



# RHAND

## ANNUAL REPORT 2014

.....  
ACKNOWLEDGING THE SACRIFICES AND  
INDUSTRY OF MANY OVER THE PAST 68 YEARS



**RHAND**  
Credit Union

“

We are able  
to sit in the shade  
of the RHAND Edifice today  
because of the **sacrifices  
and industry**  
of many over the  
past

**68** years

”



**RHAND**  
Credit Union



## Vision

The model Credit Union and leading provider of financial and other services in the Caribbean

## Mission

To satisfy members' needs through creativity and foresight by providing competitive financial and other products and services

## THE NATIONAL ANTHEM & CREDIT UNION PRAYER

### THE NATIONAL ANTHEM

Forged from the love of liberty  
In the fires of hope and prayer  
With boundless faith in our destiny  
We solemnly declare.  
Side by side we stand  
Islands of the blue Caribbean Sea,  
This our native land  
We pledge our lives to thee.  
Here every creed and race  
Find an equal place,  
And may God bless our Nation.  
Here every creed and race  
Find an equal place,  
And may God bless our Nation.

### CREDIT UNION PRAYER

LORD, make me an instrument of Thy Peace.  
Where there is hatred, let me sow Love,  
Where there is injury, Pardon,  
Where there is doubt, Faith,  
Where there is despair, Hope,  
Where there is darkness, Light,  
And where there is sadness, Joy.

O Divine Master,  
Grant that I may not so much seek,  
To be consoled, as to console,  
To be understood, as to understand,  
To be loved, as to love.  
For it is in giving that we receive,  
It is in pardoning that we are pardoned,  
And it is in dying,  
That we are born to Eternal Life.



# CONTENTS OF 2014 ANNUAL REPORT

Message from the President  
of RHAND Credit Union

Notice of 67th  
Annual General Meeting

Standing Orders

Composition of the  
Board of Directors and  
Statutory Committees 2014 – 2015

Minutes of the 66th Annual General Meeting

Report of the Board of Directors

Report of the Credit Committee

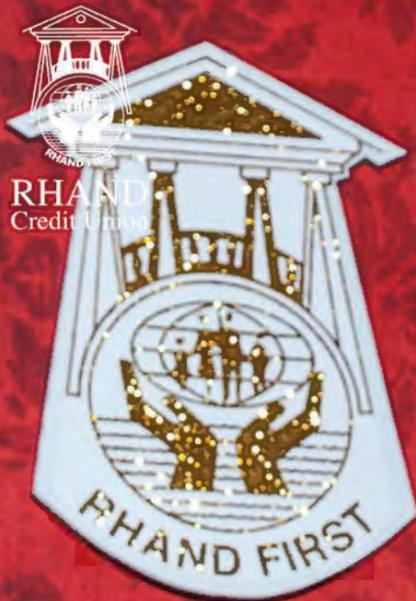
Report of the Supervisory Committee

Independent Auditors' Report

Financial Statements

2015 Quantitative Objectives,  
Proposed Capital Expenditure  
and Financial Projections

Resolutions



## MESSAGE FROM THE PRESIDENT OF RHAND CREDIT UNION

**D**ear Members,

I bring warm greetings to the RHAND Credit Union family on behalf of the Board, Statutory Committees and Staff on this our 68th year of operation under the Co-operative Model. At the age of 68, we are proud that we have survived every economic and financial turmoil and continue to grow. We have much to celebrate and give thanks for and welcome the opportunities which are forthcoming.

In October 2012, the General Assembly of the International Co-operative Alliance (ICA) approved a Blueprint to take the Co-operative way of doing business to a new level by the year 2020. The renewed vision seeks to build on the International Year of Co-operatives in 2012 and the resilience demonstrated by the Co-operative Movement since the great financial collapse. In 2012, The International Labour Organization (ILO) Director General linked co-operatives with sustainable development. Subsequently, research findings on the linkage between co-operatives and sustainability, have showed that there is a clear and direct relationship between sustainability and how co-operatives describe themselves.

