

A Tower of Strength...



...In A Time of Turmoil



**RHAND Credit Union**

**2009 ANNUAL REPORT**

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# Message from the President of RHAND Credit Union

Dear Members of the RHAND Family:

I would like to take this opportunity to extend Best Wishes for a Happy, Healthy, Peaceful and Prosperous 2010, to all our Members.

This year RHAND will be celebrating its Sixty-third (63rd) year of existence. Although we are getting older, we are also becoming stronger and I dare say more efficient in our operations.

The year 2009 was a very challenging one for most financial institutions worldwide. The slowdown in economic activity in the national economy had its impact on our Credit Union as would have been expected since RHAND is not immune to the fallout from the global financial crisis. There was a significant reduction in our loans portfolio as well as a decline in the rate of return on our investments. This means that the two main sources from which the Credit Union derives its income suffered a decline.

When faced with these scenarios, financial organizations must critically examine their operations to see where they could increase their efficiency. To this end, RHAND has embarked on a Strategic Plan aimed at cost-reduction in its operations, increased profitability and growth.

We must recognize that as a player in the financial services sector there are some things over which we have no control but there are others over which we do have control. The Management of your Credit Union, RHAND, has been looking at those factors over which we do have control and have been trying to do them better, more efficiently and less costly. This is an ongoing exercise where we have been looking at our people (employees), our processes, technology, how information is utilized or not utilized, all within the context of the environment in which we are operating.

The foundation for greater operational efficiency was laid in 2009 and we will continue to build on this foundation in the coming years as we continue the ongoing quest to satisfy our Members' needs through the delivery of effective and efficient service.

The Board has taken a conscious decision that none of our strategies aimed at cost containment and greater operational efficiency should in anyway compromise the quality of delivery of services to our membership.

Last year, I appealed to Members to make our Credit Union (RHAND) our financial institution of first choice. I want to renew this appeal to you because the benefits to be derived from such an action will be tremendously beneficial to all of us.

The Board is confident that even though the economic outlook for 2010 is "cautiously optimistic", the measures which have been put in place during 2009 will ensure that RHAND continues to be a robust, financially viable institution, where the interest of Members will always be given priority. We thank the membership for the trust and confidence you have placed in us to manage the affairs of the Credit Union, especially in these times of financial turmoil. We look forward to your continuing support, for together we can make RHAND stronger and better for all of us.

We hope that together we could continue the journey to make RHAND the model Credit Union and leading provider of financial and other services in the Caribbean.

May GOD continue to bless us all.



A handwritten signature in dark ink that reads "Trevor Percival". The signature is written in a cursive, flowing style.

**Trevor Percival**  
President - Board of Directors

# Notice of 62nd Annual General Meeting

Notice is hereby given that the 62nd Annual General Meeting of RHAND Credit Union Co-operative Society Limited will be held on Saturday-March 20, 2010, in Trinidad and Tobago from 1:00 p.m., at the following two (2) venues:

- 1) Trinidad - UWI Sport and Physical Education Centre, St. Augustine
- 2) Tobago - Ministry of Works Conference Centre, Shaw Park

The Meeting will be facilitated through the linking of the two venues employing video conferencing technology.

## **AGENDA**

1. Adoption of Standing Orders
2. President's Address
3. Minutes of the 61st Annual General Meeting of March 21, 2009
4. Matters Arising out of the Minutes of the 61st Annual General Meeting
5. Minutes of the Special General Meeting of November 14, 2009
6. Matters Arising out of the Minutes of the Special General Meeting
7. Reports 2009
  - Board of Directors
  - Credit Committee
  - Supervisory Committee
  - Independent Auditors' Report
  - Financial Statements
8. Election of Officers for the 2010/2011 Term
9. 2010 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections
10. Review of the Bye-Laws of the Society
11. Motions
12. Resolutions
13. Other Business

Dated this 8th day of March, 2010

BY ORDER OF THE BOARD,



**Martin Minguell**  
Secretary – Board of Directors

NOTE: Registration begins at 11:30am.

Only members in good financial standing will be admitted to the meeting. Proper identification will be required.



# Standing Orders

1. A member shall stand when addressing the Chair. Speeches shall be clear and relevant to the subject before the meeting.
2. A member shall address the meeting when called upon by the Chairman to do so, after which he shall immediately take his seat.
3. No member shall address the meeting except through the Chairman.
4. A member may not speak twice on the same subject, except:-
  - (a) The mover of a motion – who has the right to reply.
  - (b) He rises to object or to explain (with the permission of the Chair).
5. No speeches shall be made after the “question” has been put and carried or negatived.
6. The mover of a “procedural motion” – (adjournment, lay on the table, motion to postpone) shall have no right to reply.
7. A member rising on a “point of order” shall state the point clearly and concisely. (A point of order must have relevance to the Standing Orders).
8. A member shall not “call” another member “to order” but may draw the attention of the Chairman to a “breach of order”. On no account can a member call the Chairman “to order”.
9. Only one amendment shall be before the meeting at one and the same time.
10. When a motion is withdrawn, any amendment to it falls.
11. The Chairman shall have the right to a “casting vote”.
12. If there is an equality of voting on an amendment and if the Chairman does not exercise his casting vote, the amendment is lost.
13. Provision shall be made for the protection of the Chairman from vilification (personal abuse).
14. No member shall impute improper motives against another.
15. No electronic recording of the proceedings shall be allowed without the permission of the Chairman.

# Composition of the Board of Directors and Statutory Committees 2009-2010

## Board of Directors

Mr. Trevor Percival	- President
Mr. Trevor Boissiere	- Vice President (relinquished the position of Vice President effective Nov. 01, 2009)
Mr. Martin Minguell	- Secretary
Mrs. Theresa Agulia-Joseph	- Assistant Secretary
Mr. Kedron Duke	- Treasurer
Mr. Earl Nesbitt	- Director
Mrs. Christine Campbell	- Director
Mrs. June Young-Kendall	- Director
Mr. Martin Gibbs	- Director
Mrs. Glenda Bruce	- Director
Mr. Emmanuel Walker	- Director (elected as Vice President effective Nov. 26, 2009)
Ms. Marlene Felix	- Director
Mr. John Self	- 1st Substitute
Ms. Monica Richards	- 2nd Substitute

## Supervisory Committee

Mr. Hollis Maloney	- Chairman
Ms. Claudette Brown	- Secretary
Mrs. Patricia Williams	- Member
Ms. Hermoine James	- Member
Mrs. Lydia Barnett-Roper	- Member
Ms. Pamela Ogiste	- 1st Substitute
Mrs. Beverly Trim-Frank	- 2nd Substitute

## Credit Committee

Ms. Patricia Harry	- Chairman
Ms. Jennifer James	- Secretary
Mr. Joseph Lewis	- Member
Mrs. Marjorie Solomon-Philip	- Member
Mr. Lenus Joseph	- Member
Mr. Ronald Forde	- 1st Substitute
Ms. Marcia Codougan	- 2nd Substitute

# Minutes of the 61st Annual General Meeting

*Held on Saturday-March 21, 2009 at the Chaguaramas Hotel and Convention Centre in Trinidad and the Calder Hall Community Centre in Tobago, facilitated through the linking of the two venues employing video conferencing technology.*

## **1. INTRODUCTION AND COMMENCEMENT OF BUSINESS PROCEEDINGS**

- 1.1 The meeting commenced at 1:20 p.m. with the Convenor - Mr. Trevor Boissiere welcoming members present at the Chaguaramas Hotel and Convention Centre and members in Tobago at the Calder Hall Community Centre, who were participating via the medium of video conferencing.
- 1.2 Mr. Boissiere next invited members to stand for the singing of the National Anthem and the recitation of the Credit Union Prayer.
- 1.3 Mr. Earl Nesbitt, a member of the Board of Directors of RHAND Credit Union, was then invited to conduct the invocation.
- 1.4 One minute of silence was observed for the members who departed this life since the date of the last Annual General Meeting, with tribute being paid to deceased members – Mr. Raymond Cummings and Mr. Atwell Cooper, both of whom had served RHAND Credit Union with distinction.
- 1.5 Mr. Boissiere then called the meeting to order and asked the Secretary to read the Notice convening the meeting.

## **2. NOTICE OF MEETING AND STANDING ORDERS**

- 2.1 The Secretary – Mr. Martin Minguell, informed the members that in accordance with the Bye-Laws of the Society, the meeting was duly constituted, there being three hundred and forty (340) members present:– two hundred and seventy-three (273) in Trinidad and sixty-seven (67) in Tobago. He then proceeded to read the Notice convening the meeting and reported that notice was duly given.
- 2.2 The Standing Orders were duly adopted by the Meeting.
- 2.3 The Meeting also agreed to a proposal for the 2008 Annual Report to be taken as read.
- 2.4 The proceedings were then passed to the President, who assumed the role of Chairman for the business of the afternoon.

## **3. PRESIDENT'S ADDRESS**

- 3.1 The President - Mr. Trevor Percival, greeted everyone and expressed his pleasure at being part of the 61st Annual General Meeting.

3.2 The Chairman/President then addressed the membership, sharing the following thoughts and perspectives:

- RHAND Credit Union continues to be a mature, robust and successful financial institution, which is steadfastly focused on serving its members and satisfying their needs.
- The leadership of RHAND Credit Union recognizes that in order to retain the business of existing members and to attract new members, the capacity to offer and deliver extraordinary products and services must be continuously strengthened by embracing technological innovations and training and developing the staff of the Credit Union.
- Members can now have the benefits of access to their funds at the Credit Union on a 24/7 basis through the LinCU Debit Card facility.
- In anticipation of the impact of the proposed new legislation on the operations of Credit Unions, RHAND Credit Union has been very proactive in making the necessary adjustments and taking the necessary steps to readily meet the proposed operating and prudential standards.
- The Members of the RHAND Retirees Group will be celebrating the 20th Anniversary of the Group's existence in 2009. The sterling contribution of the Group is acknowledged.
- The Members of the Board of Directors and the Statutory Committees express sincerest thanks and appreciation to Mrs. Yolande Cumberbatch-Bobb, who served on the Board of Directors for the past nine years and decided not to seek re-election as a Member of the Board of Directors.

#### **4. CONFIRMATION OF THE MINUTES OF THE 60TH ANNUAL GENERAL MEETING**

- 4.1 The Minutes of the 60th Annual General Meeting were tabled for the consideration of the membership.
- 4.2 The Minutes of the 60th Annual General Meeting were confirmed, without amendment, on a motion by Mr. Lenus Joseph, a Retiree, and seconded by Ms. Virginia Lamkin, also a Retiree.

#### **5. MATTERS ARISING OUT OF THE MINUTES OF THE 60TH ANNUAL GENERAL MEETING**

- 5.1 There were no matters arising out of the Minutes of the 60th Annual General Meeting.

#### **6. REPORTS**

##### **REPORT OF THE BOARD OF DIRECTORS**

- 6.1 The Report of the Board of Directors was tabled for the consideration of the membership.
- 6.2 Members raised the following matters, which were responded to by the Chairman, the General Manager and the Chairman of the Education Committee.



- Explanation of the captioned item “Cents Of Every Earned Dollar Consumed By Expenses” appearing at the bottom of the first column of Table 8 on Page 18 –

The General Manager stated that this item was related to the Profit Margin Ratio for the Credit Union. It shows for every dollar of revenue generated, the percentage of it that is utilised for covering operating costs and the percentage that hits the bottom line as net surplus.

- Elaboration of the thinking which would have informed the decision to purchase the three Woodbrook Properties –

The Chairman indicated that the plan is to have the three sites merged, the related lease(s) extended and the approved usage accordingly upgraded, so as to allow for the undertaking of ventures of a commercial nature on the expanded land space.

- Members continue to experience difficulties in being informed on a timely basis of the Skills Development Programmes promoted by the Education Committee –

The Chairman of the Education Committee acknowledged that there are ongoing challenges in communicating with the general membership of the Credit Union. He indicated that efforts are made to embrace as many channels of communication as possible (newspaper advertisements, flyers and website updates) in promoting the Credit Union’s Skills Development Programmes.

6.3 There being no further discussion concerning the Report of the Board of Directors, a motion for its adoption was moved by Mr. Earl Nesbitt and seconded by Mr. Headley Smith of the Diego Martin Regional Corporation.

6.4 The motion was put to the vote and carried.

## REPORT OF THE CREDIT COMMITTEE

6.5 The Report of the Credit Committee was tabled for the consideration of the membership.

6.6 Ms. Patricia Harry - the Chairman of the Credit Committee, gave a synopsis of the said Report.

6.7 Members raised the following matters, which were responded to accordingly.

- The fact that authority for the granting of loans has been delegated to other personnel at the Credit Union, does not absolve the Credit Committee of the responsibility for conducting random checks on the loans approved and disbursed at the Staff level, to ensure compliance with Credit Policies and Procedures.

This responsibility was acknowledged by the Chairman of the Credit Committee, who affirmed that such checks are carried out.

- The reason for the absence of a delinquency ratio in the Report of the Credit Committee.

This omission was acknowledged by the Chairman of the Credit Committee and the assurance was given that in the future, this ratio would be reflected in the Report of the Credit Committee.

- The reason for the discrepancy in the particulars relating to non-performing loans as reflected in the Report of the Credit Committee when compared with the particulars shown in the Report of the Board of Directors.

The Chairman of the Credit Committee, with the assistance of the General Manager, explained that the differences arose as a result of the classification used being different and not as a result of inaccuracies in reporting in either report.

- In light of the enhanced limits of authority for the approval of loans, what supporting measures have been put in place to ensure that delinquency levels do not escalate, given the current economic climate.

The General Manager assured that attention is continuously focused on revising the Credit Policies and Procedures as deemed necessary. Also, the recruitment and training of personnel is geared towards ensuring that the capacity is there for making good credit decisions.

6.8 There being no further discussion concerning the Report of the Credit Committee, a motion for its adoption was moved by Mr. Lenus Joseph, a Retiree, and seconded by Mr. Norbert Luke, also a Retiree.

6.9 The motion was put to the vote and carried.

#### **REPORT OF THE SUPERVISORY COMMITTEE**

6.10 The Report of the Supervisory Committee was tabled for the consideration of the membership.

6.11 The following amendment was effected:

- in line 3 of caption 6.10 - replace the words “of the Manager was” with the following: “ of the General Manager and Line Managers were”.

6.12 Mrs. Patricia Williams - the Chairman of the Supervisory Committee, gave an overview of the Report. She advised that the following matters required urgent attention:

- The need for more effective communication between the Credit Union and its members.
- The filling of the post of Internal Auditor as soon as possible.
- The strengthening of the Human Resource function.

6.13 In response to the matters raised by the Chairman of the Supervisory Committee, the Chairman agreed that the matters raised warranted attention and he advised that they were actively being addressed by the Executive Management of the Credit Union. In this regard, he said that a suitable candidate had been identified for the position of Internal Auditor and it is expected that the designate would assume duties within a month’s time. Also, initiatives are under consideration for the strengthening of the Human Resource function.

6.14 There being no further matters raised by members concerning the Report of the Supervisory Committee, a motion for its adoption was moved by Mr. James Huggins, a Retiree and seconded by Ms. Germaine Jacobs of Central Administrative Services – Tobago.

6.15 The motion was put to the vote and carried.

## AUDITORS' REPORT

- 6.16 Mr. Atiba Franklyn, a representative from the firm of Chartered Accountants - PKF, was invited by the Chairman to present the Auditors' Report.
- 6.17 The Auditors' Report was read by Mr. Franklyn and then was duly adopted by the meeting on a motion moved by Mr. Lenus Joseph, a Retiree and seconded by Mr. Daniel Maynard, also a Retiree.

## FINANCIAL STATEMENTS

- 6.18 The Society's Financial Statements for the year ended December 31, 2008 were tabled for the consideration of the membership. The General Manager gave an overview of RHAND Credit Union's performance as the sixth largest Credit Union and answered questions raised by members, a key one of which was the following:
- Against the backdrop of the Central Bank of Trinidad and Tobago's intervention at Colonial Life Insurance Company (Trinidad) Limited (CLICO) as a result of the insurer's liquidity challenges, a member inquired as to the likelihood of the recoverability in full of the Credit Union's investments and contracted interest from CLICO.

The General Manager advised that he was not aware of any developments at this time which warranted any adjustments in the financial records of the Credit Union to the principal sums of and accrued interest on the investments held at CLICO.

- 6.19 There being no further matters raised by members concerning the Financial Statements, a motion for its adoption was moved by Ms. Genevieve D'arceuil of Catholic Media Services and seconded by Mr. Brian Nesbitt of the Government Printery.
- 6.20 The motion was put to the vote and carried.

