conditions necessary for any member to qualify for credit and it is the Credit Committee's responsibility to implement these lending policies established by the Board of Directors.

The following officers served on the Committee:

- Ms. Virginia Blasse            Chairperson
- Mr. Dale Louis                Deputy - Chairperson
- Ms. Van Aimable             Secretary
- Ms. Tresa Jn.Jules
- Mr. Ashley Duncan

The Credit Committee met 48 times. The numbers of applications received in the respective categories are shown in Table 1 below with figures for the preceding year:

**TABLE 1: LOAN APPLICATION BY CATEGORY**

CATEGORY	No. of Loans	
	2016	2017
Business	148	47
Education	247	89
Agriculture	52	26
Personal	3880	1908
Mortgage	141	96
Medical	203	98
<b>TOTAL</b>	<b>4671</b>	<b>2264</b>



Personal continues to be the largest category of requested loans.

Credit Committee approved a total of 2132 loans for the year 2017. The total amount approved was \$28,686,383.89

The following table provides information on loans approved.

**TABLE 2: APPROVED LOANS**

<b>CATEGORY</b>	<b>NUMBER</b>	<b>% OF APPROVED LOANS</b>	<b>AMOUNT</b>	<b>% OF TOTAL AMOUNT APPROVED</b>
<b>Business</b>	41	1.92%	\$1,995,017.80	6.95%
<b>Education</b>	81	3.80%	\$1,008,852.74	3.52%
<b>Agriculture</b>	26	1.22%	\$207,052.06	0.72%
<b>Personal</b>	1820	85.37%	\$18,287,792.57	63.75%
<b>Mortgage</b>	66	3.09%	\$6,768,882.72	23.60%
<b>Medical</b>	98	4.60%	\$418,786.00	1.46%
<b>TOTAL</b>	<b>2132</b>	<b>100</b>	<b>\$28,686,383.89</b>	<b>100%</b>

Personal, mortgage and business loans represented the largest amounts approved during the year.

The Laborie Co-operative Credit Union is committed to serving members but must ensure that we maintain and adhere to our lending policies. As a Committee, it is our responsibility to thoroughly review loan applications and keep the best interest of the institution in mind, while trying to serve members. Hence, in some instances, requests for loans were denied. During the year under review, loans were not approved. These loans were not approved for various reasons including, insufficient security, ability to repay, insecurity of investment and prior delinquency status.



Table 3 provides information on loans not approved by the Credit Committee.

**TABLE 3: LOANS NOT APPROVED**

<b>CATEGORY</b>	<b># OF LOANS</b>
Business	4
Education	6
Agriculture	0
Personal	56
Mortgage	26
Medical	0
<b>TOTAL</b>	<b>92</b>

In addition to processing loan applications, we also attended Joint Committee meetings and participated in a number of other activities organized by the Credit Union.

We would like to remind members that approval requirements for loans include, among other things, cash security, mortgages, bills of sale, co-makers, life and other insurances. There are also provisions in place for loans within savings to be disbursed by the Manager. Members need to familiarize themselves with these requirements to avoid unnecessary delays in processing their loans. We urge you to always keep your payment commitments to the Credit Union, as failure to do so can affect both you and the Credit Union.

The Credit Committee would like to thank the Manager and his staff, the Board of Directors, and Supervisory Committee, for their patience, co-operation and understanding during the past year. We also wish to thank you, members, for your patience and understanding.


I’ve reached the end of my first term and I am not seeking re-election. It has been a very enriching, enlightening and rewarding experience. I wish to thank everyone for the support and confidence placed in me. It was indeed a great honor and privilege to serve my Credit Union and the community. Heartfelt thanks to the members of the committee for their untiring support.



Officers Louis and Jn. Jules have come to the end of their two terms and are not eligible for re-election. Due to personal reasons, Officer Aimable will be unable to continue performing her duties on the committee. We appreciate the contributions of all outgoing officers who have been invaluable to the success of the committee.

I hope that all continue to work persistently and collaboratively in making the Laborie Credit Union the most highly recognized financial institution.

Long live the Laborie Credit Union!!!!

  
.....  
**Virginia Blasse**  
**Chairperson**



## **Supervisory & Compliance Committee's Report For the year ending December 31, 2017**

The Supervisory and Compliance Committee is pleased to present this report for the financial year ending 31<sup>st</sup> December 2017.