The Society's survival is a result of **CONTRIBUTION** in the form of funds, time and effort from the members, employees, elected officials, partners and external institutions. All have played an integral part in our success. In 2014, the organization looked back on the contributors and celebrated those persons who were instrumental in the organization's development. Looking forward, our business will not only Survive but it will be Sustainable.

According to the Blueprint Model, one of the agenda items for sustainability is "to elevate participation within membership and governance to a new level". With your unflinching contribution, we will be participating in supporting the achievement of the goal of sustainability. We urge you to be a part in the economic decision making of the organization and the bringing of governance to the highest level. You - our valued member will also be ensuring that through your contribution at the organization level, there is fair play and improvement of justice at the national level in the development of our economic and financial systems.

During 2015, we will press ahead with our strategies to build upon our performance, through:

- Roll out of the Balanced Scorecard Framework as a tool to support efficiency and effectiveness of the operations of the Credit Union.
- Building our relationship through the use of Information and Communications Technology (ICT) and our newly introduced President's Club.
- Reengineering our processes in key service areas.
- Developing the managerial and leadership skills of our esteemed Team.

I look forward to your Support and Contribution to this illustrious organization, as we forge ahead. I urge you to spread the news that RHAND continues to make strides within the Co-operative Movement.

The Lord's Richest Blessings in 2015.

*Theresa Agulia-Joseph*

Theresa Agulia-Joseph  
President - Board of Directors

# NOTICE OF 67<sup>TH</sup> ANNUAL GENERAL MEETING

**N**otice is hereby given that the 67th Annual General Meeting of RHAND Credit Union Co-operative Society Limited will be held on Saturday-March 28, 2015, commencing at 1:00 p.m. at the following two (2) venues simultaneously

- 1) Trinidad - Trinity College East, Trincity
- 2) Tobago - Lowlands Community Centre

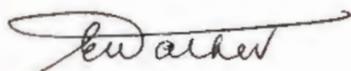
The Meeting will be facilitated through the linking of the two venues employing video conferencing technology.

## AGENDA

1. Adoption of Standing Orders
2. President's Address
3. Minutes of the 66th Annual General Meeting of March 29, 2014
4. Matters Arising out of the Minutes of the 66th Annual General Meeting
5. Reports 2014
  - Board of Directors
  - Credit Committee
  - Supervisory Committee
  - Independent Auditors
  - Financial Statements
6. Election of Officers for the 2015/2016 Term
7. 2015 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections
8. Amendment to the Bye-Laws of the Society
9. Motions
10. Resolutions
11. Other Business

Dated this 7th day of March, 2015

BY ORDER OF THE BOARD,



Emmanuel Walker  
**Secretary – Board of Directors**

**NOTE: Registration begins at 11:00 a.m.**  
**Only members in good financial standing will be admitted to the meeting.**  
**Members are required to present proper identification when registering.**

## 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 negated.
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

### 2014 - 2015

#### Board of Directors

Mrs. Theresa Agulia-Joseph	- President
Mr. Neil Parsanlal	- Vice President
Mr. Emmanuel Walker	- Secretary
Mrs. Christine Campbell	- Assistant Secretary
Mr. Kedron Duke	- Treasurer
Mr. Trevor Percival	- Director
Mr. Martin Minguell	- Director
Ms. Marlene Felix	- Director
Ms. Glenda Bruce	- Director
Ms. Monica Richards	- Director
Mr. Martin Gibbs	- Director
Mrs. Michele Rouff	- Director
Mr. Rennie Ambrose	- 1st Substitute
Mr. Gerard Greene	- 2nd Substitute

#### Supervisory Committee

* Mrs. Patricia Williams	- Chairman
Ms. Ann Marie Sealy	- Secretary
Ms. Erica Charles	- Member
Ms. Claudette Brown	- Member
Ms. Pamela Ogiste	- Member
Mr. Desmond Noel	- 1st Substitute
Mr. Theodore Villarroel	- 2nd Substitute