## 7. ELECTION OF OFFICERS FOR THE 2009/2010 TERM

- 7.1 The Report of the Nominating Committee was presented for the adoption by the membership.
- 7.2 The Report of the Nominating Committee was adopted on a motion moved by Mr. Joseph Lewis, a Retiree and seconded by Mr. Emmanuel Walker of the Forensic Science Centre – Ministry of National Security. It was put to the vote and carried.
- 7.3 The President then vacated the chair and invited Ms. Angela Ramkissoon from the Co-operative Development Division, to assume same in the capacity of Returning Officer.
- 7.4 The Returning Officer explained the elections process to the members and invited them to view the DVD containing the representations of the individuals offering themselves for election.
- 7.5 Members, having viewed the DVD containing representation of the individuals seeking election, proceeded to cast their ballots.

7.6 The following persons were elected to the Board of Directors and Statutory Committees for the 2009/2010 Term.

<b>Board of Directors</b>		
Martin Minguell	Marlene Felix	
Christine Campbell	John Self	- First Substitute
Kedron Duke	Monica Richards	- Second Substitute
<b>Credit Committee</b>		
Jennifer James	Ronald Forde	- First Substitute
Patricia Harry	Marcia Codougan	- Second Substitute
<b>Supervisory Committee</b>		
Lydia Barnett-Roper	Pamela Ogiste	- First Substitute
Hermoine James	Beverly Trim-Frank	- Second Substitute

7.7 A motion for the destruction of the ballots was duly passed by the meeting.

7.8 The Returning Officer vacated the chair and the President took same once again.

## **8. 2009 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS**

8.1 After being tabled, the meeting discussed the 2009 Financial Projections and Proposed Capital Expenditure Budget at length. In particular, members sought and obtained clarification on the following matters:

- the proposed debit card facility expenditure
- the proposed honoraria expenditure
- the items of expenditure catered for under the heading of Miscellaneous Expenses
- the rationale for proposed telephone expenses of \$420,000.00

8.2 A motion for the approval of the 2009 Financial Projections and Proposed Capital Expenditure Budget was moved by Ms. Hermoine James of the Ministry of Health and seconded by Mr. Emmanuel Walker of the Forensic Science Centre – Ministry of National Security.

8.3 The motion was put to a vote and carried.

## **9. REVIEW OF THE BYE-LAWS OF THE SOCIETY**

9.1 The meeting was informed that there was no business to be dealt with under this head.

## 10. MOTIONS

- 10.1 In light of the Credit Union's policy to write off non-performing loans once they are in arrears for a period in excess of one year, the Secretary proposed a motion which was amended subsequently to read as follows:

"Whereas, RHAND Credit Union Co-operative Society Limited has a Delinquency Policy, which was approved at a meeting of the Board of Directors held on June 26, 2002.

And Whereas, the Delinquency Policy is consistent with the requirements of the World Council of Credit Unions (WOCCU) and Generally Accepted Accounting Principles (GAAP).

And Whereas, it requires that RHAND Credit Union write-off as loan losses, non-performing loans which are in arrears for a period which exceeds one year.

And Whereas, the Delinquency Policy mandates that RHAND Credit Union actively pursue all avenues to recover all funds owed to the Credit Union by way of loans.

And Whereas, the previous write-off occurred at the 2003 Annual General Meeting.

And Whereas, only loans currently before the Commissioner for Co-operative Development and A.V. Knowles and Company Limited as at October 31, 2008, are represented herein.

Be it resolved therefore, that this 61st Annual General Meeting agree to the write-off of non-performing loans in the amount of \$796,288.01, subject to the final approval of the Commissioner for Co-operative Development".

- 10.2 The above motion as amended, was moved by Mr. Lancelot Greaves, a Retiree and seconded by Mr. Lenus Joseph, also a Retiree.
- 10.3 The amended motion was put to the vote and carried.

## 11. RESOLUTIONS

- 11.1 The meeting duly passed the following Resolutions:

### **APPOINTMENT OF AUDITORS**

That the firm of Chartered Accountants - PKF, be appointed as the Society's Auditors for the financial year ending December 31, 2009.

### **BUILDING FUND**

That pursuant to Bye-Law 15(h)(ix), the sum of \$750,000.00 be allocated from the surplus for the year ended December 31, 2008 to the Building Fund.

### **DIVIDEND ON SHAREHOLDINGS**

That a dividend of 3.00 per cent on the average monthly share balance held by each member for the year ended December 31, 2008, be declared for the year ended December 31, 2008.



## HONORARIA

That honoraria in the sum of \$225,000.00 be declared for the year ended December 31, 2008.

## 12. OTHER BUSINESS

12.1 Chairman of the RHAND Retirees Group - Mr. Joseph Lewis, gave members an outline of the activities planned by the Retirees Group in the celebration of their 20th Anniversary:

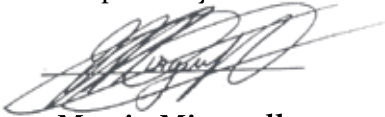
- Tuesday June 23, 2009 - Thanksgiving Service at the Hanover Methodist Church
- Wednesday June 24, 2009 - Meeting and treating with the senior citizens at a selected home
- Thursday June 25, 2009 - Meeting and treating with the children at Moulton Hall Methodist School
- Friday June 26, 2009 - Anniversary Ball at RHAND Credit Union's Rooftop
- Monday June 29, 2009 - Health Fair at RHAND Credit Union's Rooftop

12.2 Members raised the following matters:

- The reason for the unavailability of 2009 RHAND Calendars
- What was being done to encourage young persons to join RHAND Credit Union
- The need to rethink the music played at Annual General Meetings. The current offering was described as "dead" and "too loud".

12.3 There being no further business, the meeting ended at 7:05 p.m.

Respectfully submitted



**Martin Minguell**

Secretary - Board of Directors

# Minutes of the Special General Meeting

*Held on Saturday-November 14, 2009 at the Rooftop of the Head Office of RHAND Credit Union and the Bacolet Street – Tobago Branch Office of RHAND Credit Union, facilitated through the linking of the two venues employing video conferencing technology*

## **1. INTRODUCTION AND COMMENCEMENT OF BUSINESS PROCEEDINGS**

- 1.1 The meeting commenced at 2:36 p.m. with the singing of the National Anthem and the recitation of the Credit Union Prayer.
- 1.2 The meeting was called to order by Mr. Martin Minguell – Secretary of the Board of Directors.

## **2. NOTICE OF MEETING AND STANDING ORDERS**

- 2.1 The Secretary – Mr. Martin Minguell, informed members that in accordance with the Bye-Laws of the Society, the meeting was duly constituted, there being eighty-two (82) members present:– fifty-nine (59) in Trinidad and twenty-three (23) in Tobago. He then proceeded to read the Notice convening the meeting and reported that notice was duly given.
- 2.2 The Standing Orders were adopted on a motion moved by Mr. Hollis Maloney, a Retiree and seconded by Ms. Yolande Mc Kay, also a Retiree.
- 2.3 The proceedings were then passed to the President, who assumed the role of Chairman for the business of the afternoon.

## **3. PRESIDENT'S ADDRESS**

- 3.1 The President - Mr. Trevor Percival, welcomed everyone and expressed his thanks for the effort on the part of those present, in ensuring that a quorum was in place for treating with the important matter to be considered.
- 3.2 The Chairman/President then addressed the membership, focusing on the following matters:
  - the challenges which financial institutions globally have had to face over the past two years as a result of the Global Banking and Financial Crisis.
  - the significant decline in the demand by customers/members for credit from domestic financial institutions over the past year and the impact this has had on their loan income generating capabilities.
  - the buoyancy of liquidity in the domestic financial system, which has served to depress short-term interest rates and the impact this has had on the investment income generating capabilities of domestic financial institutions.

- against a backdrop of declining demand for credit and falling interest rates, the imperative that financial institutions critically examine their operations, to see where efficiency levels can be increased.
  - the initiatives of RHAND Credit Union for meeting with the challenges at hand and the thrust of its 2009/2011 Strategic Plan.
- 3.3 Having set the context for business of the afternoon, the Chairman then invited the General Manager of RHAND Credit Union, to lead the members through an information sharing session.

#### 4. GENERAL MANAGER'S ADDRESS

4.1 The General Manager – Mr. David Maynard, proceeded to engage the attention of members with the following presentation.

##### 4.2 Requirements For Maintaining Competitiveness In The Dynamic Financial Services Arena

- Recognition that the customer is the key stakeholder and that increasingly, customers are determining their business relationships, not merely by the price of products and services, but by the speed of product and service delivery.
- Making sure that the right managers are in place.
- Keeping costs in line.
- Focus on profitability rather than growth at any cost.
- Having a strong balance sheet to withstand economic downturns and recessions.

##### 4.3 Efficiency Of Operations Of RHAND Credit Union As Measured By Operating Margin

RHAND Credit Union's cost of doing business, like that of most large Credit Unions, is too high. Historically, between \$0.68 to \$0.70 of every earned dollar of revenue is consumed by expenses. The objective is to bring the figure in the range of \$0.50 to \$0.60.

##### 4.4 Current Arrangement For Providing Insurance Coverage And Cost Of So Doing

- The key objects of RHAND Credit Union Co-operative Society Limited, as enunciated by its Bye-Laws, are as follows –
  - i) promoting thrift and savings among members.
  - ii) providing loans to members for provident and productive purposes, including loans on mortgage of freehold or leasehold properties.
  - iii) providing insurance coverage for shares held by members and loans outstanding in the names of members.

- Historically, RHAND Credit Union has met its obligation for providing insurance coverage for shares held by members and loans outstanding in the names of members, by securing coverage under the Loan Protection and Life Savings Plan of CUNA Caribbean Insurance Society Limited. With the steady growth in the Loans Portfolio and Share Savings Portfolio over the years and periodic premia increases however, the cost of meeting this obligation now ranks as the third largest annual operating cost of the Credit Union – after Personnel Costs and Interest on RHAND deposits.
- A review of the relevant data for the ten (10) year period 1999 to 2008, reveals the following -

	Loan Protection Coverage	Life Savings Coverage
Premia Paid	\$7,229,776.77	\$6,640,214.05
Claims Settled	<u>\$4,887,338.28</u>	<u>\$4,857,986.07</u>
Excess Of Premia Over Claims	<u>\$2,342,438.49</u>	<u>\$1,782,227.98</u>
Loss Ratio	<u>67.60%</u>	<u>73.16%</u>
Current Premium Rate Per \$1,000.00 of Coverage	<u>\$ 0.42</u>	<u>\$ 0.44</u>

- On the basis of the above data, it can be seen that RHAND Credit Union has paid to CUNA Caribbean Insurance Society Limited for the period January 01, 1999 to December 31, 2008, premia totalling \$13,869,990.82 and has had claims settled totalling \$9,745,324.35, resulting in a net cash outflow from RHAND Credit Union of \$4,124,666.47. Also, it is important to note that the likelihood of this negative cash flow gap decreasing or narrowing in the future is unlikely, as premium rates are subject to annual revisions by CUNA Caribbean Insurance Society Limited, once the loss ratios on the individual portfolios exceed 65.00%.

#### 4.5 Alternative Approach For Providing Loan Protection Coverage

- From a cash flow perspective, there clearly is a need for RHAND Credit Union to adopt a new approach for meeting its overall Bye-Law obligation and the case is a more compelling one for Loan Protection Coverage, as over the period of his/her stay with the Credit Union, a member can access many loans, all of which will be covered and at the time of death or separation from the Credit Union, the member has no loan balance outstanding in his/her name and as such there is no future cash flow back to the Credit Union.

- The recommended approach for providing Loan Protection Coverage going forward, is as follows-
    1. Discontinue the Loan Protection Coverage from CUNA Caribbean Insurance Society Limited and assume full responsibility internally for this member benefit. This is to be facilitated by converting the Bad Debt Fund on the books of the Credit Union (with a current balance of \$970,497) to a Loan Protection Fund.
    2. When a member dies and that member has a loan balance outstanding in his/her name on the books of the Credit Union, that loan balance is to be written off as a loan protection expense of the Credit Union, in the month when the death of the member is confirmed.
    3. At the end of each financial year, the total loan protection expense for the Credit Union is to be charged against the Loan Protection Fund as an expense of the Fund.
    4. At the end of each financial year also, an appropriation is to be made from the net operating surplus of the Credit Union to the Loan Protection Fund, so as to keep it solvent and in a state for meeting future charges.
  - This approach will shield RHAND Credit Union from the ill winds of rate increases and have a significant positive impact on its cash retention capability and investment growth potential.
- 4.6 Having completed his presentation, the General Manager then invited questions and comments from members.

## 5. MEMBERS' INPUT

- 5.1 Questions and comments were received from members – Shelley Charles, Pamela Ogiste, Earl Nesbitt, Martin Gibbs, Genevieve Brown and Marsha Mc Pherson.
- 5.2 The matters raised by these members were responded to by the General Manager.

## 6. MOTION

- 6.1 Mr. Joseph Lewis, a Retiree, requested at this point, that a motion be moved, to allow for the consideration of the recommended alternative approach for loan protection coverage. This request was endorsed by Mr. Earl Nesbitt, also a Retiree.
- 6.2 On this basis, the following motion for consideration, was proposed by the Chairman – Mr. Trevor Percival and seconded by Mr. Norbert Luke, a Retiree:

“Whereas, Bye-Law 3(a) (iii) of RHAND Credit Union Co-operative Society Limited, provides for insurance coverage for loans outstanding in the names of members.

And Whereas, to date RHAND Credit Union has provided this insurance coverage to a ceiling of \$100,000.00 on loans outstanding in the name of individual members.



And Whereas, historically the insurance service provider has been CUNA Caribbean Insurance Society Limited.

And Whereas, the cost of securing this insurance coverage continues to increase on an annual basis, as a result of the growth of the Loans Portfolio and increases in the premium rate charged for the coverage.

And Whereas, this annual cost has resulted in a net cash outflow from RHAND Credit Union of \$2,342,438.49 over the last ten (10) years.

And Whereas, this death/disability benefit for members can be facilitated by RHAND Credit Union assuming full responsibility internally for this member benefit of the debt dying with the debtor.

Be it resolved, that the Board of Directors of RHAND Credit Union Co-operative Society Limited be mandated by this Special General Meeting held this Saturday November 14, 2009, to assume full responsibility internally for this member benefit by converting the Bad Debt Fund on the books of the Society to a Loan Protection Fund.”

- 6.3 The motion was put to the vote and carried, with an overwhelming majority of eighty-five (85) members voting in favour of the adoption of the proposed course of action. Three (3) members voted against the motion, with no abstentions being recorded.

## 7. CLOSING REMARKS

- 7.1 The Chairman thanked the membership and the meeting concluded with a Closing Prayer by Tobago Member – Ms. Pamela Ogiste.
- 7.2 There being no further business, the meeting ended at 5:05 p.m.

Respectfully submitted



Martin Minguell  
Secretary - Board of Directors

## 1. INTRODUCTION

- 1.1 The Board of Directors is pleased to present to the general membership, its Report on the affairs of RHAND Credit Union Co-operative Society Limited, for the year ended December 31, 2009. The Year 2009, though a very challenging one at the domestic, regional and global levels, was still one of many significant achievements, as RHAND further consolidated its standing within the financial services Co-operative Sector and the wider financial services industry of Trinidad and Tobago.
- 1.2 The successes in the Year 2009, continue to reflect the ongoing efforts of the Members of the Board of Directors, the Members of the Statutory Committees and the Members of Staff of the Society, to respond to the environment of negative economic growth and the changing needs of members and to take initiatives to position RHAND Credit Union as a model financial services co-operative on the Caribbean landscape.

## 2. COMPOSITION OF THE BOARD OF DIRECTORS

- 2.1 The following members were elected to the Board of Directors at the 61st Annual General Meeting held on March 21, 2009.  
  
Mr. Martin Minguell  
Mrs. Christine Campbell  
Mr. Kedron Duke  
Ms. Marlene Felix
- 2.2 Mr. John Self was elected as the 1st Substitute member, while Ms. Monica Richards was elected as the 2nd Substitute member.
- 2.3 The full Board for the 2009/2010 Term, comprised the following twelve (12) members (listed in alphabetical order):

Theresa Agulia-Joseph  
Trevor Boissiere  
Glenda Bruce  
Christine Campbell  
Kedron Duke  
Marlene Felix  
Martin Gibbs  
Martin Minguell  
Earl Nesbitt  
Trevor Percival  
Emmanuel Walker  
June Young-Kendall

2.4 The term of office of Directors Trevor Percival, Earl Nesbitt, Martin Gibbs and Theresa Agulia-Joseph comes to an end at this 62nd Annual General Meeting.

### 3. EXECUTIVE COMMITTEE

3.1 As mandated by the Bye-Laws, at the inaugural meeting, the members of the Board elected an Executive Committee. The Elected Officers for the 2009/2010 Term comprised the following:

- Trevor Percival - President
- Trevor Boissiere - Vice President
- Martin Minguell - Secretary
- Theresa Agulia-Joseph - Assistant Secretary
- Kedron Duke - Treasurer

3.2 Mr. Trevor Boissiere resigned his position of Vice President for personal reasons, effective November 01, 2009. Director - Mr. Emmanuel Walker, was elected to serve as Vice President, effective November 26, 2009.