The Supervisory and Compliance Committee verifies that the operations and activities conducted at the Credit Union complies with the procedures, policies and best practice methods for which this entity is recognized for. We enforce the beliefs of our core values for which this institution gained national acknowledgement. The Committee is mandated by you the members to review and evaluate the financial operations and overall performance of the Credit Union. The Committee comprises the following members:

- ❖ Mr. Keth Thompson: Chairperson
- ❖ Mr. John Lawrence: Assistant Chairperson
- ❖ Ms. Kediana Charlery: Secretary
- ❖ Mrs. Michelle Edwide-Duplessis: Assistant Secretary
- ❖ Mr.: Caron Serieux: Member

### **Work Plan for 2017**

Our Work Plan for 2017 included a membership satisfaction survey and the following audits:

- ❖ Security Audit (Cash and Physical Building)
- ❖ Staff Loans, Officers Loans and Delinquent Loans over one year
- ❖ Scholarships and Bursaries
- ❖ Investments
- ❖ Board and Credit Committee Meetings

The audits were conducted with no substantial concerns observed, however some recommendations were made especially in improving the quality of service put forward by members during the satisfaction survey. All audit findings were brought to the attention of the board.



## **Security Audit**

The security audit was conducted through observations and interviews with the relevant members of staff. We are satisfied with the present arrangement however recommendations were made especially in light of the sophistication of crimes committed today.

## **Cash Audit**

The Committee is pleased to report that we are satisfied with the findings of the cash audits. This was achieved through conducting surprise cash counts at both branches, we also observed closing procedures and security arrangements for the transfer and handling of cash. Some recommendations were made to improve on existing procedures.

## **Loans and Delinquency**

We conducted an audit of Staff and Officer Loans. We are satisfied with the findings and can report that due process is being followed. We also audited random delinquent loans of members which have not been serviced for over one year. The committee was satisfied with the actions taken by the collections department of the institution. Delinquency continues to be a major concern. We once again implore members who are experiencing difficulties to come in for a discussion rather than face the possibility of being taken to court and having an unfavorable reputation with the society.

## **Scholarships and Bursaries**

Scholarship and Bursaries application and disbursements were reviewed. We are pleased to report that we are satisfied with the selection process. We observed that in one case the scholarship was withdrawn because the awardee failed to maintain the condition under which it was given. We have recommended that information concerning the scholarships and bursaries be made available to desirable applicants at the earliest possible time. The Member Relations and Education Committee is commended for their efforts.



## **Board and Credit Committee Meetings**

The Committee attended a meeting of the Credit Committee and is satisfied with the manner in which it was conducted based on the guidelines outlined in the Loan Policy. Efforts were made to attend a meeting of the Board but unfortunately this did not materialize.

## **Investments**

The investment portfolio of the Credit Union was reviewed by the Committee and we are satisfied with the findings of the review. The assets of the Credit Union are sufficiently secured and investments seem adequate at this time.

## **Membership Satisfaction Survey**

The Committee conducted a survey to obtain a general overview of members' satisfaction of the services received at the Credit Union. We would like to thank all those members who assisted with the completion of this exercise. Generally, members are satisfied with the services offered and would recommend the LCCU to anyone; but they also highlighted concerns in the following areas:

1. **Length of time spent on the line**
2. **The number of tellers available**
3. **Professionalism**
4. **Special teller for Western Union**

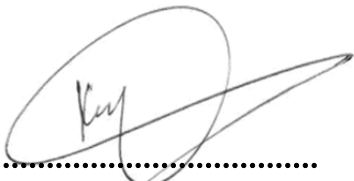
We are pleased to report that management have recognized some of the concerns, even before the survey was conducted and have put mechanisms in place to alleviate some of them. We have also made recommendations to management including those made by you to improve on the quality of service offered by the credit Union.





## Conclusion

The members of the Supervisory and Compliance Committee would like to congratulate the management and staff of the Credit Union on winning two prizes at the St Lucia Business Award 2017. It demonstrates the social responsibility enshrined in the core values of this organization. We are also thankful to you the members for selecting us to perform the duty of watchdogs of this organization. Officers Keth Thompson and Michelle Edwide-Duplessis have come to the end of their first term; however, Officer Michelle Edwide-Duplessis has indicated her desire not to be nominated for a second term. The committee wishes to express sincere gratitude to her.