#### Credit Committee

Mr. Dave Williams	- Chairman
Mr. Lenus Joseph	- Secretary
Ms. Jennifer James	- Member
Ms. Patricia Harry	- Member
Mrs. Mary Lou Marciano	- Member
Ms. Joy Dillon	- 1st Substitute
Ms. Esme Forde	- 2nd Substitute

#### \*

Mrs. Patricia Williams resigned as a member of the Supervisory Committee with effect from September 22nd, 2014. The position of Chairman was then assumed by Ms. Erica Charles.



## MINUTES OF THE 66<sup>TH</sup> ANNUAL GENERAL MEETING

# MINUTES OF THE 66<sup>TH</sup> ANNUAL GENERAL MEETING

Held on Saturday-March 29, 2014, simultaneously at the UWI Sport and Physical Education Centre, St. Augustine – Trinidad and the Tobago Nutrition Co-operative Society Limited, Canaan - 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 1:21 p.m. with the Convenor - Mr. Martin Minguell welcoming members present at the UWI Sport and Physical Education Centre and the members in Tobago at the Tobago Nutrition Co-operative Society Limited, who were participating through the medium of video conferencing.
- 1.2 Members were then invited to stand for the singing of the National Anthem and the recitation of the Credit Union Prayer, along with the conducting of the invocation by Reverend Hilton Bonas.
- 1.3 One minute of silence was observed for the members who departed this life since the date of the last Annual General Meeting.
- 1.4 Mr. Minguell 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. Emmanuel Walker, informed the members that in accordance with the Bye-Laws of the Society, the meeting was duly constituted, there being three hundred and forty-eight (348) members present:- three hundred (300) members in Trinidad and forty-eight (48) members 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 on a motion moved by Mrs. Yolande Cumberbatch-Bobb, a Retiree and seconded by Mr. Lenus Joseph-also a Retiree.
- 2.3 Subject to the following amendments, members also agreed to the proposal for the 2013 Annual Report to be taken as read.
  - On page nineteen (19), in the third line of paragraph 4.1. Replace the verb "are" with the verb "is".
  - On page twenty-four (24), in the third line of paragraph 8.3. Replace the word "million" with the word "billion".
  - On page thirty-two (32), under the caption of May Cherrie Honour Award. Replace the words "St. Martians Welfare Assosiation" with the words "St. Martin's Welfare Association".
  - On page fifty-seven (57) in the second line of Note 1. Remove the letter "b" after the year 1947.
  - On page sixty-nine (69) in the ninth line of Note 3b. Replace the two words "stan" and "dards" with the word "standards".

## 3. ADDRESS OF THE PRESIDENT

- 3.1 The President - Mrs. Theresa Agulia-Joseph, before focusing on her address to the general membership, seized the opportunity to say welcome to everyone present, inclusive of the

# MINUTES OF THE 66<sup>TH</sup> ANNUAL GENERAL MEETING

Officers of the Co-operative Development Division and Mr. Marlon Charles of the Fire Services Credit Union – who was in attendance to observe how the General Meeting of RHAND Credit Union was being managed using the video conferencing technology to link the Trinidad and Tobago venues.

3.2 The President then focused her attention on the following matters –

- The achievement of RHAND Credit Union in reaching an asset base of \$495.8 million (just \$4.2 million short of the \$500.00 million asset base milestone).
- The signal achievement of RHAND Credit Union in being assigned an Investment Grade Credit Rating (BBB -), based on an objective assessment of the creditworthiness of the organization that was performed by Caribbean Information and Credit Rating Services Limited (CariCRIS).
- The partnering of RHAND Credit Union with three other Credit Unions in the educational venture of having an Executive Masters of Business Administration (EMBA) programme structured by the Arthur Lok Jack Graduate School of Business, catering specifically to the professional development needs of persons employed in the Credit Union Sector.
- The focus of RHAND Credit Union on the strengthening of its Credit Administration and Investment Management policy frameworks and the institution of an organization-wide Balanced Scorecard strategy execution and performance management framework.
- The likely impact of the proposed new legislation on the fortunes of the individual Societies, which are operating in a sector where they are already losing ground to the larger players.
- The focus of the key projects of the 2013-2014 Strategic Plan of the Society in attempting to place the Credit Union on a path of growth and efficiency in operations, even in an environment of stagnation at the domestic macroeconomic level.