3.3 In order to discharge its responsibility during the period under review, the Executive Committee met weekly and whenever necessary for a total of forty-eight (48) meetings.

### 4. MEETINGS OF THE BOARD OF DIRECTORS

4.1 The Board held twelve (12) Regular and thirteen (13) Extraordinary meetings during the period January 01, 2009 to December 31, 2009. Attendance of members at Board Meetings are detailed at **Table 1.**

**TABLE 1:**  
*Attendance at Board Meetings*

NAME OF MEMBER	REGULAR			EXTRAORDINARY			REMARKS
	P	Ex	A	P	Ex	A	
Trevor Percival	12	0	-	13	0	-	
Trevor Boissiere	9	3	-	10	3	-	
Martin Minguell	9	3	-	11	2	-	
Theresa Agulia-Joseph	10	2	-	13	0	-	
Kedron Duke	11	1	-	12	1	-	
Earl Nesbitt	8	4	-	9	4	-	
June Young-Kendall	10	2	-	11	2	-	
Martin Gibbs	12	0	-	12	0	1	
Glenda Bruce	11	1	-	11	2	-	
Christine Campbell	10	2	-	12	1	-	
Emmanuel Walker	12	0	-	12	1	-	
Marlene Felix	9	-	-	8	1	-	Elected Board Member on March 21, 2009
John Self	9	3	-	8	4	-	
Monica Richards	8	1	-	7	1	-	Elected 2nd Substitute on March 21, 2009
Yolande Cumberbatch-Bobb	2	1	-	2	2	-	Term ended on March 21, 2009

## 5. MEMBERSHIP

5.1 During the year 2009, two hundred and eighty-six (286) applicants were admitted to membership. A total of eighty-six (86) members, including thirty-six (36) who passed away (**Table 2**), ceased membership in 2009. As at December 31, 2009, the total active membership complement of RHAND Credit Union stood at 17,615.

**TABLE 2:**  
*Members Who  
Died In 2009*

1	21410	Gwendoline Perreira	January 09, 2009
2	4435	Maulton Alkins	January 12, 2009
3	12725	Antonia Sanoir-Headley	January 23, 2009
4	7102	Jacqueline Clarence-Gaitan	January 27, 2009
5	22711	Marcia Scipio	January 28, 2009
6	18431	Delores Stapleton	February 24, 2009
7	8937	Noel Fraser	April 04, 2009
8	782	Kenneth Largen	April 20, 2009
9	8706	Carlton Rampersad	June 05, 2009
10	19158	Patrick Stewart	June 10, 2009
11	3658	Joyce De La Grenade	June 24, 2009
12	14843	Caryl-Anne Highly	June 27, 2009
13	320	Kenwyn Lee	June 29, 2009
14	2676	Lester Stuart	June 29, 2009
15	7114	Yvonne Ferreira	July 13, 2009
16	3579	Bernard Pierre	July 18, 2009
17	2141	Allan Noel	July 19, 2009
18	337	Errol Matthews	August 15, 2009
19	4879	Clyde Gaskin	August 18, 2009
20	4632	Dorcas Baksh	August 19, 2009
21	7695	Ann Marie Charles	August 23, 2009
22	13861	Cherly Legall	August 23, 2009
23	11491	Jennifer Papin-Ramcharan	September 09, 2009
24	14910	Ralph Peters	September 13, 2009
25	13415	Eugene Barry	September 17, 2009
26	18142	Andre Lewis	September 28, 2009
27	20828	Michael James	September 29, 2009
28	9260	Ferina Khan	October 16, 2009
29	14336	Samuel Daniel	October 17, 2009
30	5870	Laura Ramnarine	October 20, 2009
31	1855	Linda Phillip	October 25, 2009
32	16732	Germaine Prosper	November 16, 2009
33	17550	Oswyn Keith	November 29, 2009
34	21916	Lloyd Skerritt	December 22, 2009
35	117	Doreen Charles	December 25, 2009
36	10193	Dahlia Fyfe-Castillio	December 26, 2009

- 5.2 The Members of the Board of Directors, Members of the Statutory Committees, Management and Staff of RHAND Credit Union wish to extend condolences to the family and friends of the above deceased members of the extended RHAND family.

## 6. YEAR 2009 ECONOMY AND FINANCIAL SYSTEM PERSPECTIVE

- 6.1 The challenge for economies globally in 2009, was one of grappling with the realities of a global recession, which has the potential to ossify into the deepest and longest-lasting economic contraction since the Great Depression of the 1930s, which lasted for a period of some forty-three (43) months.
- 6.2 The economic challenge of 2009 was precipitated by the 2008 global banking and financial crisis, which arose as a result of the reckless use by financial institutions of the securitization of loans and the over leveraging of their balance sheets with short-term debt. At a more fundamental level however, Alistair Milne-Reader in Banking and Finance at the Cass Business School, City University, London, argues that the global banking and financial crisis has been fuelled in the main, by a collapse in trust and confidence in the global financial system, rather than by poor lending and financing decisions on the part of financial institutions.
- 6.3 As a result of worsening global economic conditions and weakening consumer confidence, after sixteen years of buoyant economic conditions, the Trinidad and Tobago economy experienced negative annual growth for the first time since 1993, with Real GDP growth for 2009, registered at a negative 2.00%.
- 6.4 In 2009, on a more positive note, as a result of subdued demand conditions and the initiatives of the Central Bank of Trinidad and Tobago, inflationary pressures weakened significantly. At a press briefing on January 22, 2010, Central Bank Governor – Mr. Ewart Williams revealed the following final inflation figures for the economy of Trinidad and Tobago in 2009 –
- As of December 2009, headline inflation slipped to 1.30%, down from 1.50% in November 2009 and 14.50% in December 2008.
  - As of December 2009, core inflation, was 2.20%, compared to 7.10% in December 2008.

## 7. YEAR 2009 FINANCIAL SERVICES SECTOR PERSPECTIVE

- 7.1 In 2009, with Real GDP projected to grow marginally and with significant job losses being recorded in the energy, construction, manufacturing and distribution sectors, the Central Bank of Trinidad and Tobago adopted a more accommodative monetary policy. Over the twelve (12) month period of January 2009 to December 2009, the repo rate was reduced on a cumulative basis by 3.25% and stood at 5.25% at December 31, 2009.
- 7.2 The reductions in the repo rate by the Central Bank of Trinidad and Tobago served to inform commensurate reductions in the prime lending rate of the commercial banks, from a high average rate of 14.00% in December 2008 to an average rate of 10.50% in December 2009.
- 7.3 In spite of this low interest rate environment however, there was a decline in the demand for credit in 2009, as weakened investor and consumer confidence impacted on the fortunes of financial



institutions, by way of sharp decelerations in the demand for business loans, consumer credit and mortgage lending.

- 7.4 The contraction in the demand for credit resulted in elevated levels of liquidity in the financial system, leading to significantly reduced money market interest rates. This development impacted adversely on the rates of return that institutions and individuals were able to realize on their investment portfolios in 2009.
- 7.5 It is against this backdrop of economic recession, deceleration in the demand for credit and reduced rates of return on investment portfolios, that the Board of Directors of RHAND Credit Union is pleased to report that our prudence over the past few years has served RHAND Credit Union in good stead in 2009. **The year 2009 was another highly successful year of operations for the Credit Union and as at December 31, 2009, the balance sheet of the Credit Union ranks as one of the strongest in the financial services Co-operative sector in the Caribbean, thus placing RHAND Credit Union in a good position to withstand the fury of the raging economic/financial storm.**

## 8. ASSET BASE

- 8.1 Against the backdrop of negative GDP growth of 2.00% for fiscal 2009, RHAND Credit Union recorded an increase in its asset base of \$36,555,920 (10.18%), for the year ended December 31, 2009, moving from \$359,230,632 as at December 31, 2008 to \$395,786,552 as at December 31, 2009 (Table 3).

**TABLE 3:**  
*Total Assets*  
1997 – 2009

YEAR	TOTAL ASSETS (\$)	INCREASE	
		(\$)	(%)
1997	132,360,568	3,455,945	2.68
1998	137,708,830	5,348,262	4.04
1999	143,808,882	6,100,052	4.43
2000	150,065,433	6,256,551	4.35
2001	161,446,054	11,380,621	7.58
2002	183,203,981	21,757,927	13.48
2003	217,191,825	33,987,844	18.55
2004	246,121,303	28,929,478	13.32
2005	270,952,418	24,831,115	10.09
2006	297,520,082	26,567,664	9.81
2007	333,823,366	36,303,284	12.20
2008	359,230,632	25,407,266	7.61
2009	395,786,552	36,555,920	10.18

- 8.2 The strong nominal and double-digit percentage rate of growth of the asset base of the Credit Union for 2009, reflects the positive impact on the general membership, of the many initiatives being pursued to make the RHAND product and service experience, a unique and special one. The mandate remains one of satisfying the broad-based needs of the members by providing them with competitively-priced financial products and services and a wide range of education, training and skills development opportunities.

8.3 It is of significant interest to note, that over the thirteen (13) year period of January 01, 1997 to December 31, 2009, RHAND Credit Union tripled its financial strength – moving from an asset base of \$128.9 million as at December 31, 1996 to an asset base of \$395.8 million as at December 31, 2009, thus registering a healthy average annual rate of growth during the period of 9.01%.

## 9. LOANS PORTFOLIO

9.1 Loan demand is much more a function of business and consumer confidence, than favourable interest rates and therefore, while the cost of credit was generally lower in 2009 when compared with 2008, the majority of the financial institutions in Trinidad and Tobago experienced declines in the size of their loan portfolios for 2009.

9.2 In this regard, the total loan principal balances on the books of the Credit Union stood at \$221,358,369 as at December 31, 2009, representing a decrease of \$2,100,364 (0.94%), when compared with the total loan principal balances of \$223,458,733 as at December 31, 2008 (**Table 4**).

**TABLE 4:**  
*Loan Principal Balances*  
1995 – 2009

YEAR	BALANCES OUTSTANDING (\$)	INCREASE/(DECREASE)	
		(\$)	(%)
1995	93,687,085	(3,943,543)	(4.04)
1996	91,579,564	(2,107,521)	(2.25)
1997	97,307,955	5,728,391	6.25
1998	103,904,294	6,596,339	6.78
1999	109,666,885	5,762,591	5.55
2000	121,578,480	11,911,595	10.86
2001	125,274,243	3,695,763	3.04
2002	132,386,135	7,111,892	5.68
2003	148,038,775	15,652,640	11.82
Write-off	141,799,227	(6,239,548)	(4.21)
2004	151,635,159	9,835,932	6.94
2005	168,038,029	16,402,870	10.82
2006	188,260,974	20,222,945	12.03
2007	205,662,606	17,401,632	9.24
2008	223,458,733	17,796,127	8.65
2009	221,358,369	(2,100,364)	(0.94)

9.3 As a result of the challenging economic climate and weakening member demand/spending, after twelve (12) years of significant growth, at an average annual rate of growth of 7.72%, RHAND Credit Union's loan portfolio experienced negative annual growth for the first time since 1996.

9.4 During 2009, there was a more heightened demonstrated awareness on the part of members, of the importance of having manageable fixed monthly commitments. In pursuing the objective of lightening their debt burdens, many members resorted to the action of using their share savings for reducing or clearing their loan balances.

9.5 Consistent with its thrust over the past eight (8) years, the Credit Administration Department of the Credit Union, will continue to vigorously pursue initiatives which will assist members in taking greater control of their personal financial affairs.

**10. NON-PERFORMING LOANS**

10.1 Consistent with efforts over the past eleven (11) years, during the course of the year 2009, the Management of the Society continued to exploit the options available in the context of the Co-operative Societies Act, in attempting to keep under control the number of non-performing loans on the books of the Credit Union.

10.2 As at December 31, 2009, the delinquency ratio was 5.72% compared with a delinquency ratio of 5.94% as at December 31, 2008. Of the 694 non-performing loans with a value of \$12,653,432, on the books of the Society as at December 31, 2009 (Table 5), 307 of these loans, with a value of \$7,150,924, were loans which were one (1) month in arrears, as a result of the late remittance of December 2009 salary deductions and standing order payments by two (2) Regional Health Authorities and four (4) commercial banks respectively, thus the true delinquency ratio for 2009 is 2.49% compared with a true delinquency ratio for 2008 of 2.50%.

*Table 5:  
Net Indebtedness, Loan Loss Allowance  
and Loan Loss Exposure 1997-2009*

Year	Number of Non-Performing Loans	Total of Non-Performing Loan Balances (\$)	Loan Balances Net Of Savings (\$)	Net Change in Loan Loss Allowance For The Year (\$)	Loan Loss Allowance (\$)	Loan Loss Exposure (Column 4 - Column 6) (\$)
1997	973	9,303,426	7,460,182	700,001	7,241,631	218,551
1998	955	9,787,600	7,665,025	466,666	7,708,297	0
1999	1,087	10,900,066	7,666,558	0	7,708,297	0
2000	1,125	11,984,661	8,774,755	46,315	7,754,612	1,020,143
2001	989	9,335,822	7,906,145	60,000	7,814,612	91,533
2002	1,179	11,987,793	8,334,350	48,000	7,862,612	471,738
2003	318	4,375,346	1,884,091	(6,191,548)	1,671,064	213,027
2004	196	2,090,296	1,491,935	48,000	1,719,064	0
2005	426	5,443,417	(1,965,833)	48,000	1,767,064	0
2006	407	5,989,417	1,953,951	48,000	1,815,064	138,887
2007	321	4,672,355	2,943,726	48,000	1,863,064	1,080,662
2008	711	13,274,701	5,995,239	48,000	1,911,064	4,084,175
2009	694	12,653,432	4,882,408	(748,288)	1,162,776	3,719,632

- 10.3 As at December 31, 2009, shares and deposits totalling \$7,771,024, were held against the non-performing loans balances totalling \$12,653,432, thus falling short of the non-performing loan balances totalling \$12,653,432 by \$4,882,408. This exposure on non-performing loan balances net of savings in the sum of \$4,882,408, exceeds the Allowance for Loan Losses on the books of the Society as at December 31, 2009 in the sum of \$1,162,776, by \$3,719,632.
- 10.4 The Allowance for Loan Losses in the sum of \$1,162,776 however, which provides for a loan portfolio coverage of 0.53% and a non-performing loans exposure coverage of 23.82%, is considered by the Members of the Board of Directors as being adequate for meeting the requirements of any write-offs which may be deemed necessary as a result of impaired loan principal balances.

## 11. SHARE CAPITAL PORTFOLIO

- 11.1 The total share capital of the Credit Union stood at \$229,265,939 as at December 31, 2009, representing an increase of \$6,091,916 (2.73%), over the total shareholding of \$223,174,023 as at December 31, 2008 (Table 6).

**TABLE 6:**  
*Share Capital*  
1997 – 2009

YEAR	SHARE CAPITAL (\$)	INCREASE	
		(\$)	(%)
1997	104,887,607	1,297,231	1.25
1998	108,018,651	3,131,044	2.99
1999	111,283,521	3,264,870	3.02
2000	116,304,226	5,020,705	4.51
2001	120,880,588	4,576,362	3.93
2002	130,019,228	9,138,640	7.56
2003	148,129,191	18,109,963	13.93
2004	169,995,720	21,866,529	14.76
2005	191,385,885	21,390,165	12.58
2006	201,607,982	10,222,097	5.34
2007	213,983,524	12,375,542	6.14
2008	223,174,023	9,190,499	4.29
2009	229,265,939	6,091,916	2.73

- 11.2 The reduction in the level of net share savings on the part of members for 2009, reflects their actions of transferring share savings to outstanding loan balances, with the objective of enhancing discretionary net income positions.

## 12. TIME DEPOSITS PORTFOLIO

- 12.1 The total Time Deposits on the books of the Credit Union stood at \$98,931,826 as at December 31, 2009, representing an increase of \$18,791,129 (23.45%), over the total Time Deposits of \$80,140,697 as at December 31, 2008 (Table 7).

Table 7:  
Time Deposits  
1997 - 2009

YEAR	TIME DEPOSITS (\$)	INCREASE/(DECREASE)	
		(\$)	(%)
1997	478,397	(143,124)	(23.03)
1998	527,187	48,790	10.20
1999	667,308	140,121	26.58
2000	861,909	194,601	29.16
2001	4,162,060	3,300,151	382.89
2002	15,008,585	10,846,525	260.60
2003	26,417,936	11,409,351	76.02
2004	28,450,536	2,032,600	7.69
2005	32,796,162	4,345,626	15.27
2006	46,653,657	13,857,495	42.25
2007	62,666,985	16,013,328	34.32
2008	80,140,697	17,473,712	27.88
2009	98,931,826	18,791,129	23.45

- 12.2 In the short period of nine (9) years, running from January 01, 2001 to December 31, 2009, RHAND Credit Union has been able to build a significant Time Deposits portfolio, thereby establishing a higher level of equilibrium between the funds saved by members at RHAND Credit Union and the funds borrowed by members from RHAND Credit Union, resulting in positions of healthier net cash inflows and concomitant enhanced liquidity for RHAND Credit Union over the past few years.
- 12.3 In 2009, despite the paucity of trust and confidence in financial systems and institutions, RHAND Credit Union was able to register the largest ever level of nominal growth in its Time Deposits portfolio. This strong growth in a year of great uncertainty, represents solid endorsement for the goodwill that the RHAND brand enjoys in the marketplace.