.....  
**Keth Thompson**  
**Chairperson**



# Laborie Co-operative Credit Union Ltd.

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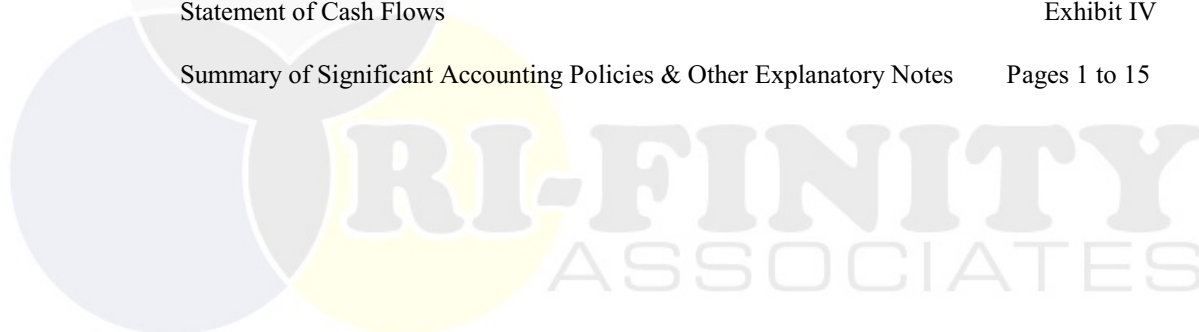
## Independent Auditor's Report



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**Laborie Co-operative Credit Union Limited**  
**Corporate Information**

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**DIRECTORS**

Steven Auguste  
Paul Sammy  
Francillia Browne  
Michelle Charlery

Sienna London  
Johnson Auguste  
Phils Louis  
Eyan St Helen

Lana Alexander

**PRESIDENT**

Steven Auguste

**SECRETARY**

Lana Alexander

**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>, 2017 and the statements of income, changes in Equity, cash flows, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Laborie Co-operative Credit Union Limited as at December 31<sup>st</sup>, 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### ***Basis for Opinion***

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 financials 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 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

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

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**

Certified General Accountants & Management Consultants  
Rodney Bay, Gros Islet, St. Lucia

Wednesday February 21<sup>st</sup>, 2018

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

**Statement of Financial Position**

Exhibit I

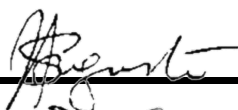
As At December 31<sup>st</sup>, 2017

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>			
Cash & cash equivalents	Exhibit IV	\$5,987,149	\$8,256,874
Investment securities, available for sale	Note 08	1,153,130	1,094,880
Accounts receivable, net of allowance for impairment	Note 06	2,031,867	885,841
Land, available for sale	Note 07	206,617	206,617
Investment securities, held to maturity	Note 08	17,643,024	12,414,771
Members' loans & advances, net of allowance for impairment	Note 09	128,297,682	116,017,720
Deferred equipment cost		14,604	14,604
Property, plant & equipment, net of accumulated depreciation	Note 10	4,316,378	4,548,351
<b>Total assets</b>		<b><u>\$159,650,451</u></b>	<b><u>\$143,439,658</u></b>
<b>Liabilities</b>			
Accounts payable & accruals	Note 11	\$234,372	\$208,701
Members' fixed deposits	Note 12	50,531,326	46,142,605
Members' regular deposits	Note 13	25,562,277	23,716,596
Members' special savings	Note 14	54,810,605	50,696,504
<b>Total liabilities</b>		<b><u>\$131,138,580</u></b>	<b><u>\$120,764,406</u></b>
<b>Net assets (deficiency)</b>		<b><u>\$28,511,871</u></b>	<b><u>\$22,675,252</u></b>
<b>Represented by:</b>			
<b>Members' equity</b>			
Share capital	Exhibit III	\$7,335,708	\$6,213,760
Reserves & funds	Exhibit III	8,349,603	6,855,423
Retained earnings	Exhibit III	12,826,560	9,606,069
<b>Members' equity</b>		<b><u>\$28,511,871</u></b>	<b><u>\$22,675,252</u></b>
		0	0

Approved by the Board of Directors For release on:

Wednesday February 21<sup>st</sup>, 2018

  
 \_\_\_\_\_ President

  
 \_\_\_\_\_ Treasurer

  
 \_\_\_\_\_ Secretary

The attached notes are an integral part of these financial statements

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

Statement of Comprehensive Income

Exhibit II

For the Year Ended December 31<sup>st</sup>, 2017

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>Revenue</b>			
Members' loan interest		\$11,785,219	\$10,911,967
Investment interest		554,240	403,633
		<u>12,339,459</u>	<u>11,315,600</u>
<b>Interest expense</b>			
Bank charges & interest		16,643	14,342
Members' fixed deposit interest		2,234,243	2,140,498
Members' deposits & special savings interest		1,861,088	1,637,585
		<u>4,111,974</u>	<u>3,792,425</u>
<b>Net interest income</b>		<b>8,227,485</b>	<b>7,523,175</b>
<b>Administrative expenses</b>			
Annual general meeting (AGM)		47,568	50,589
Special events		32,244	1,260
Audit		29,802	24,725
Allowance for loan impairment (recoveries)		187,638	(60,835)
Property tax		3,477	7,318
CUNA insurance		347,687	296,974
Insurance		62,635	63,172
Depreciation	Note 10	241,816	331,738
Donation		55,495	38,385
Lease	Note 16	220,500	208,488
Advertisement & promotions		67,848	101,199
Allowance for investment impairment (recoveries)		43,550	29,888
Legal fees & professional		28,920	35,671
League dues		75,000	75,000
Office supplies & stationery		126,525	138,572
Honorarium		28,500	28,500
Repairs & maintenance		128,325	164,934
Salaries, wages & costs	Note 17	1,457,262	1,460,695
Appreciation		40,607	30,033
Board of directors		13,008	11,218
Security		119,851	124,615
Education & training		138,394	158,156
Member relations		30,768	109,669
Utilities		211,117	228,586
		<u>3,738,537</u>	<u>3,658,550</u>
<b>Operating income before other income</b>		<b>4,488,948</b>	<b>3,864,625</b>
<b>Other income (expense)</b>			
Loan processing, photocopies & service fees		12,723	12,293
Dividends		10,100	9,746
Commissions		185,130	159,025
Investment recovery	Note 18	963,463	0
Other		50,427	69,312
		<u>1,221,843</u>	<u>250,376</u>
<b>Comprehensive income</b>	Exhibit IV	<b>\$5,710,791</b>	<b>\$4,115,001</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>, 2017

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit III

Page 1 of 2

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>Share capital</b>			
Balance, opening		<b>\$6,213,760</b>	<b>\$4,766,110</b>
Additions		1,460,874	1,646,204
Withdrawals		7,674,634	6,412,314
		(338,926)	(198,554)
<b>Balance, closing</b>	Exhibit I	<b>\$7,335,708</b>	<b>\$6,213,760</b>
<b>Outstanding shares at \$5.00 per share</b>		<b>1,467,142</b>	<b>1,242,752</b>
<b>Reserves &amp; funds</b>			
<b>Revaluation reserve</b>			
Balance, opening		<b>\$592,985</b>	<b>\$592,985</b>
Comprehensive income appropriation – 0.0%		0	0
Other		0	0
		592,985	592,985
Reductions		0	0
<b>Balance, closing</b>		<b>\$592,985</b>	<b>\$592,985</b>
<b>Statutory reserve</b>			
Balance, opening		<b>\$6,102,508</b>	<b>\$5,063,653</b>
Comprehensive income appropriation – 25.0%	Exhibit III/2	1,427,698	1,028,750
Entrance fees		10,745	10,105
		7,540,951	6,102,508
Reductions		0	0
<b>Balance, closing</b>		<b>\$7,540,951</b>	<b>\$6,102,508</b>
<b>Employment benefit fund</b>			
Balance, opening		<b>\$159,930</b>	<b>\$189,858</b>
Comprehensive income appropriation – 3.0%	Exhibit III/2	171,324	123,450
Other		0	0
		331,254	313,308
Reductions		(115,587)	(153,378)
<b>Balance, closing</b>		<b>\$215,667</b>	<b>\$159,930</b>
<b>Total reserves &amp; funds</b>			
Balance, opening		<b>\$6,855,423</b>	<b>\$5,846,496</b>
Comprehensive income appropriations		1,599,021	1,152,200
Other		10,745	10,105
		8,465,190	7,008,801
Reductions		(115,587)	(153,378)
<b>Balance, closing</b>	Exhibit I	<b>\$8,349,603</b>	<b>\$6,855,423</b>

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED****Statement of Changes in Equity**For the Year Ended December 31<sup>st</sup>, 2017

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

Exhibit III

Page 2 of 2

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>Retained earnings</b>			
<b>Comprehensive income</b>	Exhibit II	<b>\$5,710,791</b>	<b>\$4,115,001</b>
<b>Appropriations &amp; transfers to (from) reserves &amp; funds</b>			
Statutory reserve – 25.0% of comprehensive income	Exhibit III/1	1,427,698	1,028,750
Employment benefit fund – 3.0% of comprehensive income	Exhibit III/1	171,324	123,450
Dividends & patronage refunds		891,278	695,755
<b>Total appropriations</b>		<b>2,490,299</b>	<b>1,847,955</b>
<b>Comprehensive income after appropriations</b>		<b>3,220,492</b>	<b>2,267,046</b>
<b>Retained earnings, beginning, as previously reported</b>		<b>9,606,069</b>	<b>7,339,023</b>
<b>Prior period adjustments</b>		<b>0</b>	<b>0</b>
<b>Retained earnings, beginning, as restated</b>		<b>9,606,069</b>	<b>7,339,023</b>
<b>Retained earnings, ending</b>	Exhibit I	<b>\$12,826,560</b>	<b>\$9,606,069</b>

Dividends & patronage refunds declaration is based on a rate that is not more than that recommended by the Board of Directors for distribution. Members at their Annual General Meeting, may not approve a rate that is higher than that recommended by the Board of Directors.