## 4. CONFIRMATION OF THE MINUTES OF THE 65TH ANNUAL GENERAL MEETING

- 4.1 The Minutes of the 65th Annual General Meeting were tabled for the consideration of the membership.
- 4.2 The Minutes of the 65th Annual General Meeting were confirmed without amendment, on a motion by Mr. Lenus Joseph - a Retiree and seconded by Ms. Pamela Ogiste of the Election and Boundaries Commission.
- 4.3 The motion was put to the vote and carried.

## 5. MATTERS ARISING OUT OF THE MINUTES OF THE 65TH ANNUAL GENERAL MEETING

- 5.1 There were no matters arising out of the Minutes of the 65th Annual General Meeting.

# MINUTES OF THE 66<sup>TH</sup> 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 two queries:

- What was the explanation for the substantial increase in the Loan Loss Expense, as reflected in Table 10 on Page 29 of the Annual Report?

The General Manager advised that an increased level of provisioning was necessary to adequately account for the non-performing element of the loans portfolio of the Credit Union.

- What were the explanations for the Asset Quality Ratio and the Operating Expenses to Average Asset Ratio of the Credit Union, as reflected in Table II on Page 30 of the Annual Report, being less than the recommended standard of excellence values?

The General Manager advised that the Asset Quality Ratio reflected the ratio of non-performing loans to the total loans on the books of the Credit Union. He indicated that as reflected by Paragraph 10.2 of the Report of the Board of Directors on Page 26, that the ratio was negatively impacted as a result of the level of one (1) month in arrears loans due to the late remittance of December 2013 salary deductions and standing order payments. With respect to the Efficiency Ratio, the General Manager advised that the Credit Union is challenged by a history of a high cost of doing business. He indicated however, that the Management of the Credit Union was working on bringing operating overheads within more acceptable parameters.

6.3 There being no further discussions concerning the Report of the Board of Directors, a motion for its adoption was moved by Ms. Esme Forde – a Retiree and seconded by Mr. Trevor Boissiere – also a Retiree.

6.4 The motion was put to the vote and carried.

### REPORT OF CREDIT COMMITTEE

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

6.6 Mr. Dave Williams – the Chairman of the Credit Committee, presented the said Report.

6.7 There being no questions from the membership on the Report, a motion for its adoption was moved by Ms. Pamela Ogiste of the Elections and Boundaries Commission and seconded by Mrs. Michele Rouff – a Retiree.

6.8 The motion was put to the vote and carried.

### REPORT OF SUPERVISORY COMMITTEE

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

6.10 Mrs. Patricia Williams - the Chairman of the Supervisory Committee, presented the said Report.

# MINUTES OF THE 66<sup>TH</sup> ANNUAL GENERAL MEETING

6.11 The following amendment was made to the said Report –

- On page forty (40), in the first line of paragraph 3.1.

Replace the words “Sections a(i), a(ii) and a(iii)” with the words “Sections a(i), a(ii) and a(iv)”.

6.12 There being no questions from the membership on the Report, a motion for its adoption was moved by Mr. Trevor Boissiere – a Retiree and seconded by Mr. Lenus Joseph – also a Retiree.

6.13 The motion was put to the vote and carried.

### AUDITORS' REPORT

6.14 Mr. Mark Superville – Partner from the firm of Chartered Accountants – PKF, was invited by the Chairman to present the Auditors' Report.