### 13. EARNINGS PERFORMANCE

- 13.1 For the financial year ended December 31, 2009, RHAND Credit Union realized a net surplus of \$13,985,975 (Table 8), which exceeds the budgeted net surplus for the year of \$13,790,407, by \$195,568. The excess net surplus is accounted for primarily by the excess earnings on the capital market investments portfolio, arising from a dividend distribution on units held in the Growth and Income Fund of the Unit Trust Corporation.

**Table 8:**  
*Net Surplus Before Appropriations*  
2003 – 2009

Income/Expenses Captions	2003 (\$)	2004 (\$)	2005 (\$)	2006 (\$)	2007 (\$)	2008 (\$)	2009 (\$)
Interest on loans	15,515,831	17,212,717	18,525,066	20,614,760	21,966,482	24,432,791	25,535,944
Investment income	6,007,663	7,070,976	2,467,216	4,895,471	5,559,883	7,371,860	9,166,351
Other income	583,092	535,514	991,824	754,081	797,756	918,330	1,371,127
<b>Total Income</b>	<b>22,106,586</b>	<b>24,819,207</b>	<b>21,984,106</b>	<b>26,264,312</b>	<b>28,324,121</b>	<b>32,722,981</b>	<b>36,073,422</b>
<b>Total Expenses</b>	<b>12,361,589</b>	<b>13,796,485</b>	<b>15,356,034</b>	<b>17,994,669</b>	<b>19,883,708</b>	<b>22,143,416</b>	<b>22,087,447</b>
<b>Net Surplus</b>	<b>9,744,997</b>	<b>11,022,722</b>	<b>6,628,072</b>	<b>8,269,643</b>	<b>8,440,413</b>	<b>10,579,565</b>	<b>13,985,975</b>
<b>Profit Margin Ratio</b>	<b>0.4408</b>	<b>0.4441</b>	<b>0.3015</b>	<b>0.3149</b>	<b>0.2980</b>	<b>0.3233</b>	<b>0.3877</b>
<b>Expenses - Income Ratio</b>	<b>0.5592</b>	<b>0.5559</b>	<b>0.6985</b>	<b>0.6851</b>	<b>0.7020</b>	<b>0.6767</b>	<b>0.6123</b>
<b>Cents Of Every Earned Dollar Consumed By Expenses</b>	<b>\$0.56</b>	<b>\$0.56</b>	<b>\$0.70</b>	<b>\$0.69</b>	<b>\$0.70</b>	<b>\$0.68</b>	<b>\$0.61</b>

13.2 The costs incurred for the year 2009 under the main cost items of Personnel Costs, Interest on Deposits and Credit Life and Life Savings Insurance Expenses totalled \$15,082,301, compared with \$14,860,141 for year 2008 (Table 9), an increase in these major cost items of \$222,160 (1.50%), compared to an increase in these major cost items for the year 2008 of \$3,385,481 (29.50%). This performance highlights the success of the Executive Management of the Credit Union in pursuing the strategic initiatives of efficiency and cost containment.

**Table 9:**  
*Expenses Highlighting Major Cost Items*  
2003 – 2009

Expenses Captions	2003 (\$)	2004 (\$)	2005 (\$)	2006 (\$)	2007 (\$)	2008 (\$)	2009 (\$)
Personnel costs	4,138,227	4,588,408	4,833,857	5,326,970	5,457,524	7,499,043	6,825,666
Interest on Savings and Time Deposits	1,934,090	1,992,088	2,267,397	3,021,097	4,085,829	5,439,104	6,521,762
Credit life and savings insurance expenses	1,213,240	1,337,050	1,559,650	1,705,227	1,931,307	1,921,994	1,734,873
Member education and training expenses	1,042,469	949,982	875,424	760,248	810,005	783,965	693,905
Loan loss expense	48,000	48,000	48,000	48,000	48,000	48,000	48,000
Depreciation expense	756,176	753,021	854,338	1,005,134	901,776	847,930	788,912
Stationery, supplies and postage expenses	364,034	486,648	649,902	501,945	626,992	468,692	499,220
Other expenses	2,865,353	3,641,288	4,267,466	5,626,048	6,022,275	5,134,688	4,975,109
<b>Total Expenses</b>	<b>12,361,589</b>	<b>13,796,485</b>	<b>15,356,034</b>	<b>17,994,669</b>	<b>19,883,708</b>	<b>22,143,416</b>	<b>22,087,447</b>

**14. RATES OF RETURN AND COST OF FUNDS FOR THREE KEY PORTFOLIOS**

	2009	2008
14.1 Rate of Return on Loans Portfolio =	$\left[ \frac{\$25,535,944}{\frac{\$221,358,369 + \$223,458,733}{2}} \right] \times 100$ $= \frac{\$ 25,535,944}{\$ 222,408,551} \times 100$ $= 11.48\%$	$11.39\%$
14.2 Rate of Return on Short-Term Investments Portfolio =	$\left[ \frac{\$6,549,480}{\frac{\$93,337,505 + \$65,227,719}{2}} \right] \times 100$ $= \frac{\$ 6,549,480}{\$ 79,282,612} \times 100$ $= 8.26\%$	$9.24\%$
14.3 Cost of Funds for RHANDeposit Portfolio =	$\left[ \frac{\$6,163,984}{\frac{\$98,931,826 + \$80,140,697}{2}} \right] \times 100$ $= \frac{\$6,163,984}{\$ 89,536,262} \times 100$ $= 6.88\%$	$7.15\%$

**15. STRENGTH, SAFETY AND SOUNDNESS AND EFFICIENCY REVIEW**

15.1 As a guide for assessing the strength of the Credit Union’s balance sheet, the safety and soundness of the Credit Union’s financial structure and the efficiency of the Credit Union’s operations, the following ratios are presented in **Table 10**.



*Table 10:  
PEARLS and  
EFFICIENCY  
RATIOS*

Financial Ratio Equation	RHAND Value		Standard of Excellence Value	COMMENT
	2009	2008		
<b>1) Institutional Capital Ratio</b> Fund Undivided Balances + Earnings = \$ 40,768,725 = Total Assets = \$ 395,786,552	10.30%	9.75%	Minimum of 8.00%	RHAND value more favourable than standard
<b>2) Liquidity Adequacy Ratio</b> = Cash Resources = \$ 103,106,832 Total Assets \$ 395,786,552	26.05%	19.47%	Maximum of 20.00%	RHAND value less favourable than standard
<b>3) Asset Quality Ratio</b> = Total Non-Performing Loans Total Loans = \$ 12,653,432 \$ 221,358,369	5.72%	5.94%	Maximum of 5.00%	RHAND value marginally less favourable than standard
<b>4) Operating Expenses To Average Asset Ratio</b> Non-Interest Expenses = Average Assets = \$ 15,565,685 \$ 377,508,592	4.12%	4.82%	Maximum of 5.00%	RHAND value more favourable than standard
<b>5) Productivity Ratio</b> = Non-Interest Expenses Net Interest Income + Other Income = \$ 15,565,685 \$ 29,551,660	52.67%	61.22%	Maximum of 55.00%	RHAND value more favourable than standard
<b>6) Return On Average Members' Equity</b> Net Surplus \$ 13,985,975 = Average Members' Equity = \$ 264,114,227	5.30%	4.16%	Minimum of 5.00%	RHAND value more favourable than standard

## 16. PROJECTS AND INITIATIVES IN TRAIN

### 16.1 Woodbrook Properties

The interests in the leasehold properties at No. 120 Roberts Street and No. 149 Tragarete Road, were conveyed to RHAND Credit Union in the month of May 2006. These two conveyances together with the property at No. 151 Tragarete Road which was acquired in the month of July 2003, mean that RHAND Credit Union now holds in the suburb of Woodbrook, three (3) adjacent properties which when merged together represent an L-shaped configured landspace with an area of 13,288 square feet (1234.96 square metres).

By way of correspondence dated September 19, 2006, RHAND Credit Union made formal representation to the Council of the Port-of-Spain City Corporation, for the merging of the three parcels of land and the granting of new twenty-five (25) year leases on the properties.

By way of correspondence to the Society dated April 13, 2007, the Chief Executive Officer of the Port-of-Spain City Corporation advised that for the request of RHAND Credit Union to be considered for approval, the Society must first obtain permission for development from the Town and Country Planning Division.

By way of correspondence dated August 29, 2007, a formal request was made to the Town and Country Planning Division, for the merging and development of the three parcels of land. By way of correspondence dated January 01, 2008, a response was received from the Town and Country

Planning Division of the Ministry of Planning, Housing and the Environment, granting Outline Planning Approval for the proposed development.

The Outline Planning Approval granted by the Ministry of Planning, Housing and the Environment however, stipulated the following two (2) conditions, with which the Executive Management of RHAND Credit Union was not satisfied –

- Maximum height of proposed building not to exceed two (2) storeys or 8.50 metres from ground level to ridge of roof.
- A ratio of site area to gross building floor area (floor area ratio) not to exceed a maximum of 1.00 to 1.00.

As the requirements of RHAND Credit Union called for a building height of four (4) storeys and a floor area in the order of 1.65 to 1.00, the firm of Architects – Gillespie.Steel Limited, advised RHAND Credit Union to seek the services of a suitable consultant, for the purpose of making appropriate representations to the Town and Country Planning Division.

In this regard, the services of a Town Planning Consultant were engaged in the month of March 2009. Appropriate representations were made by the Consultant, by way of several pieces of correspondence and he was successful in securing a meeting with the Advisory Town Planning Panel of the Ministry of Planning, Housing and the Environment on September 17, 2009. The purpose of this meeting was to hear and discuss the appeal, which he had lodged on RHAND Credit Union's behalf.

By way of correspondence dated October 22, 2009, the Ministry of Planning, Housing and the Environment informed our Consultant, that a review had been undertaken by the Minister, who having had the benefit of advice from the Advisory Town Planning Panel, was satisfied that RHAND Credit Union should be allowed a measure of relief from the two restrictive conditions which were stipulated in earlier correspondence, dated January 01, 2008. Our Consultant was further informed, that RHAND Credit Union should submit an Outline Application, to be advised of the precise nature of the conditions under which the development proposals of RHAND Credit Union may be approved.

RHAND Credit Union, with support from the firm of Architects – Gillespie.Steel Limited, is currently working on the preparation of the Outline Application, for submission to the Town and Country Planning Division.

## **16.2 Strategic Plan 2009 – 2011**

### **16.2.1 Strategic Planning Workshop**

A Strategic Planning Workshop was held on Saturday – November 29, 2008, the agenda for which covered the following two (2) key activities –

- Deciding on the general strategic approach, which was to inform the activities of RHAND Credit Union over the years 2009 to 2011.
- Identification of the strategic initiatives and by extension the projects, which were considered to be critical for RHAND Credit Union maintaining its status as the model Credit Union.

### 16.2.2 *The Kendo (Stepped Approach Strategy)*

The RHAND Team collectively agreed on the Kendo Strategy. This strategy was defined as follows -

- RHAND will improve its operational efficiency to the desired industry standard level, in order to lay a solid foundation for growing the business, guided by the maxim:- before you make it bigger, you have to make it better.
- RHAND will then “step” into a growth mode, while at the same time continuing to remain focused on containing operating costs.

### 16.2.3 *The Strategic Initiatives*

Several initiatives (tasks/activities) were identified by the RHAND team, as being critical for the short to medium term success of RHAND Credit Union. These initiatives were then voted on, with a view to establishing the priority ranking of each.

### 16.2.4 *Implementation Plan For Kendo Strategy*

Related established priority initiatives (tasks/activities) were then grouped under Projects – which reflect the following seven (7) general themes –

- |           |   |   |
|-----------|---|---|
| Project A | - | Institution Of Cost Control Effectiveness Framework   |
| Project B | - | Upgrade of Membership Database  |
| Project C | - | Website Upgrade   |
| Project D | - | Activation Of Human Resources Function  |
| Project E | - | Institution Of Performance Appraisal Framework  |
| Project F | - | Improve Service Delivery In The Credit Administration Department And Promote The Cross-Selling Of Products And Services |
| Project G | - | Identification Of Unmet Member Demand And Improve Marketing Of Products And Services                                    |

## **17. MEMBER EDUCATION, TRAINING AND DEVELOPMENT FOR THE YEAR 2009**

- 17.1 In 2009, the Education Committee continued its task of providing for the education, training and development needs of members and their children.
- 17.2 Guided by the Credit Union’s core ideology and envisioned future, and its own strategic plan, the following were the six (6) areas of focus, for the programmes and activities of the Education Committee –

- Education, Training and Development
- Community Outreach
- Publicity
- Research and Development
- Social Interaction Promotion
- Adviser to the Board of Directors

17.3 In undertaking its work, the Education Committee had the full support of the members of staff of the Marketing and Member Relations Department, who provided creativity, commitment and energy for the many projects that were undertaken.

17.4 Activities facilitated during the year, covered the following -

**17.4.1 Literacy and Skills Development Activities**

• *Cyber Café*

Training provided during the year, covered the following areas –

- Awareness in Basic Computing
- MS Word, MS Excel, MS Powerpoint and MS Access

• *Membership Skills Development Programme - Trinidad*

Two (2) M.S.D.P. modules were conducted in Trinidad.

Module 1 (May 2009 to August 2009) - Four (4) courses were offered at Port of Spain: Balloon Art; Grow Box; Know Your Car and Tune Up and Tile Laying. One (1) course was offered in Arima: Grow Box.

Module 2 (September 2009 to November 2009) - Four (4) courses were offered at Port of Spain: Basic Upholstery; Drapery and Valances; Grow Box and Tile Laying.

All the courses were fairly well subscribed, but the greatest demand was for the Grow Box and Tile Laying courses.

In general, demand for the Skills Development Programmes has decreased over the past three years. The Members of the Education Committee have recognized that this is as a direct result of the free courses being hosted in community centres by the Ministry of Community Development, Culture and Gender Affairs. In this regard, the Members of the Education Committee, ably supported by the research capability which resides in the Marketing and Member Relations Department, will continue to identify and evaluate new programmes which can be of benefit to the general membership.

- *Membership Skills Development Programme - Tobago*

One (1) M.S.D.P. Module was conducted in Tobago from June 2009 to September 2009. The course offered to the members was Event Management.

#### 17.4.2 **Outreach Programmes**

- *Credit Union Day Activities*

On October 15, 2009, with the focus being on health and wellness, RHAND Credit Union partnered with the North West Regional Health Authority, to host a Health Fair on the rooftop of the Head Office.

In Arima, a Health Fair was also hosted, with members visiting the Branch Office being tested for diabetes, hypertension and cholesterol.

In Tobago, the focus was also on health and wellness with members visiting the Branch Office having the benefit of the services and advice of various health care personnel.

#### 17.4.3 **Scholarships**

- *Secondary Entrance Assessment (SEA) Awards*

Sixteen (16) SEA Scholarships were awarded, valued at \$700.00 each, for a period of five (5) consecutive years.

#### 17.4.4 **Social Interaction**

- *Happy Evening - Trinidad*

The Happy Evening at the Society's Head Office, was hosted on Friday – October 30, 2009, from 5:00 p.m. to midnight. Ninety seven (97) persons attended the event, for which the music was provided by DJ Studio Production. Live entertainment was provided by the Treasury Singers.

- *Happy Evening - Tobago*

Tobago's Happy Evening was also held on Friday – October 30, 2009 at the Terrace of the Branch Office on Bacolet Street, from 5:00 p.m. to midnight. Forty (40) persons attended the event, for which the music was provided by DJ Kurt Clarke. Live entertainment was provided by Lesley Ann Ellis, Garve Sandy and Calypsonian Poser.

- *Calypso Competition*

The Calypso Competition is always a “highly anticipated” event on the Credit Union's calendar. The competition was held at the Credit Union's Car Park on Friday – February 06, 2009. The afternoon's activities flowed smoothly, under the competent stewardship of our Master of Ceremonies – Mark John (Calypsonian Contender).