**LABORIE CO-OPERATIVE CREDIT UNION LIMITED**

Statement of Cash Flows

Exhibit IV

For the Year Ended December 31<sup>st</sup>, 2017

(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operation activities</b>			
Comprehensive income	Exhibit II	\$5,710,791	\$4,115,001
Adjustments for non-cash items			
Depreciation	Note 10	241,816	331,738
		<u>5,952,607</u>	<u>4,446,739</u>
<b>Cash flows from working capital</b>			
(Increase) decrease in investment securities, available for sale	Note 08	(58,250)	29,888
(Increase) decrease in accounts receivable, net of allowance for impairment	Note 06	(1,146,026)	38,188
(Increase) decrease in land, available for sale	Note 07	0	0
(Increase) decrease in investment securities, held to maturity	Note 08	(5,228,253)	(2,263,930)
(Increase) decrease in members' loans & advances	Note 09	(12,279,962)	(11,597,275)
Increase (decrease) in accounts payable	Note 11	25,672	(27,863)
Increase (decrease) in members' fixed deposits	Note 12	4,388,721	1,624,774
Increase (decrease) in members' ordinary deposits	Note 13	1,845,681	4,626,452
Increase (decrease) in members' special savings	Note 14	4,114,101	4,965,138
<b>Cash flows from operating activities</b>		<u><b>(2,385,709)</b></u>	<u><b>1,842,111</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	Note 10	(9,844)	(65,825)
Deferred equipment cost		0	(14,604)
<b>Cash flows from investing activities</b>		<u><b>(9,844)</b></u>	<u><b>(80,429)</b></u>
<b>Cash flows from financing activities</b>			
Proceeds from entrance fees, passbooks, etc.		10,745	10,105
Payments from reserves & funds	Exhibit III	(115,587)	(153,378)
Dividends	Exhibit III	(891,278)	(695,755)
Proceeds from share issue	Exhibit III	1,121,948	1,447,650
<b>Cash flows from financing activities</b>		<u><b>125,828</b></u>	<u><b>608,622</b></u>
<b>Increase (Decrease) in cash &amp; cash equivalents</b>		(2,269,725)	2,370,304
<b>Cash &amp; cash equivalents, beginning</b>		8,256,874	5,886,570
<b>Cash &amp; cash equivalents, ending</b>		<u><b>\$5,987,149</b></u>	<u><b>\$8,256,874</b></u>
<b>Represented by:</b>			
<b>Cash</b>			
Cash on hand		\$884,965	\$974,531
Vieux Fort Current account - Bank of St Lucia Limited		2,108,516	1,703,239
Current account/2015 Super saver account - Bank of St Lucia Limited		0	150,093
Current account - CIBC First Caribbean International Bank		0	2,532,846
Laborie Current account - Bank of St Lucia Limited		2,993,668	2,896,165
<b>Cash &amp; cash equivalents, ending</b>	Exhibit I	<u><b>\$5,987,149</b></u>	<u><b>\$8,256,874</b></u>

The attached notes are an integral part of these financial statements

**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>, 2017.

**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.

**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 IAS1, 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 2017.

**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 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 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.

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(Reported in Eastern Caribbean Dollars with Prior Year Comparatives)

**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 there 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 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.

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Summary of Significant Accounting Policies & Other Explanatory Notes

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## 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:

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Cash at bank		\$5,102,184	\$7,282,343
Investment securities		18,796,154	13,509,651
Loans and advances to members		128,297,682	116,017,720
Accounts receivable		2,031,867	885,841
		<hr/>	<hr/>
		152,196,020	136,809,714
Loan commitments		2,554,126	3,888,152
<b>Maximum exposure to credit risk</b>		<hr/> <b>\$154,750,146</b>	<hr/> <b>\$140,697,866</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.

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Cash &amp; cash equivalents

**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.

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**03. Financial risk management** (Continued)**(f) 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>2017</u>	<u>2016</u>
Minimum capital requirement		<b>\$13,113,858</b>	<b>\$12,076,441</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>\$15,965,045</b>	<b>\$14,343,966</b>
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The Co-operative was in compliance for both these requirements.