6.15 The Auditors' Report was read by Mr. Superville and then duly adopted by the meeting on a motion moved by Mr. Gerard Greene of the Ministry of Foreign Affairs and seconded by Mrs. Mary Lou Marcano.

### FINANCIAL STATEMENTS

6.16 The Financial Statements of RHAND Credit Union for the year ended December 31, 2013 were tabled for the consideration of the general membership. The General Manager – Mr. David Maynard first directed his attention to providing information on the Investment Grade Credit Rating which was assigned to RHAND Credit Union, by providing the answers for the following four (4) leading questions:

- Who or what is CariCRIS?
- What is a Credit Rating?
- What are the performance parameters which are covered by the assessment template used by CariCRIS in performing a credit rating assessment of a company?
- What are the classes of the credit ratings which can be assigned to a company?

6.17 The General Manager then focused on providing the following statistics on the performance of five (5) selected financial institutions for the 2013 financial year.

	PERCENTAGE INCREASE IN ASSET BASE	PERCENTAGE INCREASE IN COMPREHENSIVE INCOME
• Republic Bank Limited	11.56%	(15.96)%
• Scotiabank Trinidad and Tobago Group	10.23%	2.54%
• First Citizens Group	6.56%	(10.63)%
• Eastern Credit Union	8.98%	20.68%
• RHAND Credit Union	9.94%	30.52%

# MINUTES OF THE 66<sup>TH</sup> ANNUAL GENERAL MEETING

6.18 Members then raised the following five (5) matters:

- What was the reason for the significant increase in personnel costs?

The General Manager indicated that in the last two years the Credit Union was negatively impacted by increasing retirement benefits cost. He further indicated that this matter was receiving the attention of the Members of the Board of Directors and the General Manager.

- What was the position with respect to the funds held by RHAND Credit Union with Colonial Life Insurance Company (Trinidad) Limited (CLICO)? Did CLICO have a Credit Rating when RHAND Credit Union decided to place funds on deposit with the company?

The General Manager advised that all principal sums that were held at CLICO were repaid to the Credit Union. He further advised that CLICO was a private company with no Credit Rating.

- What were the values of the land that were included in the long-term investments portfolio of the Credit Union?

The General Manager advised that all land values are reflected under the asset category of fixed assets and not long-term investments. These land values are shown on the Fixed Assets Schedule on Page 78 of the audited financial statements.

- What did the unrealized gain on available-for-sale financial assets in the sum of \$8.4 million on the Statement of Comprehensive Income represent?

The General Manager advised that this gain represented the increase for the current year in the values of the capital market investments held by the Credit Union over their December 31, 2012 market value.

- What was the reason for the increase in legal and professional services costs to \$452,527?

The General Manager explained that consistent with the Strategic Plan of the Credit Union, there were a number of projects which were currently being executed that required external professional input, for example, the institution of a Balanced Scorecard Framework and the crafting of an Investment Policy Statement and Investment Portfolio Diversification Strategy.

6.19 There being no further matters raised by the members concerning the Financial Statements, a motion for its adoption was moved by Mr. Trevor Boissiere – a Retiree and seconded by Mr. Lenus Joseph-also a Retiree.

6.20 The motion was put to the vote and carried.

## 7. ELECTIONS OF OFFICERS FOR THE 2014/2015 TERM

7.1 The Report of the Nominating Committee was tabled for the consideration of the membership.

# MINUTES OF THE 66<sup>TH</sup> ANNUAL GENERAL MEETING

7.2 Mrs. Marie Ange Knights – Chairman of the Nominating Committee, presented the said Report.

7.3 There being no discussions concerning the Report of the Nominating Committee, a motion for its adoption was moved by Mr. Trevor Boissiere – a Retiree and seconded by Ms. Madonna De Bique of the Board of Inland Revenue.

7.4 The motion was put to the vote and carried.

7.5 The President then vacated the Chair and invited Ms. Mala Sookoo of the Co-operative Development Division, to assume same in the capacity of Returning Officer.