There were thirteen (13) contestants in total, with the fare ranging from social and political commentary to double entendre and humorous. Contestants securing the top three positions were:

- First Place - Roderick Gordon “Mud Glorious Mud”
- Second Place - Lesley Ann Ellis “D New Yard”
- Third Place - Sheldon Bullen “Things We Must Raise”

• *Christmas Party - Trinidad*

The Trinidad Children’s Christmas Party was held on Sunday - December 06, 2009, at the Eastern Regional Sports Complex. Two thousand and fifty-two (2,052) children were registered for the event and those who attended were thrilled with the games, face painting and Santa Claus and were overly satisfied with the snack bags and other food items.

• *Christmas Party - Tobago*

The Tobago Children’s Christmas Party was also held on Sunday December 06, 2009, at the Mason Hall Secondary School. Four hundred and ninety-three (493) children were registered.

• *Vacation Camps - Trinidad*

Two (2) Vacation Camps, which covered the following periods, were hosted –

- Easter Vacation Camp (April 06, 2009 to April 16, 2009) – Theme: Money and Me
- July Vacation Camp (July 06, 2009 to July 24, 2009) – Theme: Eye On The Environment

## **18. RECOGNITION AND BEST WISHES**

The Board of Directors wishes to recognize all the individuals who have contributed to the many successes achieved by RHAND Credit Union in the Year 2009 – Members of the Joint Management Team (Board of Directors and Statutory Committees), Members of Staff and most importantly – the general membership. Best wishes to everyone and God’s Blessings for the Year 2010.

# Report of the Credit Committee

## 1. INTRODUCTION

- 1.1 For the financial year ended December 31, 2009, the Credit Committee is pleased to report on its statutory role, as outlined in Regulation 34 of the Co-operative Society Act and Section 23 (a) of the Bye-Laws of the Society, that is, the Supervision of Credit.

## 2. COMPOSITION OF THE CREDIT COMMITTEE

- 2.1 At the 61st Annual General Meeting held on March 21, 2009, the following members were elected to serve on the Credit Committee.

Ms. Patricia Harry  
Ms. Jennifer James  
Mr. Ronald Forde (First Substitute)  
Ms. Marcia Codougan (Second Substitute)

Ms. Patricia Harry and Ms. Jennifer James were elected to serve for a period of two (2) years, consistent with the provisions of Section 23 (b) (ii) of the Bye-Laws of the Society. Mr. Ronald Forde was elected to serve as 1st Substitute, while Ms. Marcia Codougan was elected to serve as 2nd Substitute.

- 2.2 At the first meeting of the Credit Committee, Ms. Patricia Harry and Ms. Jennifer James were elected Chairman and Secretary respectively.

- 2.3 The full Credit Committee for the 2009/2010 Term, comprised the following members:

Ms. Patricia Harry	Chairman
Ms. Jennifer James	Secretary
Mrs. Marjorie Solomon-Philip	Member
Mr. Joseph Lewis	Member
Mr. Lenus Joseph	Member
Mr. Ronald Forde	1st Substitute
Ms. Marcia Codougan	2nd Substitute

- 2.4 The term of office of the following members of the Credit Committee, comes to an end at this 62nd Annual General Meeting:

Mr. Lenus Joseph  
Ms. Marcia Codougan

## 3. MEETINGS OF THE CREDIT COMMITTEE

- 3.1 The members of the Credit Committee attended ninety-nine (99) Regular and eight (8) Joint Management Committee Meetings. Attendance of members of the Credit Committee at Meetings, are detailed at **Table 11.**



*Table 11:  
Attendance at Credit  
Committee Meetings*

NAME OF MEMBER	REGULAR			SPECIAL			REMARKS
	P	Ex	A	P	Ex	A	
P. Harry	91	8	-	6	2		Out of the country/classes/ill
J. James	83	16	-	3	5		Out of the country/ill
M. Solomon-Philip	98	1	-	8			Prior engagement
J. Lewis	93	6	-	7	1		Out of the country
L. Joseph	93	6	-	8			Out of the country

#### 4. CREDIT SUPERVISION

- 4.1 Sixty-one (61) loan applications were processed by the Credit Committee and all with the exception of one, were approved. To complete the processing of some of the approved loan applications, properties were inspected where, deemed necessary.
- 4.2 Of the sixty (60) loan applications approved by the Credit Committee, fifteen (15) needed sanctioning by the Executive Committee of the Board of Directors, as the total loan sum exceeded the \$120,000. limit set by the Board of Directors. Further, fifteen (15) members were interviewed in order to conclude the processing of their applications.
- 4.3 Generally, files were monitored, with the necessary notes outlining the comments of members of the Credit Committee being affixed thereon.
- 4.4 For the financial year, seven thousand, and nineteen (7,019) loan applications were approved by the other approving agents, namely: General Manager, Manager-Credit Administration, Supervisor II, Supervisor I, Manager-Tobago Branch, Credit Officer-Tobago Branch and Operations Officer-Arima Branch.
- 4.5 **Table 12** captures the level at which loan approvals were granted, while **Tables 13 and 14** profile the classification of loans approved and disbursed.
- 4.6 The Credit Committee made its annual visits to the Tobago and Arima Branch Offices of the Society. In addition to files being monitored, discussions were held with the Branch Managers with respect to the Loans Portfolio. The members of the Credit Committee are of the view that the credit approval and disbursement responsibilities at the Tobago Branch Office and the Arima Branch Office, are being discharged satisfactorily.

*Table 12:  
Approving Authority  
for Loans Granted*

AUTHORITY	NUMBER OF LOANS	(%) OF LOANS	APPROVAL LIMIT (\$)
Credit Committee	60	0.85	120,000.00
General Manager	77	1.09	120,000.00
Manager - Credit Administration	1,757	24.82	100,000.00
Supervisor II	2,977	42.05	75,000.00
Supervisor I	533	7.53	55,000.00
Manager - Tobago Branch	254	3.59	80,000.00
Credit Officer - Tobago Branch	476	6.72	65,000.00
Operations Officer – Arima Branch	945	13.35	80,000.00
<b>Total</b>	<b>7,079</b>	<b>100.00</b>	

*Table 13:  
Particulars of All Loans  
Approved and Disbursed  
by Credit Union*

CLASS OF LOAN	2009		2008	
	NUMBER OF LOANS	\$ Value	NUMBER OF LOANS	\$ Value
Consumer Loan	6,183	58,827,329.84	5,378	55,354,883.70
Cruise Loan	29	265,239.76	34	546,430.70
Debt Consolidation Loan	106	2,757,225.90	293	5,039,350.45
Education and Training Financing	313	3,411,639.42	732	6,341,257.75
Enterprise/Business Financing	35	889,635.00	80	1,292,644.00
Financial Assets (Investment) Financing	14	340,400.00	4	87,876.91
Medical Expenses Financing	211	1,666,986.27	467	2,700,394.76
Motor Vehicle Financing	165	12,131,950.47	313	20,845,405.63
MSDP Expenses Financing	-	-	2	2,000.00
Real Estate Financing	23	2,726,865.31	38	3,336,630.43
<b>Total</b>	<b>7,079</b>	<b>83,017,271.97</b>	<b>7,341</b>	<b>95,546,874.33</b>

*Table 14:  
Particulars of Loans  
Disbursed by Tobago  
Branch Office*

CLASS OF LOAN	2009		2008	
	NUMBER OF LOANS	\$ Value	NUMBER OF LOANS	\$ Value
Consumer Loan	702	6,938,390.98	521	6,618,262.33
Cruise Loan	2	28,847.79	4	81,000.00
Debt Consolidation Loan	5	129,346.83	22	319,910.35
Education and Training Financing	7	217,184.27	47	333,849.18
Enterprise/Business Financing	3	109,862.33	10	180,843.00
Financial Assets (Investment) Financing	-	-	-	-
Medical Expenses Financing	2	39,000.00	18	138,889.94
Motor Vehicle Financing	11	773,914.60	46	2,778,170.77
MSDP Expenses Financing	-	-	2	2,000.00
Real Estate Financing	4	557,573.75	2	16,848.00
<b>Total</b>	<b>736</b>	<b>8,794,120.55</b>	<b>672</b>	<b>10,469,773.57</b>

## 5. NON-PERFORMING LOANS AND DELINQUENCY RATIO

- 5.1 There were six hundred and ninety-four (694) non-performing loans on the books of the Credit Union as at December 31, 2009. Two (2) accounts, with a value of two hundred and thirteen thousand, nine hundred and three dollars and twenty cents (\$213,903.20), have been referred to the Commissioner for Co-operative Development. Forty-four (44) accounts with a value of two hundred and fifty-three thousand, five hundred and sixty-six dollars and twenty-five cents (\$253,566.25), have been referred to Debt Collector-A.V. Knowles and Company Limited. The remaining six hundred and forty-eight (648) accounts, with a value of twelve million, one hundred and eighty-five thousand, nine hundred and sixty-two dollars and eighty-nine cents (\$12,185,962.89), are being closely monitored by the Recoveries Unit.
- 5.2 On the basis of loans with a value of \$12,653,432, from an overall portfolio with a value of \$221,358,369, being classified as non-performing as at December 31, 2009, the delinquency ratio for RHAND Credit Union as at December 31, 2009 was 5.72%, compared to a delinquency ratio of 5.49% as at December 31, 2008. These figures reflect that there was no deterioration in the quality of the loans on the books of the Credit Union during the course of 2009.

## 6. PARTICIPATION ON BOARD APPOINTED COMMITTEES

- 6.1 During the period under review, members of the Credit Committee served on the following Committees set up by the Board of Directors:
- Annual General Meeting Planning Committee
  - Social Events Committee

## 7. CONGRATULATIONS

- 7.1 Congratulations are extended to the Board, Management and Staff, for their stewardship during the year 2009.

## 8. CONCLUSION

- 8.1 Fellow Co-operators, the global financial crisis continues. The financial organisations which crashed, failed because of weaknesses in their governance and management practices. While Trinidad and Tobago is expected to experience some fall out in 2010, Credit Unions can remain strong, if their members, together with their Management, respect their policies and honour their obligations. Remember, a chain is as strong as its weakest link. Members therefore, are the links which will determine whether the Credit Union flourishes or fails. Delinquency is like gangrene to the Credit Union.
- 8.2 It is incumbent on us as members, to note that our remittances consist of loan repayments and share savings. Shares are the lifeblood of the organisation. Remember the Sou-Sou concept.
- 8.3 Fellow members, we ask your assistance in encouraging members who you know are having difficulty in repaying their loans, to come into the Credit Union and seek assistance. We are here to assist in ensuring that you are comfortable.
- 8.4 The Credit Committee wishes to thank you, our valued members, for giving us the opportunity to serve. We also wish to thank the other members of the Joint Management Committee and the members of staff at RHAND for their co-operation.

Respectfully submitted,

*Patricia Harry*                      - *Chairman*  
*Jennifer James*                    - *Secretary*  
*Marjorie Solomon-Philip*  
*Joseph Lewis*  
*Lenus Joseph*  
*Marcia Codougan*

# Report of the Supervisory Committee

## 1. INTRODUCTION

- 1.1 The Members of the Supervisory Committee take pleasure, in presenting their report to the 62nd Annual General Meeting of RHAND Credit Union Co-operative Society Limited. This report covers the administrative period from March 2009 to March 2010 and the financial year January 01, 2009 to December 31, 2009.

## 2. COMPOSITION OF THE SUPERVISORY COMMITTEE

- 2.1 At the 61st Annual General Meeting held on March 21, 2009, the following members were elected to serve on the Supervisory Committee

Mrs. Lydia Barnett-Roper  
Ms. Hermoine James  
Ms. Pamela Ogiste (First Substitute)  
Mrs. Beverly Trim-Frank (Second Substitute)

- 2.2 In accordance with Bye-Law 24 (c), at the first meeting of the Supervisory Committee held on March 26, 2009, Mr. Hollis Maloney and Ms. Claudette Brown were elected Chairman and Secretary respectively.

- 2.3 The full Supervisory Committee for the 2009/2010 Term, comprised the following members:

Mr. Hollis Maloney	Chairman
Ms. Claudette Brown	Secretary
Ms. Patricia Williams	Member
Ms. Hermoine James	Member
Mrs. Lydia Barnett-Roper	Member
Ms. Pamela Ogiste	1st Substitute
Mrs. Beverly Trim-Frank	2nd Substitute

- 2.4 The term of office of the following members of the Supervisory Committee, comes to an end at this 62nd Annual General Meeting:

Mr. Hollis Maloney  
Ms. Claudette Brown  
Ms. Patricia Williams

## 3. AUTHORITY OF THE SUPERVISORY COMMITTEE

- 3.1 The Supervisory Committee is the Statutory Internal Auditor of the Credit Union, and as such, has the following powers and responsibilities, as detailed by Bye-Law 24.

- Make an examination of the affairs of the Society, including an audit of its books, at least semi-annually, and if the Committee thinks it necessary, make a report of its findings to the Commissioner for Co-operative Development.
- Make an annual report of its audit and submit the same to the Annual General Meeting of the members.
- Attest (at least one (1) member) the monthly statement prepared by the Manager of the Society.

#### 4. MEETINGS AND ATTENDANCE AT MEETINGS

##### 4.1 Regular and Special Meetings

The Supervisory Committee held eleven (11) Meetings, ten (10) Regular and one (1) Special. Detailed at **Table 15** is a record of attendance at these meetings.

*Table 15:  
Attendance at  
Supervisory  
Committee Meetings*

NAME OF MEMBER	REGULAR			SPECIAL			REMARKS
	P	Ex	A	P	Ex	A	
Hollis Maloney	10	-	-	1	-	-	
Claudette Brown	10	-	-	1	-	-	
Patricia Williams	10	-	-	1	-	-	
Hermoine James	6	4	-	1	-	-	Maternity leave
Lydia Barnett-Roper	9	-	1	1	-	-	Out of the country
Pamela Ogiste	9	-	1	-	1	-	On official Government Business
Beverly Trim-Frank	10	-	-	1	-	-	

##### 4.2 Macro Committee Meetings

Macro Committee Meetings were called by the Board of Directors for the following purposes:

- to discuss the Quarterly Financial Statements of the Credit Union
- to consider loans for members of the Board of Directors and Statutory Committees
- to monitor the execution of the Strategic Plan of the Credit Union
- to meet with the Commissioner for Co-operative Development
- to meet with the Members of the Board of Directors of LinCU Limited

The Members of the Supervisory Committee were in attendance at all Macro Committee Meetings.

#### 5. WORK PROGRAMME OF THE SUPERVISORY COMMITTEE FOR APRIL 2009 TO MARCH 2010

For the period under review, the following key areas of the operations of the Credit Union were examined:

- Attestation of the Monthly Financial Statements
- Credit Administration Review
- Review of the Minutes of the Meetings of the Board of Directors
- Cash Counts
- Review of Branch Operations at Tobago and Arima
- Review of the Employment Contracts for the Managers of the Credit Union
- Review of the Activities of the Education Committee
- Review of the Verbatim Notes which Captured the Proceedings of AGM 2009
- Audit of Statutory Deductions
- Review of Payroll Systems
- Review of the LinCU Debit Card Portfolio
- Review of Compliance with the Proceeds of Crime Act

## 6. OBSERVATIONS ON AREAS OF EXAMINATION

### 6.1 Attestation of the Monthly Financial Statements

The financial statements were attested to on a monthly basis. The accounting books and records were examined to ensure that a strong system of internal controls was in place and adhered to and that a reliable basis existed, for the preparation of the financial statements. The Committee was satisfied that the financial statements were presented in accordance with International Accounting Standards.

Observations arising out of the attestation were discussed with the Manager-Finance and Accounting and the General Manager. Recommendations were made and reports were submitted to the Board of Directors.

### 6.2 Credit Administration Review

Audits were conducted on the Loan Portfolio. The objective was to determine:

- Compliance with the Co-operative Societies Act and Regulations, RHAND'S Bye-Laws and the approved Loan Policy and Procedures
- The validity and adequacy of securities held for exposures on loans
- The existence and effectiveness of the systems of internal controls
- The effectiveness of the monitoring systems for non-performing loans

Methodology :

A random sampling of loans was done, with particular emphasis on mortgage loans and associated security documents.

Observation:

There has been a decrease in the number of persons borrowing. For the Credit Union to thrive, the Board of Directors has to continue to implement strategies to encourage members to borrow.



### 6.3 Review of the Minutes of the Meetings of the Board of Directors

Minutes of Regular and Special Meetings and other relevant documents for the period April 2009 to November 2009, were reviewed, for the purpose of:

- Extracting significant decisions taken
- Ascertaining whether policy decisions taken were implemented within a reasonable time frame
- Ensuring that decisions taken were consistent with the Bye-Laws of RHAND and other regulations

In the main, all major decisions taken were either implemented or in the process of implementation. The decisions were consistent with the Bye-Laws of the Society and other regulatory requirements.

### 6.4 Cash Counts

The Committee conducted Statutory Cash Counts simultaneously at Head Office, the Arima Branch Office and the Tobago Branch Office on June 30, 2009 and December 31, 2009. Surprise Cash Counts were also conducted at the Head Office and the Arima Branch Office, during the course of the year. These exercises did not reveal any excesses or shortages of cash.