**(g) 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	\$7,335,708	\$6,213,760
Retained earnings	12,826,560	9,606,069
Statutory reserve	7,540,951	6,102,508
	<u>27,703,219</u>	<u>21,922,337</u>

**Transitory capital**

Revaluation reserve	592,985	592,985
Employment benefit fund	215,667	159,930
	<u>808,652</u>	<u>752,915</u>

**Total regulatory capital**

<b>\$28,511,871</b>	<b>\$22,675,252</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.

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Cash &amp; cash equivalents

**04. Cash and cash equivalents**

	<u>2017</u>	<u>2016</u>
Cash on hand	\$884,965	\$974,531
Cash at bank	5,102,184	7,282,343
	<b><u>\$5,987,149</u></b>	<b><u>\$8,256,874</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	\$5,102,184	\$7,282,343
St Lucia Co-operative League - Deposit	691,307	671,170
Certificates of deposit	6,721,717	7,741,601
Government of St Lucia – Private Treasury Bond	2,049,315	2,002,000
Government of St Lucia – Treasury Bills	8,180,685	2,000,000
	<b><u>\$22,745,208</u></b>	<b><u>\$19,697,114</u></b>

The minimum requirement under the Act is	<b><u>\$20,735,987</u></b>	<b><u>\$19,015,420</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>2017</u>	<u>2016</u>
Due from St Lucia Fish Marketing Corporation		\$205,422	\$208,294
Due from Black Bay Small Farmers' Association		212,114	203,191
Due from A & C Ltd (Western Union Agent)		197,864	167,509
Due from CLICO International Life Insurance Limited	Note 18	963,463	0
Other		483,386	348,005
		<u>2,062,249</u>	<u>926,999</u>
Less allowance for impairment		30,382	41,158
<b>Accounts receivable, net of allowance for impairment</b>	Exhibit I	<b><u>\$2,031,867</u></b>	<b><u>\$885,841</u></b>

**07. Land, available for sale**

Balance, opening		<b><u>\$206,617</u></b>	<b><u>\$206,617</u></b>
Additions		0	0
Sales		206,617	206,617
		<u>0</u>	<u>0</u>
<b>Balance, closing</b>	Exhibit I	<b><u>\$206,617</u></b>	<b><u>\$206,617</u></b>

The land, which was acquired in 2006, was reported in the audited financial statements of 2006 to 2012 as a fixed asset. However, during 2013, when the properties of the Credit Union were re-evaluated, it was not recognized and accounted for. The property is in Desruisseaux, Micoud, and is legally described as Block 1028B Parcel 2.

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**08. Investments securities**

	<u>2017</u>	<u>2016</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)	396,224	439,774
1 <sup>st</sup> National Bank St Lucia Limited (10,000 ordinary shares)	101,800	0
<b>Total investment securities, available for sale</b>	1,153,130	1,094,880
Less provision for impairment	0	0
<b>Investments-available for sale, net of allowance for impairment</b>	<b>\$1,153,130</b>	<b>\$1,094,880</b>
<b>Held to maturity</b>		
Bank of St Lucia Limited – Certificates of deposit	\$6,721,717	\$7,741,601
St. Lucia Co-operative League – Central Finance Facility	691,307	671,170
Government of Saint Lucia – 10 year 7.5% Private Treasury Bond	2,049,315	2,002,000
Government of Saint Lucia – 1 year 5.0% Treasury Bill	8,180,685	2,000,000
<b>Investments-held to maturity</b>	17,643,024	12,414,771
Less allowance for impairment	0	0
<b>Investment securities, held to maturity, net of allowance for impairment</b>	<b>\$17,643,024</b>	<b>\$12,414,771</b>
<b>Total investment securities, net of allowance for impairment</b>	<b>\$18,796,154</b>	<b>\$13,509,651</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>, 2017, the market value of these shares was \$19.50.

**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>, 2017, the market value of its shares was \$4.64.

**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	\$117,046,020	\$105,882,256
Additions	126,104,079	104,688,496
	243,150,099	210,570,752
Repayments	(114,061,051)	(93,524,732)
Balance, closing	129,089,048	117,046,020
Less allowance for impairment	(791,366)	(1,028,300)
<b>Members' loans &amp; advances, net of allowance for impairment</b>	<b>\$128,297,682</b>	<b>\$116,017,720</b>