### 6.5 Review of Branch Operations at Tobago and Arima

During the period, the operations of the Arima Branch and the Tobago Branch were reviewed to ensure that required operating standards were met and that there was adherence to effective systems and controls. The Committee is satisfied with the management of branch operations and commends the managers and staff.

### 6.6 Review of the Employment Contracts for the Managers of the Credit Union

The contracts for the managers of the Credit Union were examined and found to be in order.

### 6.7 Review of the Activities of the Education Committee

Bye-Law 21(a) states that the Education Committee *shall be in charge of publicity and education and shall supply strategic support to the Board of Directors in achieving the objectives of the Society.*

The Committee, as a catalyst for member education and social development in the Credit Union, decided in 2009 to look into the “Rear View Mirror”, that is, undertake an analysis of what was done in the previous years, with a view to determining the relevance of such traditional programmes and activities in 2009 and beyond.

An action plan was presented, based on the Committee’s objective: to re-establish, re-build, re-engineer and re-visit the programmes and projects, against the background of the downturn in the country’s economy.

Under the Chairmanship of the Vice-President of the Credit Union, eight meetings were held. Discussions centered around the projects and programmes that were considered most beneficial to the members needs, while ensuring that the mission and vision of RHAND Credit Union were maintained.

The Marketing and Member Relations Department continued to operate, ably supporting the Education Committee, while it “*reviewed*” and successfully conducted the following:

- Credit Union Month Celebrations
- Vacation Camps
- Calypso Competition
- Children’s Christmas Party
- Skills Development Programmes

#### **6.8 Audit of Statutory Deductions**

During the period under review, an audit was done in this area to ensure that RHAND is compliant with the financial regulations of Trinidad and Tobago. The Committee is satisfied that remittances are done on a timely basis.

#### **6.9 Review of Payroll Systems**

RHAND Credit Union continues to keep abreast of modern technology, through the use of the MICROPAY system and the Automatic Clearing House (ACH) banking system, for the processing of monthly payroll. The Committee is of the opinion that there are systems in place for the management of this portfolio.

#### **6.10 Review of the LinCU Debit Card Portfolio**

The LinCU Debit Card portfolio is a relatively new product initiative at RHAND. There is however, the need for greater marketing, in order to attract a wider cross section of the membership, to utilize the product.

#### **6.11 Review of Compliance with the Proceeds of Crime Act**

The systems and controls put in place by RHAND Credit Union to combat money laundering and the financing of terrorism were reviewed and found to adequately meet the requirements of the Proceeds of Crime Act.

The Board of Directors, Statutory Committees and members of Staff continue to have the benefit of ongoing training, in order to prepare themselves to implement these polices and procedures effectively.

## 7. TRAINING

### 7.1 Anti-Money Laundering and Combating the Financing of Terrorism

Members of the Board of Directors and the Statutory Committees received comprehensive training in the area of Anti-Money Laundering and Combating the Financing of Terrorism. This exercise was facilitated by Security Consultant - Mr. Eric Thompson.

### 7.2 Duties and Responsibilities of Board and Committee Members

Members of the Board of Directors and the Statutory Committees also received training from Officers of the Co-operative Development Division in the following areas:

- The role and functions of the Board of Directors and Statutory Committees
- Rules of order to be observed for ensuring the proper governing of meetings

### 7.3 In-House Training

Members of the Supervisory Committee were facilitated by the staff of the Information and Communication Technology Department. This training helped the Committee to easily access information in conducting audit checks.

## 8. OTHER MATTERS

### 8.1 Internal Audit

In our last report of the Supervisory Committee, concerns over the filling of the post of Internal Auditor, were expressed. This post was in fact filled, but only for a few weeks, as the incumbent resigned to take up a more lucrative job offer. The Supervisory Committee is mindful of the fact that Internal Auditors are in great demand and come at a high cost. It is hoped however, that some innovative means can be found to reactivate the Internal Audit Function at RHAND Credit Union.

### 8.2 Human Resource Management

Human Resource is the most important asset of an organization. The Committee is indeed happy that the Board has employed an Assistant General Manager, to deal specifically with the Human Resource issues of RHAND Credit Union.

## 9. ACKNOWLEDGEMENT

9.1 For the second consecutive year, RHAND-the model Credit Union, made another historical stride by employing the use of videoconferencing for facilitating the conduct of Meetings of Statutory Committees, thus allowing for the linking of Committee Members in Trinidad and Tobago.

## 10. APPRECIATION

- 10.1 The members of the Supervisory Committee, would like to thank the Board, Committees, Management and Staff for their co-operation during the period. The work of the Supervisory Committee is carried out mainly on evenings and members of staff willingly facilitated the Committee in the execution of its functions.
- 10.2 Finally, we wish to express our thanks to you – the members, for the confidence placed in us and providing this opportunity to serve.

Respectfully submitted,

*Hollis Maloney* - Chairman  
*Claudette Brown* - Secretary  
*Lydia Barnett-Roper*  
*Patricia Williams*  
*Hermoine James*  
*Pamela Ogiste*  
*Beverly Trim-Frank*

# Independent Auditors' Report



Chartered Accountants  
& Business Advisors

## The Members

### RHAND Credit Union Co-operative Society Limited

We have audited the accompanying financial statements of RHAND Credit Union Co-operative Society Limited, which comprise the statement of financial position as at December 31, 2009, the statements of comprehensive income, appropriated funds and undivided earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RHAND Credit Union Co-operative Society Limited as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

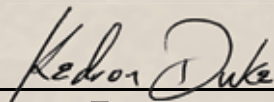
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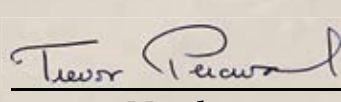
Port of Spain  
17 February 2010

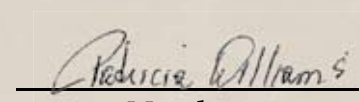


# STATEMENT OF FINANCIAL POSITION

	<u>Notes</u>	December 31	
		<u>2009</u>	<u>2008</u>
<b>Cash Resources:</b>			
Cash in hand and at bank	5	\$ 9,769,327	\$ 4,714,760
Short-term investments	6	<u>93,337,505</u>	<u>65,227,719</u>
Total Cash Resources		103,106,832	69,942,479
<b>Other Assets:</b>			
Accounts receivable and prepayments	7	5,248,949	4,276,024
Net loans to members	8	220,195,593	221,547,669
Long-term investments	9	41,156,489	37,681,208
Fixed assets	10	<u>26,078,689</u>	<u>25,783,252</u>
Total Assets		<u><u>\$ 395,786,552</u></u>	<u><u>\$359,230,632</u></u>
<b>Liabilities:</b>			
Accounts payable and accruals	11	\$ 9,288,997	\$ 6,020,167
Members' savings deposits		16,621,065	14,025,979
Members' time deposits		98,931,826	80,140,697
Provision for severance benefits	12	<u>910,000</u>	<u>850,000</u>
Total Liabilities		<u>125,751,888</u>	<u>101,036,843</u>
<b>Members' Equity:</b>			
Members' shares	13	229,265,939	223,174,023
Reserve fund		18,238,189	16,833,116
Education fund		1,178,172	1,172,778
Bad debt fund		-	970,497
Loan protection fund	14	1,669,796	-
Building fund		9,250,000	8,500,000
Investment re-measurement reserve	15	(3,485,256)	(1,838,802)
Undivided earnings		<u>13,917,824</u>	<u>9,382,177</u>
Total Members' Equity		<u>270,034,664</u>	<u>258,193,789</u>
Total Liabilities and Members' Equity		<u><u>\$ 395,786,552</u></u>	<u><u>\$359,230,632</u></u>

  
Treasurer

  
Member,  
Board of Directors

  
Member,  
Supervisory Committee

(The accompanying notes form part of these financial statements)





## STATEMENT OF COMPREHENSIVE INCOME

	<u>Schedules</u>	For the year ended December 31	
		<u>2009</u>	<u>2008</u>
<b>Income:</b>			
Interest on loans		\$ 25,535,944	\$ 24,432,791
Investment income	1	9,166,351	7,371,860
Other income	2	1,371,127	918,330
		<hr/>	<hr/>
Total Income		36,073,422	32,722,981
		<hr/>	<hr/>
<b>Expenditure:</b>			
Administrative expenses	3	5,764,221	5,892,310
Board and committees' expenses	4	547,020	607,090
Credit life and life savings insurance		1,734,873	1,921,994
Interest on members' deposits		6,521,762	5,439,014
Member education, training and development expenses		693,905	783,965
Personnel costs	5	6,825,666	7,499,043
		<hr/>	<hr/>
Total Expenditure		22,087,447	22,143,416
		<hr/>	<hr/>
<b>Net surplus for the year</b>		13,985,975	10,579,565
<b>Other Comprehensive Income:</b>			
Unrealised loss on available-for-sale financial assets		(1,646,454)	(5,393,164)
		<hr/>	<hr/>
<b>Total Comprehensive Income for the year</b>		<u>\$ 12,339,521</u>	<u>\$ 5,186,401</u>

(The accompanying notes form part of these financial statements)





## STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED EARNINGS

	Reserve <u>Fund</u>	Education <u>Fund</u>	Bad Debt <u>Fund</u>	Loan Protection <u>Fund</u>	Building <u>Fund</u>	Investment Re-measurement <u>Reserve</u>	Undivided <u>Earnings</u>
Balance as at January 1, 2009	\$ 16,833,116	\$ 1,172,778	\$ 970,497	\$ -	\$ 8,500,000	\$ (1,838,802)	\$ 9,382,177
Total comprehensive income for the year						(1,646,454)	13,985,975
Appropriation of net surplus for the year:							
(i) 10.0% to the Reserve Fund	1,398,598						(1,398,598)
(ii) 5.0% to the Education Fund		699,299					(699,299)
(iii) 5.0% to the Loan Protection Fund	-	-	-	699,299	-	-	(699,299)
	<u>18,231,714</u>	<u>1,872,077</u>	<u>970,497</u>	<u>699,299</u>	<u>8,500,000</u>	<u>(3,485,256)</u>	<u>20,570,956</u>
Add/(less) adjustments as follows:							
(i) Dividends (2008)							(6,590,562)
(ii) Entrance fees	6,475						(6,475)
(iii) Member education, training and development expenses		(693,905)					693,905
(iv) Transfer to Building Fund					750,000		(750,000)
(v) Transfer to Loan Protection Fund	-	-	(970,497)	970,497	-	-	-
Balance as at December 31, 2009	<u>\$ 18,238,189</u>	<u>\$ 1,178,172</u>	<u>\$ -</u>	<u>\$ 1,669,796</u>	<u>\$ 9,250,000</u>	<u>\$ (3,485,256)</u>	<u>\$ 13,917,824</u>

(The accompanying notes form part of these financial statements)



## STATEMENT OF CASH FLOWS

	For the year ended December 31	
	<u>2009</u>	<u>2008</u>
<b>Cash Flows from Operating Activities:</b>		
Net surplus for the year	\$ 13,985,975	\$ 10,579,565
Adjustments to reconcile net surplus to net cash provided by operating activities:		
Depreciation	788,912	847,930
Increase in provision for severance benefits	60,000	60,000
Increase in provision for loan losses	48,000	48,000
Gain on disposal of investments	-	(73,166)
Loss on disposal of fixed assets	20,149	19,481
Non-performing loans written-off	796,288	-
Net change in accounts receivable and prepayments	(972,925)	(1,183,535)
Net change in loans to members	507,788	(17,796,127)
Net change in members' savings deposits	2,595,086	266,232
Net change in members' time deposits	18,791,129	17,473,712
Net change in accounts payable and accruals	3,268,830	463,564
Net change in members' shares	6,091,916	9,190,499
Cash provided by operating activities	<u>45,981,148</u>	<u>19,896,155</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from disposal of long-term investments	-	1,941,586
Proceeds from disposal of fixed assets	2,100	4,775
Purchase of long-term investments	(5,121,735)	(3,802,102)
Purchase of fixed assets	(1,106,598)	(441,693)
Cash used in investing activities	<u>(6,226,233)</u>	<u>(2,297,434)</u>
<b>Cash Flows from Financing Activities:</b>		
Dividends distribution	(6,590,562)	(7,233,142)
Cash used in financing activities	<u>(6,590,562)</u>	<u>(7,233,142)</u>
Net change in cash resources for the year	33,164,353	10,365,579
Cash resources, beginning of year	69,942,479	59,576,900
Cash resources, end of year	<u><u>\$ 103,106,832</u></u>	<u><u>\$ 69,942,479</u></u>
<b>Represented by:</b>		
Cash in hand and at bank	\$ 9,769,327	\$ 4,714,760
Short-term investments	93,337,505	65,227,719
	<u><u>\$ 103,106,832</u></u>	<u><u>\$ 69,942,479</u></u>

(The accompanying notes form part of these financial statements)



### 1. Registration and Objectives:

The Society is registered under the Co-operative Societies Act Ch: 81:03. Its objectives are to promote the economic and social welfare of its members, to encourage the spirit and practice of thrift, self-help and co-operation among members and to promote the development of cooperative ideas.

### 2. Significant Accounting Policies:

#### a) *Basis of financial statements preparation -*

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements are stated on the historical cost basis, except for the measurement at fair value of available-for-sale investments and certain other financial instruments.

#### b) *Use of estimates -*

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Society's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### c) *Adoption of new and revised IFRSs and IFRICs -*

During the year the Society adopted the amendment to IAS #1, "Presentation of Financial Statements" – terminology changes (effective 1 January 2009). This amendment includes revised titles for the financial statements and changes in the format and content of the financial statements.

At the date of authorisation of these financial statements, some Standards were in issue but not yet effective.

The following International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations (IFRICs) have been issued but are not relevant to the operations of the Society:

- IFRS 8 - 'Operating Segments' (effective 1 January 2009).
- IFRIC 12 - 'Service Concession Arrangements' (effective 1 January 2008).
- IFRIC 13 - 'Customer Loyalty Programmes' (effective 1 July 2008).
- IFRIC 14 - '(an interpretation of IAS #19) Limit on a defined benefit asset, minimum funding requirements and their interaction (effective 1 January 2008).
- IFRIC 15 - 'Agreements for the construction of Real Estate' (effective 1, January 2009).
- IFRIC 16 - 'Hedges of Net Investment in a Foreign Operation (effective 1, October 2008).
- IFRIC 17 - 'Distributions of Non-Cash Assets to Owners' (effective 1, July 2009).
- IFRIC 18 - 'Transfers of Assets from Customers' (effective 1 July 2009).





### 2. Significant Accounting Policies (Cont'd):

#### c) *Adoption of new and revised IFRSs and IFRICs (cont'd) -*

The following Standards and IFRICs are not yet effective and are not relevant to the operations of the Society:

- IFRS 9 - 'Financial Instruments' (effective 1 January 2013).
- IFRIC 19 - 'Extinguishing Financial Liabilities with Equity Instruments' (effective 1 January 2010)

#### d) *Fixed assets -*

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided using both the reducing balance method and the straight-line method.

The following rates are considered appropriate to write-off the assets over their estimated useful lives are applied:

Building	- 2%	- straight line
Car park	- 10%	- straight line
Furniture, fixtures and fittings	- 10%	- diminishing balance
Office equipment	- 20%	- diminishing balance
Telephone facilities	- 33 1/3%	- diminishing balance
Other equipment	- 12 1/2%, 33 1/3%	- diminishing balance
Motor vehicles	- 25%	- diminishing balance
Computer facilities	- 20%	- diminishing balance

No depreciation is provided on Land and Work-in-Progress.

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### e) *Investments -*

The Society has classified all investments into the following categories:

##### Available-for-sale

These securities are intended to be held for an indefinite period of time but may be sold in response to the needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition, available-for-sale investments are measured at fair value with unrealised gains or losses recognised in the Investment Re-measurement Reserve.

For actively traded investments, fair value is determined by reference to the Stock Exchange quoted market prices at the Statement of Financial Position date, adjusted for transaction costs necessary to realise the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value.



**2. Significant Accounting Policies (Cont'd):**

**e) Investments (cont'd) -**

Held to maturity

These are securities which are held with the positive intention of holding them to maturity and are stated at amortized cost less provisions made for any permanent diminution in value. Amortised cost is calculated by taking into account any premium or discounts on acquisition over the period of maturity using the effective interest rate method.

**f) Financial instruments -**

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Society's Statement of Financial Position when the Society becomes a party to the contractual provisions of the instrument.

Financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date on which the Society commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

Impairment of financial assets

The Society assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Society about the following loss events:

- i) Significant financial difficulty of the issuer or obligor.
- ii) A breach of contract, such as default or delinquency in interest or principal payments.



**2. Significant Accounting Policies (Cont'd):**

**f) Financial instruments (cont'd) -**

Impairment of financial assets (cont'd)

- iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv) The disappearance of an active market for that financial asset because of financial difficulties.
- v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Society or national or economic conditions that correlate with defaults on assets in the Society.

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

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

**i) Financial assets measured at amortised cost**

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

**ii) Financial assets measured at cost**

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. These losses are not reversed.





**2. Significant Accounting Policies (Cont'd):**

**f) Financial instruments (cont'd) -**

Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of twelve months or less and are carried at cost, which approximates market value.

Accounts receivable

Accounts receivable are initially measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Loans to members

Loans to members are stated at principal amounts outstanding net of allowances for loan losses. Specific provisions are made for potential losses on non-performing loans on the basis of net realisable value. Periodic portfolio reviews are conducted during the course of each year to determine the adequacy of provisions.

Loans are secured by various forms of collateral, including charges over tangible assets, certificates of deposit, and assignment of funds held with other financial institutions.

Accounts payable

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Members' deposits

Members' deposits are stated at the principal amounts invested by members together with any capitalised interest. Members' deposits bear interest at rates that are not significantly different from current market rates and are assumed to have discounted cash flow values which approximate carrying values.

Members' shares

Members' shares are classified as equity and stated at fair value.





### 2. Significant Accounting Policies (Cont'd):

#### **g) Revenue recognition -**

##### Loan Interest

Interest charged on all loans to members is calculated at 1.00% per month on the outstanding balance at the end of each month in accordance with Section 22 (a) of the Bye-laws. Loan interest is accounted for on the cash basis.

Interest on non-performing loans is not accrued or taken into income on an ongoing basis because there is doubt as to the recoverability of the loans. Income from non-performing loans is taken into income on a cash basis, but only after specific provisions for losses have been made.

For non-performing loans, specific provisions are made for the unsecured portion of the loan. The amount of the provision is dependent upon the extent of the delinquency.

##### Investment Income

Income from investments is accounted for on the accruals basis except for dividends, which are accounted for on a cash basis, consistent with International Accounting Standard (IAS) #18.

#### **h) Dividends payable to members -**

Dividends are computed on the basis of the average value of shares held throughout the year, the average being determined on the basis of the value of shares held at the end of each month. Dividends that are proposed and declared after the Statement of Financial Position date are not shown as a liability in accordance with IAS #10 but are disclosed as a note to the financial statements.

#### **i) Foreign currency -**

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the Statement of Financial Position date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Statement of Comprehensive Income.

#### **j) Provisions -**

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### **k) Comparative figures -**

Certain changes in presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the net profit reported for the previous year.



### 3. Financial Risk Management:

#### *Financial risk factors*

The Society is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Society to manage these risks are discussed below:

#### *a) Interest rate risk -*

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

The Society is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, customer deposits and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

#### Loans

The Society generally invests in fixed rate loans for terms not exceeding five years. These are funded mainly from member deposits and shares.

#### *b) Credit risk -*

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Society relies heavily on a written Credit Policies, Procedures and Guidelines Manual, which sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Society's lending philosophy; provide policy guidelines to team members involve in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The Society's loan portfolio is managed and consistently monitored by the Credit Committee and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial institutions and the Society has policies to limit the amount of exposure to any single financial institution.

The Society also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.



### 3. Financial Risk Management: (cont'd)

#### *Financial risk factors cont'd*

##### *c) Liquidity risk -*

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Society has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Society is able to make daily calls on its available cash resources to settle financial and other liabilities.

##### Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Society. The Society employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Society's assets as well as generating sufficient cash from new and renewed members' deposits and shares.

To manage and reduce liquidity risk the Society's management actively seeks to match cash inflows with liability requirements.

##### *d) Currency risk -*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Society's measurement currency. The Society is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Society's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

##### *e) Operational risk -*

Operational risk is the risk derived from deficiencies relating to the Society's information technology and control systems, as well as the risk of human error and natural disasters. The Society's systems are evaluated, maintained and upgraded continuously. Supervisory controls are also installed to minimise human error.

##### *f) Compliance risk -*

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Inspector of Financial Institutions at the Central Bank of Trinidad and Tobago, as well as by the monitoring controls applied by the Society.

##### *g) Reputation risk -*

The risk of loss of reputation arising from the negative publicity relating to the Society's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Society. The Society engages in public social endeavours to engender trust and minimize this risk.





#### 4. Critical Accounting Estimates and Judgments:

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Society's accounting policies. See Note 2 (b).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Society makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether investments are classified as held-to-maturity investments, available-for-sale or loans and receivables.
- ii) Whether leases are classified as operating leases or finance leases.
- iii) Which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### i) Impairment of assets

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

##### ii) Plant and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.



# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

## 5. Cash in Hand and at Bank:

	December 31	
	2009	2008
Cash in hand	\$ 276,074	\$ 193,775
Cheques in hand	355,142	192,647
Current account	<u>9,138,111</u>	<u>4,328,338</u>
	<u><u>\$ 9,769,327</u></u>	<u><u>\$ 4,714,760</u></u>

## 6. Short-Term Investments:

Short-term investments consist of treasury bills, repurchase agreements, time deposits and mutual fund units held at the following financial intermediaries/agencies:-

	December 31	
	2009	2008
The Home Mortgage Bank	\$ 3,943,324	\$ 3,697,477
Colonial Life Insurance Company (Trinidad) Limited	28,193,260	25,489,423
Caribbean Money Market Brokers Limited		
- Money Market Fund	3,562,413	6,677,620
Caribbean Money Market Brokers Limited		
- Repurchase Agreement	10,126,721	5,381,406
First Citizens Bank Limited - Abercrombie Money Market Fund	4,415	4,230
RBTT Trust Limited - ROYTRIN Money Market Fund	28,584	27,423
ANSA Merchant Bank Limited	6,916,116	6,698,512
Trinidad and Tobago Unit Trust Corporation		
- Money Market Fund	28,199,024	1,916,016
AIC Finance Limited	-	5,085,612
Government of the Republic of Trinidad and Tobago		
- Treasury Bills	250,000	250,000
British American Insurance Company (Trinidad) Limited	5,550,000	5,000,000
The Central Finance Facility of Trinidad and Tobago	5,000,000	5,000,000
Guardian Asset Management Limited	<u>1,563,648</u>	<u>-</u>
	<u><u>\$ 93,337,505</u></u>	<u><u>\$ 65,227,719</u></u>

On January 30, 2009 the Ministry of Finance and the Central Bank of Trinidad and Tobago announced that the Government of the Republic of Trinidad and Tobago had reached an agreement with the CL Financial Limited Group for the provision of a package of financial support for the Group's financial services companies. These companies included Colonial Life Insurance Company Limited (CLICO), Caribbean Money Market Brokers Limited (CMMB) and British American Insurance Company (Trinidad) Limited (BAICO).



# NOTES TO THE FINANCIAL STATEMENTS

## December 31, 2009

### 6. Short-Term Investments: (cont'd)

The Society expects, based on assurances from the Ministry of Finance and the Central Bank, to recover the full principal amounts invested in these companies on the respective maturity dates.

### 7. Accounts Receivable and Prepayments:

	December 31	
	<u>2009</u>	<u>2008</u>
Interest receivable on investments	\$ 3,814,138	\$ 2,956,196
Staff members' loans	209,448	102,328
Other receivables and prepayments	<u>1,225,363</u>	<u>1,217,500</u>
	<u><u>\$ 5,248,949</u></u>	<u><u>\$ 4,276,024</u></u>

### 8. Net Loans to Members:

a) Loans to members are stated at principal outstanding net of an allowance for loan losses. The allowance for loan losses is based on the Board's evaluation of the loan portfolio under current economic conditions and past loan loss experience.

	December 31	
	<u>2009</u>	<u>2008</u>
Loans to members	\$ 221,358,369	\$ 223,458,733
Less: Allowance for loan losses	<u>(1,162,776)</u>	<u>(1,911,064)</u>
	<u><u>\$ 220,195,593</u></u>	<u><u>\$ 221,547,669</u></u>

b) Analysis of movement in Allowance for Loan Losses:

	December 31	
	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 1,911,064	\$ 1,863,064
Non-performing loans write-offs	(796,288)	-
Provision for the year	<u>48,000</u>	<u>48,000</u>
Balance, end of year	<u><u>\$ 1,162,776</u></u>	<u><u>\$ 1,911,064</u></u>



# NOTES TO THE FINANCIAL STATEMENTS

## December 31, 2009

### 9. Long-Term Investments:

Long-term investments consist of equity, mutual fund and fixed income investments held at the following institutions:-

#### Available-for-sale

		<b>December 31</b>	
		<b>2009</b>	<b>2008</b>
Shares	- Republic Bank Limited	\$ 1,080,248	\$ 1,255,084
	- Prestige Holdings Limited	690,787	509,001
	- Grace Kennedy Company Limited	150,000	202,500
	- Guardian Holdings Limited	268,090	342,000
	- Neal & Massy Holdings Limited	711,675	782,842
	- West Indian Tobacco Company Limited	1,030,002	842,700
	- LINCUC Limited	1,500,001	1,500,001
	- One Caribbean Media	700,000	700,000
	- Sagicor Financial Corporation	411,250	385,000
	- Jamaica Money Market Brokers Limited	72,864	143,451
	- Ansa Mc Al Limited	626,510	728,500
	- Central Finance Facility	100,000	100,000
	- Scotiabank Trinidad and Tobago Limited	479,700	413,400
	- Royal Bank of Canada	648,679	354,622
	- Trinidad Cement Limited	177,620	184,540
Mutual	Fund Units - Trinidad and Tobago Unit Trust Corporation		
	Chaconia Income and Growth Fund	2,627,898	2,156,274
	Growth and Income Fund	29,304,165	25,943,293
		40,579,489	36,543,208
<u>Held to maturity</u>			
Bonds	- Government of		
	the Republic of Trinidad and Tobago	189,000	1,138,000
	- Housing Development Corporation	388,000	-
		\$ 41,156,489	\$ 37,681,208





# NOTES TO THE FINANCIAL STATEMENTS

## December 31, 2009

### 10. Fixed Assets:

Cost	Land	Car Park	Building	Work-in- Progress	Furniture, Fixtures and Fittings	Office Equipment	Telephone Facilities	Other Equipment	Motor Vehicles	Computer Facilities	Total
	Balance as at January 1, 2009	\$15,493,607	\$ 186,868	\$ 9,139,042	\$ 1,040,165	\$ 2,340,461	\$ 647,007	\$ 477,777	\$ 1,417,474	\$ 604,361	\$ 5,194,067
Additions	-	-	-	626,476	54,853	1,944	11,594	167,108	-	244,623	1,106,598
Disposals	-	-	-	-	-	-	-	-	-	(118,204)	(118,204)
Balance as at December 31, 2009	<u>15,493,607</u>	<u>186,868</u>	<u>9,139,042</u>	<u>1,666,641</u>	<u>2,395,314</u>	<u>648,951</u>	<u>489,371</u>	<u>1,584,582</u>	<u>604,361</u>	<u>5,320,486</u>	<u>37,529,223</u>
<b>Accumulated Depreciation</b>											
Balance as at January 1, 2009	-	186,868	3,650,308	-	1,235,422	475,893	370,246	789,780	426,349	3,622,711	10,757,577
Charge for the year	-	-	182,781	-	106,554	31,285	32,774	110,157	39,742	285,619	788,912
Disposals	-	-	-	-	-	-	-	-	-	(95,955)	(95,955)
Balance as at December 31, 2009	-	<u>186,868</u>	<u>3,833,089</u>	-	<u>1,341,976</u>	<u>507,178</u>	<u>403,020</u>	<u>899,937</u>	<u>466,091</u>	<u>3,812,375</u>	<u>11,450,534</u>
<b>Net Book Value</b>											
Balance as at December 31, 2009	<u>\$15,493,607</u>	<u>\$ -</u>	<u>\$ 5,305,953</u>	<u>\$ 1,666,641</u>	<u>\$ 1,053,338</u>	<u>\$ 141,773</u>	<u>\$ 86,351</u>	<u>\$ 684,645</u>	<u>\$ 138,270</u>	<u>\$ 1,508,111</u>	<u>\$ 26,078,689</u>
Balance as at December 31, 2008	<u>\$15,493,607</u>	<u>\$ -</u>	<u>\$ 5,488,734</u>	<u>\$ 1,040,165</u>	<u>\$ 1,105,039</u>	<u>\$ 171,114</u>	<u>\$ 107,531</u>	<u>\$ 627,694</u>	<u>\$ 178,012</u>	<u>\$ 1,571,356</u>	<u>\$ 25,783,252</u>

### 11. Accounts Payable and Accruals:

	December 31	
	2009	2008
Death/disability claims due to members	\$ 1,673,351	\$ 1,457,726
Non-members' receipts	48,676	63,472
Interest payable on members' time deposits	3,029,705	2,550,481
Other payables and accruals	3,964,940	1,422,717
Unclaimed members' shares	24,595	24,595
Unclaimed members' savings deposits	547,730	501,176
	<u>\$ 9,288,997</u>	<u>\$ 6,020,167</u>

### 12. Provision for Severance Benefits:

In view of the Retrenchment and Severance Benefits Act No. 32 of 1985, the Board of Directors took a decision to make provisions for severance benefits.



**13. Members' Shares:**

In accordance with the Bye-Laws of RHAND Credit Union Co-operative Society Limited, the capital of the Society is composed of an unlimited number of shares valued at \$5.00 each.

**14. Loan Protection Fund:**

At the third statutory meeting of the Board of Directors held on June 25, 2009, it was agreed that the Board would take to the membership a resolution for an alternative approach for providing loan protection coverage for the Society's members. The proposed approach included the discontinuance of the loan protection coverage with CUNA Caribbean Insurance Society Limited, and the assumption of full responsibility internally for this member benefit by converting the Bad Debt Fund, with a balance of \$970,497, to a Loan Protection Fund and the appropriation of a percentage of the annual net surplus to this Fund. At a Special General Meeting held on November 14, 2009, the resolution was passed by the membership.

**15. Investment Re-measurement Reserve:**

In accordance with IAS #39, the Board of Directors has created an investment re-measurement reserve which includes the following:

- i) Unrealised gains/losses on available-for-sale investments.
- ii) Transfers from Retained Earnings.

**16. Dividends:**

The Board of Directors has proposed a dividend of 3.5% for the year ended December 31, 2009 which is estimated at \$7,917,699. This is subject to approval by the membership at the Annual General Meeting and is not recorded as a liability in these financial statements in accordance with IAS #10.

**17. 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 in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Society.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transaction with related parties and key management personnel during the year were as follows:



**17. Related Party Transactions: (cont'd)**

	December 31	
	2009	2008
<b><u>Assets, Liabilities and Members' Equity</u></b>		
<b>Loans and other receivables</b>		
Directors, committee members, key management personnel	\$2,385,574	\$ 2,178,871
<b>Shares, deposits and other liabilities</b>		
Directors, committee members, key management personnel	\$5,518,604	\$3,343,036
<b>Interest and other income</b>		
Directors, committee members, key management personnel	\$ 211,853	\$ 244,182
<b>Interest and other expenses</b>		
Directors, committee members, key management personnel	\$ 187,976	\$ 151,605
<b>Key management compensation</b>		
Short-term benefits	\$ 215,201	\$ 993,430

**18. Fair Values:**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

**a) Current assets and liabilities -**

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

**b) Members' Loans -**

Loans are net of specific allowances for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

**c) Investments -**

The fair values of investments are determined on the basis of market prices available at December 31, 2009.



### 18. Fair Values: (cont'd)

#### d) Members' deposits -

Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

### 19. Capital Risk Management:

The Society manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members, whilst providing value to its members by offering loan and savings facilities. The Society's overall strategy remains unchanged from previous years.

The capital structure of the Society consists of equity attributable to members, which comprises issued members shares, reserves and undivided earnings.