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>Sectorial analysis of members' loans &amp; advances</b>			
Personal 1		\$23,138,069	\$21,124,887
Business		4,989,828	6,146,859
Land		17,916,133	15,595,491
REDIP		6,500	4,500
Mortgage		19,233,532	20,961,067
Agriculture		323,223	760,623
Education		6,843,094	8,001,074
BUST		0	3,787
Housing		10,447,728	10,496,896
Vehicle		14,907,183	13,325,638
Vision Plus		11,943	36,357
Travel		0	3,297
Personal 2		671,870	550,095
Mix & Match		30,510,738	19,961,730
Accrued interest		89,207	73,719
	Exhibit I	<b>\$129,089,048</b>	<b>\$117,046,020</b>
<b>Allowance for Impairment</b>			
Balance, opening		\$1,028,300	\$1,461,811
Addition (reduction) of provision for impairment		310,622	(433,511)
		1,338,922	1,028,300
Recoveries/(writeoffs)		547,556	0
<b>Balance, closing</b>		<b>\$791,366</b>	<b>\$1,028,300</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**

<b>Opening Costs</b>			
Furniture & equipment		\$1,000,440	\$967,564
Computer hardware & software		277,131	254,812
Leasehold improvements		468,911	457,880
Buildings		4,190,650	4,190,650
Land		187,225	187,225
		<b>\$6,124,357</b>	<b>\$6,058,131</b>
<b>Additions</b>			
Furniture & equipment		\$9,128	\$27,875
Computer hardware & software		716	26,919
Leasehold improvements		0	11,031
Buildings		0	0
Land		0	0
		<b>\$9,844</b>	<b>\$65,825</b>
<b>Disposals &amp; adjustments</b>			
Furniture & equipment		(\$5,796)	\$5,001
Computer hardware & software		0	(4,600)
Leasehold improvements		0	0
Buildings		0	0
Land		0	0
		<b>(\$5,796)</b>	<b>\$401</b>

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>				
<b>Closing Costs</b>							
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				
		<u>\$6,128,405</u>	<u>\$6,124,357</u>				
	<b>Furniture &amp; Computer HW Leasehold</b>						
	<b>Equipment &amp; Software Improve Buildings Land</b>						
Balance, opening	\$594,670	\$199,025	\$468,911	\$313,400	\$0	\$1,576,006	\$1,243,867
Depreciation – disposals	(5,795)	0	0	0	0	(5,795)	401
Depreciation expense	112,349	24,701	0	104,766	0	241,816	331,738
Balance, closing	<u>\$701,224</u>	<u>\$223,726</u>	<u>\$468,911</u>	<u>\$418,166</u>	<u>\$0</u>	<u>\$1,812,027</u>	<u>\$1,576,006</u>
<b>Property, P &amp; E, net</b>	<u>\$302,548</u>	<u>\$54,121</u>	<u>\$0</u>	<u>\$3,772,484</u>	<u>\$187,225</u>	<u>\$4,316,378</u>	<u>\$4,548,351</u>

**11. Accounts payable & accruals**

National Enrichment Learning Program (NELP)		\$33,870	\$17,200
Unclaimed deposits		44,515	42,411
CUNA insurance		30,214	25,859
Accruals		104,624	98,506
Audit fees		21,149	24,725
Other		0	0
<b>Accounts Payable &amp; Accruals</b>	Exhibit I	<u>\$234,372</u>	<u>\$208,701</u>

**12. Members' fixed deposits**

Balance, opening		<u>\$46,142,605</u>	<u>\$44,517,831</u>
Additions		61,919,858	55,294,999
		108,062,463	99,812,830
Withdrawals		(57,531,137)	(53,670,225)
<b>Balance, closing</b>	Exhibit I	<u>\$50,531,326</u>	<u>\$46,142,605</u>
<b>Sectorial Analysis of Members' Fixed Deposit</b>			
Balance		\$49,734,378	\$45,429,017
Accrued interest		796,948	713,588
		<u>\$50,531,326</u>	<u>\$46,142,605</u>

**13. Members' regular deposits**

Balance, opening		<u>\$23,716,596</u>	<u>\$19,090,144</u>
Additions		77,192,686	78,454,959
		100,909,282	97,545,103
Withdrawals		(75,347,005)	(73,828,507)
<b>Balance, closing</b>	Exhibit I	<u>\$25,562,277</u>	<u>\$23,716,596</u>
<b>Sectorial analysis of members' deposits</b>			
Deposits - 0		\$24,081,336	\$22,360,604
Special		132,459	32,406
FIP		72,396	69,325
Vision		300,955	334,154
Vision Plus		32,240	76,740
Accrued interest		942,891	843,367
	Exhibit I	<u>\$25,562,277</u>	<u>\$23,716,596</u>



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**14. Members' special savings**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, opening		\$50,696,504	\$45,731,366
Additions		22,230,145	22,633,301
		72,926,649	68,364,667
Withdrawals		(18,116,044)	(17,668,163)
<b>Balance, closing</b>	<b>Exhibit I</b>	<b>\$54,810,605</b>	<b>\$50,696,504</b>