# NOTES TO THE FINANCIAL STATEMENTS

## December 31, 2009

### 1. Investment Income:

	December 31	
	<u>2009</u>	<u>2008</u>
Money market investment income	\$ 6,549,480	\$ 5,659,725
Capital market investment income	<u>2,616,871</u>	<u>1,712,135</u>
	<u><u>\$ 9,166,351</u></u>	<u><u>\$ 7,371,860</u></u>

### 2. Other Income:

	December 31	
	<u>2009</u>	<u>2008</u>
Cyber Café income	\$ 110,477	\$ 99,025
Rental income	256,000	130,000
CUNA commissions	736,800	445,165
Other commissions	33,328	30,494
Service charges	4,890	4,690
Entrance fees	6,475	2,500
Miscellaneous income	<u>223,157</u>	<u>206,456</u>
	<u><u>\$ 1,371,127</u></u>	<u><u>\$ 918,330</u></u>



### 3. Administrative Expenses:

	December 31	
	<u>2009</u>	<u>2008</u>
Advertising and promotions	\$ 196,940	\$ 120,379
Annual and special general meetings	388,464	410,563
Audit fees	111,831	103,500
Bank charges	33,410	51,672
Debit card facility expenses	101,008	99,503
Debt collector's commission	31,949	45,409
Depreciation	788,912	847,930
Donations	68,389	33,405
Electricity	393,858	369,188
Insurances	279,530	273,479
League membership fees	171,000	-
Legal and professional services	493,960	271,339
Loan loss expense	48,000	48,000
Loss on disposal of fixed assets	24,151	21,479
Loss on disposal of investments	-	173,793
Membership Assistance Programme expense	-	310,500
Miscellaneous expenses	206,755	204,542
Rates and taxes	52,886	54,097
Property rental	420,000	395,000
Repairs, maintenance and cleaning	822,889	978,213
Security	208,537	141,067
Stationery, computer supplies, printing and postage	499,220	468,692
Telephone	422,532	470,560
	<u>\$ 5,764,221</u>	<u>\$ 5,892,310</u>



# SCHEDULES TO THE FINANCIAL STATEMENTS

## December 31, 2009

### 4. Board and Committees' Expenses:

	December 31	
	<u>2009</u>	<u>2008</u>
Conferences	\$ 5,322	\$ 49,390
Training	27,884	15,438
Meeting	117,545	138,455
Subsistence	144,630	179,761
Entertainment	12,000	12,000
Honoraria	214,824	211,707
Tobago committee	24,710	-
Travelling	105	339
	<u>\$ 547,020</u>	<u>\$ 607,090</u>

### 5. Personnel Costs:

	December 31	
	<u>2009</u>	<u>2008</u>
Salaries and other staff benefits	\$ 6,624,317	\$ 7,373,513
Training and subsistence	<u>201,349</u>	<u>125,530</u>
	<u>\$ 6,825,666</u>	<u>\$ 7,499,043</u>





# Quantitative Objectives, Proposed Capital Expenditure And Financial Projections

## 2010 QUANTITATIVE OBJECTIVES

KEY RESULTS AREA	ACTUAL 2008 (\$)	BUDGETED 2009 (\$)	INCREASE / (DECREASE)	
			(\$)	%
Total income	36,073,422	34,481,110	(1,592,312)	(4.41)
Total expenses	22,087,447	21,698,864	( 388,583)	(1.76)
Net surplus	13,985,975	12,782,246	(1,203,729)	(8.61)
Share capital portfolio	229,265,939	235,265,939	6,000,000	2.62
Time deposits portfolio	98,931,826	110,931,826	12,000,000	12.13
Savings deposits portfolio	16,621,065	19,021,065	2,400,000	14.44
Loans portfolio	221,358,369	228,358,369	7,000,000	3.16
Non-performing loans	12,653,432	6,000,000	(6,653,432)	(52.58)
Short-term investments portfolio	93,337,505	99,337,505	6,000,000	6.43
Long-term investments portfolio	41,156,489	42,356,489	1,200,000	2.92
Total active membership	17,615	17,880	265	1.50

## PRIMARY STRATEGIES FOR THE REALISATION OF OBJECTIVES

During the year 2010, initiatives will continue to be focused on the following areas:-

- Building the share capital portfolio
- Building the time deposits portfolio
- Building the savings deposit portfolio
- Curtailing the level of non-performing loans
- Generating a larger stream of non-interest income by way of agency fees
- Keeping overhead expenditure under control

The strategies to be pursued are the following:-

- Formulation and execution of share savings initiatives
- Promotion of RHANDeposit (flexible time deposit)
- Monitoring of arrears loan accounts and exercising all options for collection
- Marketing and promotion of agency relationships and services
  - CUNA Caribbean Insurance Society Limited – Family Indemnity Plan, Payment Protector and Pensions Plus
  - Trinidad and Tobago Unit Trust Corporation – mutual funds
  - The Home Mortgage Bank – mortgage financing
  - Colonial Life and General Insurance Company Limited – general insurance products.

- Continuing focus on the reduction of Operating Overheads
  - Overtime work
  - Stationery and supplies usage
  - Telephone usage.

**2010 Proposed Capital Expenditure With Proposed And Actual Expenditure For The Year 2009**

PROJECT/ITEM OF EXPENDITURE	PROPOSED 2009 (\$)	ACTUAL 2009 (\$)	PROPOSED 2010 (\$)
Woodbrook Properties	1,000,000	0	1,000,000
Buildings	350,000	158,723	622,900
Motor vehicle	0	0	175,000
Computer facilities	1,506,808	412,395	1,711,667
Furniture, fixtures and fittings	214,500	265,993	216,500
Office equipment	20,310	1,944	45,000
Other equipment	48,585	267,543	346,808
<b>Total</b>	<b>3,140,203</b>	<b>1,106,598</b>	<b>4,117,875</b>

**2010 Financial Projections with Budgeted and Actual Results for 2008 and 2009**

INCOME	2008				2009				2010	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
Interest on loans	24,052,926	75.9	24,432,791	74.7	26,745,330	75.9	25,535,944	70.8	25,923,930	75.2
Investment income	6,556,120	20.7	7,371,860	22.5	7,496,346	21.3	9,166,351	25.4	6,977,980	20.2
Fees and commissions	510,000	1.6	475,659	1.5	300,000	0.8	770,128	2.1	840,000	2.4
Rental income	125,000	0.4	130,000	0.4	360,000	1.0	256,000	0.7	360,000	1.1
Miscellaneous income	445,596	1.4	312,671	0.9	348,000	1.0	344,999	1.0	379,200	1.1
<b>TOTAL INCOME</b>	<b>31,689,642</b>	<b>100.0</b>	<b>32,722,981</b>	<b>100.0</b>	<b>35,249,676</b>	<b>100.0</b>	<b>36,073,422</b>	<b>100.0</b>	<b>34,481,110</b>	<b>100.0</b>

## 2010 Financial Projections with Budgeted and Actual Results for 2008 and 2009 cont'd

	2008				2009				2010	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
<b>EXPENSES</b>										
Advertising and promotion	180,000	0.8	120,379	0.6	120,000	1.1	196,940	0.9	180,000	0.8
Annual General Meeting expenses	500,000	2.3	410,563	2.0	450,000	3.3	357,570	1.6	400,000	1.8
Audit fees	96,000	0.4	103,500	0.4	84,000	0.6	111,831	0.5	84,000	0.4
Bank charges and interest	48,000	0.2	51,672	0.2	54,000	0.4	33,410	0.2	54,000	0.2
Business Continuity Planning expenses	48,000	0.2	8,802	0.0	24,000	0.2	2,525	0.0	24,000	0.1
Committees' expenses	366,000	1.7	345,653	1.6	306,000	2.0	326,874	1.5	340,000	1.6
Conferences and meetings	120,000	0.5	49,390	0.3	120,000	0.9	5,322	0.0	120,000	0.6
Credit life and life savings insurance	1,980,000	9.1	1,921,994	9.2	1,560,000	7.0	1,734,873	8.0	0	0.0
Life savings insurance	0	0.0	0	0.0	0	0.0	0	0.0	765,000	3.5
Loan protection expense	0	0.0	0	0.0	0	0.0	0	0.0	840,000	3.9
Debt collectors' commission	72,000	0.3	45,409	0.2	49,200	0.4	31,949	0.1	49,200	0.2
Depreciation	1,260,000	5.8	847,930	4.1	798,000	5.8	788,912	2.9	798,000	3.7
Donations	36,000	0.2	33,405	0.2	36,000	0.3	68,389	0.3	36,000	0.2
Member education and training expenses	720,000	5.5	783,965	3.8	1,200,000	5.1	693,905	3.2	1,104,000	5.1
Electricity	400,000	1.8	369,188	1.8	396,000	2.9	393,858	1.8	396,000	1.8
Honoraria	220,000	1.0	211,707	1.0	215,000	1.6	214,824	1.0	235,000	1.0
Insurances	162,000	0.7	273,479	1.3	276,000	1.0	279,530	1.3	138,000	0.6
Interest on members' savings deposits	463,689	2.1	333,434	1.6	429,069	0.0	357,778	1.6	177,262	0.8
Interest on members' time deposits	4,816,348	22.0	5,105,580	24.5	6,110,700	0.0	6,163,984	28.3	5,222,902	24.1
League membership fees	0	0.0	0	0.0	0	0.0	171,000		0	0.0
Legal and professional services	180,000	0.8	262,537	1.3	180,000	1.3	491,435	2.3	492,000	2.3
Lift modernisation	300,000	1.4	239,021	1.1	0	0.0	0	0.0	0	0.0
Loan loss expense	48,000	0.2	48,000	0.2	48,000	0.3	48,000	0.2	48,000	0.2
Loss on disposal of assets	12,000	0.1	21,479	0.1	12,000	0.1	24,151	0.1	12,000	0.1
Loss on disposal of investments	0	0.0	173,793	0.8	0	0.0	0	0.0	0	0.0
Membership Assistance Programme	345,000	1.6	310,500	1.5	0	2.5	0	0.0	0	0.0
Miscellaneous expenses	214,800	1.0	304,385	1.1	283,200	1.6	307,763	1.4	258,000	1.2
Rates and taxes	60,000	0.3	54,097	0.3	84,000	0.4	52,886	0.2	120,000	0.6
Rental expense	395,000	1.4	395,000	1.9	420,000	3.0	420,000	1.9	420,000	1.9
Repairs, maintenance and cleaning	858,000	3.9	739,192	3.6	804,000	6.7	822,889	3.8	951,000	4.4
Personnel costs	6,215,000	28.4	7,499,043	29.7	6,399,600	44.0	6,825,666	31.4	7,254,000	33.5
Security expenses	240,000	1.1	141,067	0.7	120,000	0.9	208,537	1.0	198,000	0.9
Special General Meetings	24,000	0.1	0	0.0	24,000	0.2	30,894	0.1	24,000	0.1
Stationery, computer supplies, printing and postage	678,000	3.1	468,692	2.6	436,500	3.6	499,220	2.3	538,500	2.5
Telephone expenses	420,000	1.9	470,560	2.3	420,000	3.0	422,532	1.9	420,000	1.9
<b>TOTAL EXPENSES</b>	<b>21,477,837</b>	<b>100.0</b>	<b>22,143,416</b>	<b>100.0</b>	<b>21,459,269</b>	<b>100.0</b>	<b>22,087,447t</b>	<b>100.0</b>	<b>21,698,864</b>	<b>100.0</b>
<b>NET SURPLUS</b>	<b>10,211,805</b>	<b>32.2</b>	<b>10,579,565</b>	<b>32.3</b>	<b>13,790,407</b>	<b>39.1</b>	<b>13,985,975</b>	<b>38.8</b>	<b>12,782,246</b>	<b>37.1</b>

# Report of the Nominating Committee

*The Members of the Nominating Committee respectfully submit a report for the consideration of the Board of Directors, in respect of the 62nd Annual General Meeting of RHAND Credit Union Co-operative Society Limited.*

## **1. COMPOSITION OF NOMINATING COMMITTEE**

1.1 The Members of the Nominating Committee for the 2009/2010 Term, comprise the following:-

Mr. Lancelot Greaves	Chairman
Mrs. Myrdis Wilkinson	Secretary
Mrs. Claire Richards	Member
Mrs. Marie-Ange Knights	Member
Mrs. Yolande Cumberbatch-Bobb	Member

1.2 Mrs. Marie-Ange Knights - former Chairman of the Supervisory Committee and Mrs. Yolande Cumberbatch-Bobb - a former member of the Board of Directors, joined the Nominating Committee as replacements for Mr. Atwell Cooper and Mr. Noel Fraser, who both died during the last term of office. While we are happy to welcome the two new members, we regret the loss of two experienced and committed members.

## **2. INVITATION OF APPLICATIONS**

2.1 Applications were invited from the general membership through newspaper advertisements and posters placed in strategic places at the Credit Union's Head Office and Branch Offices-such as on the teller floor, inside the elevator, and on the stairways.

2.2 The Committee invited members to submit applications in sealed envelopes, addressed to the Secretary of the Nominating Committee, 3rd Floor, RHAND Credit Union, 57-61 Abercromby Street, Port of Spain, no later than Monday December 28, 2009. Applications received after the stipulated date were not considered.

2.3 A Bulletin/Advisory was later printed and distributed to supplement the normal advertisements, with a view to ensuring that the Committee received a sufficient number of applications from members, who were qualified to serve on the Board of Directors or on one of the Statutory Committees.

2.4 Copies of the Bulletin/Advisory were distributed to Branch Offices, Ministries, Departments, Statutory Authorities, and other work places, requesting interested members to call one of four telephone numbers which were listed, being the private telephone numbers of four Committee members.

2.5 Members who called in response to the Bulletin were given the requisite information regarding the qualification for nomination, and other relevant data, thus avoiding as far as possible, the receipt of applications from members who did not qualify.

- 2.6 The members of the Nominating Committee are pleased to advise that a sufficient number of suitably qualified members have been nominated, to fill the vacant positions on the Board of Directors, the Credit Committee, and the Supervisory Committee.
- 2.7 In the absence of any members of the Supervisory Committee for the opening and inspection of the nomination applications, a Supervisor of the Recoveries Unit of RHAND, was present to ensure that proceedings were performed with transparency.
- 2.8 All applications were carefully examined, to confirm that all members satisfied the requirements of the Co-operative Societies Act and the Bye-Laws of RHAND Credit Union. In addition, the status position of the applicants, their nominators and seconders were examined to ensure that they were members “in good standing”, that is, that they were neither “delinquent members” nor “inactive members”, consistent with the interpretation clause of the Bye-Laws of RHAND Credit Union.

### 3. INTERVIEWING OF APPLICANTS

- 3.1 Eight applicants were interviewed by the Committee to ensure that they understood fully the requirements of being a member of the Board of Directors or a Statutory Committee, and that together with their work schedule, family and other commitments, they would be able to serve RHAND Credit Union in the position nominated, to the best of their ability, as and when required.
- 3.2 The other applicants had applied for positions in which they had previously served without any adverse reports, and the Committee accordingly considered, that there was no necessity to interview them on this occasion.

### 4. PROFILE OF NOMINEES AND RECOMMENDATION

- 4.1 The profiles of all nominees approved by the Nominating Committee as “fit and proper” persons have been submitted to the Board of Directors for inclusion in the 2009 Annual Report.

#### *Board of Directors*

- |                          |                              |
|--------------------------|------------------------------|
| 1. Trevor Percival       | Outgoing President           |
| 2. Theresa Agulia-Joseph | Outgoing Assistant Secretary |
| 3. Earl Nesbitt          | Outgoing Member              |
| 4. Martin Gibbs          | Outgoing Member              |
| 5. John Self             | Outgoing 1st Substitute      |
| 6. Monica Richards       | Outgoing 2nd Substitute      |

#### *Credit Committee*

- |                    |                         |
|--------------------|-------------------------|
| 1. Lenus Joseph    | Outgoing Member         |
| 2. Marcia Codougan | Outgoing 2nd Substitute |
| 3. Dave Williams   |                         |
| 4. Peter Lewis     |                         |
| 5. Ann Retess      |                         |

***Supervisory Committee***

- |                         |                         |
|-------------------------|-------------------------|
| 1. Claudette Brown      | Outgoing Secretary      |
| 2. Patricia Williams    | Outgoing Member         |
| 3. Pamela Ogiste        | Outgoing 1st Substitute |
| 4. Stephen Turner       |                         |
| 5. Lorris Tracey Alfred |                         |

**5. CLOSING REMARKS**

- 5.1 The Nominating Committee sincerely thanks the President and other members of the Board of Directors, for their co-operation and assistance, in ensuring that the Committee functioned as an important arm of the Society.
- 5.2 The Nominating Committee also wishes to assure those members who are interested in serving RHAND at the level of the Board of Directors or one of the Statutory Committees, but who submitted their applications after the closing date, and also those who postponed the submission of their applications, that we will be pleased to receive their applications for the 63rd Annual General Meeting, at the appropriate time. RHAND, like Credit Unions worldwide, is governed by its own members, and we, therefore, entreat suitably qualified members to join the family of serving administrators.

For and on behalf of the Nominating Committee

Respectfully submitted,

  
\_\_\_\_\_  
**Lancelot Greaves**  
Chairman

## **1. APPOINTMENT OF AUDITOR**

Be it resolved, that the firm of Chartered Accountants - PKF, be appointed as the Society's Auditors for the financial year ending December 31, 2010.

## **2. BUILDING FUND**

Be it resolved, that pursuant to Bye-Law 15 (h) (ix), the sum of \$750,000.00 be allocated from the surplus for the year ended December 31, 2009 to the Building Fund.

## **3. DIVIDEND ON SHAREHOLDINGS**

Be it resolved, that a dividend of 3.50% on the average monthly share balance held by each member for the year ended December 31, 2009, be declared for the year ended December 31, 2009.

## **4. HONORARIA**

Be it resolved, that honoraria in the sum of \$235,000.00, be declared for the year ended December 31, 2009.