**15. 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 31<sup>st</sup>, 2017 for loans, deposits, and shares, were as follows:

**Loans**

Directors	\$1,632,975	\$1,535,090
Credit Committee	704,091	490,579
Supervisory Committee	117,190	424,569
Staff	464,398	413,548
	<b>\$2,918,654</b>	<b>\$2,863,786</b>

**Special savings**

Directors	\$257,016	\$195,293
Credit Committee	104,146	135,169
Supervisory Committee	250,988	83,445
Staff	12,735	32,910
	<b>\$624,885</b>	<b>\$446,817</b>

**Deposits**

Directors	\$294,032	\$185,060
Credit Committee	208,078	300,521
Supervisory Committee	5,853	51,715
Staff	134,098	139,952
	<b>\$642,061</b>	<b>\$677,248</b>

**Share capital**

Directors	\$21,718	\$13,780
Credit Committee	11,645	16,286
Supervisory Committee	5,873	4,837
Staff	11,692	10,770
	<b>\$50,928</b>	<b>\$45,673</b>

**16. Commitments****Lease**

On October 3<sup>rd</sup>, 2011, the Laborie Co-operative Credit Union Limited entered into an eight (8) year lease agreement for its Vieux Fort office accommodations. The lease agreement commits the Credit Union to a monthly payment of \$16,500 for January to September, and \$18,000 for October to December 2016 for a total of \$208,488, VAT inclusive for three months.

The initial monthly lease payment for the 1<sup>st</sup> term was \$11,500 with an increase of \$1,500 per month for each subsequent year of the lease.

The subsequent year lease commitment is:

<b>\$238,500</b>	<b>\$220,500</b>
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**Undisbursed loans & advances**

As at December 31<sup>st</sup>, 2017, the Credit Union had the following commitments to disburse approved loans to its members:

Personal 1	\$102,290	\$434,896
Business	0	683,500
Land	130,513	123,564
Mortgage	805,834	1,099,852
Education	403,439	572,062
Housing	443,453	466,997
Vehicle	41,553	192,133
Personal 2	0	17,000
Mix & Match	627,044	298,148
	<b>\$2,554,126</b>	<b>\$3,888,152</b>

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**17. Management & employee Costs**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Salaries & wages		\$1,245,233	\$1,275,037
Travelling		73,300	69,504
Medical insurance		27,586	25,488
NIC contributions & uniforms		111,143	90,666
	Exhibit II	<u>\$1,457,262</u>	<u>\$1,460,695</u>
<b>Key management compensation</b>			
Salaries & wages		\$263,785	\$279,095
Travelling		44,500	43,767
Medical insurance		3,430	3,985
NIC contributions & uniforms		12,325	12,786
		<u>\$324,040</u>	<u>\$339,633</u>
The average number of employees		<u>37</u>	<u>38</u>

**18. CLICO International Life Insurance Limited – impaired investment**

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 other income.

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.

**19. Inter-American Development Bank Agreement**

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, and co-insiding with the interest payment dates.

As at December 31<sup>st</sup>, 2017, the Credit Union had not drawn down on this loan facility.

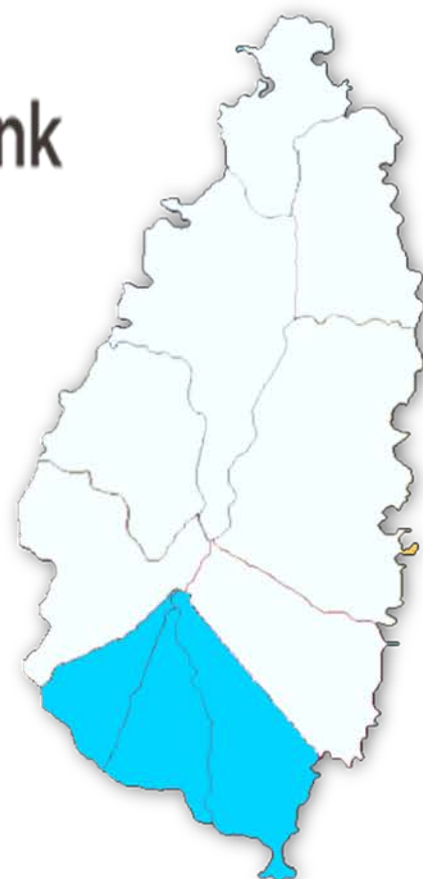
# We're Able with S.A.B.L.E

## New Vision, New Outcomes

## For Fishers and Farmers



### Sustainable Agribusiness for Laborie & Environs



# **Laborie Co-operative Credit Union Ltd.**



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