7.6 The Returning Officer then explained the election process to members.

7.7 A head count at this time revealed that there were six hundred and fifty-one (651) members in attendance at the Trinidad venue, while there were ninety-two (92) members in attendance at the Tobago venue.

7.8 Members were then invited to cast their ballots.

7.9 The following persons were elected to serve on the Board of Directors and Statutory Committees for the 2014/2015 Term.

### BOARD OF DIRECTORS

Theresa Agulia-Joseph  
Glenda Bruce  
Michele Rouff  
Emmanuel Walker

Rennie Ambrose      First Substitute  
Gerard Greene        Second Substitute

### CREDIT COMMITTEE

Dave Williams  
Lenus Joseph  
Mary Lou Marcano

Joy Dillon              First Substitute  
Esme Forde            Second Substitute

### SUPERVISORY COMMITTEE

Patricia Williams  
Pamela Ogiste  
Claudette Brown

Desmond Noel        First Substitute  
Theodore Villarroel   Second Substitute

7.10 A motion for the destruction of the ballots was duly passed on a motion moved by Mr. Trevor Boissiere - a Retiree and seconded by Mr. Lenus Joseph - also a Retiree.

7.11 The Returning Officer then vacated the Chair and the President assumed same once again.



# MINUTES OF THE 66<sup>TH</sup> ANNUAL GENERAL MEETING

## **8. 2014 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS**

8.1 The 2014 Quantitative Objectives, Capital Expenditure Budget and Financial Projections were tabled for the consideration of the membership, with the General Manager – Mr. David Maynard leading the discussions.

8.2 Members then raised the following five (5) matters:

- Why is the proposed motor vehicle expenditure for 2014 reflected as \$295,000, when the proposed figure for 2013 was \$350,000?

The General Manager explained that the Credit Union was seeking to acquire a van in 2014 and based on communication with the relevant suppliers, the figure of \$295,000 has been established as reasonable for the purpose.

- What is the explanation for an actual expenditure in 2013 of \$371,592 for other equipment compared to a proposed expenditure of \$56,460?

The General Manager explained that a detail listing was not available at the meeting for assisting in analyzing the over expenditure but stressed that in operating the business during any given year, very often it becomes necessary to undertake expenditure which was not anticipated.

- Why is proposed building expenditure for 2014 reflected as \$1,105,000, when the actual expenditure for 2013 was only \$233,614 even though \$1,021,150 was budgeted?

The General Manager explained that certain building expenses which were catered for in 2013, did not materialize, as a result of delays in the securing of approvals for matters which are pending before the Town and Country Planning Division of the Ministry of Planning and Sustainable Development.

- Why is the budgeted loan loss expense for 2014 only \$720,000, when the actual expenditure for 2013 was \$2,347,460?

The General Manager explained that the figure of \$720,000 is deemed to be adequate, based on the review that was undertaken of the loans portfolio.

- Mrs. Susana Joseph-John sought an explanation as to why there was a delay on the part of the Credit Union in having her account balances updated to reflect the funds that were sent to the Credit Union by her bank under a standing order arrangement.

The General Manager undertook to have the matter looked into.

8.3 There being no further discussion concerning the 2014 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections, a motion for their adoption was moved by Mrs. Michele Rouff – a Retiree and seconded by Mr. James Huggins – also a Retiree.

8.4 The motion was put to the vote and carried.

# MINUTES OF THE 66<sup>TH</sup> ANNUAL GENERAL MEETING

## **9. AMENDMENT TO THE BYE-LAWS OF THE SOCIETY**

9.1 There were no matters to be dealt with under this head.

## **10. MOTIONS**

10.1 There were no matters to be dealt with under this head.

## **11. RESOLUTIONS**

11.1 The membership 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, 2014.

- **BUILDING FUND**

That pursuant to Bye-Law 15(h)(ix), the sum of \$750,000 be allocated from the surplus for the year ended December 31, 2013 to the Building Fund.

- **DIVIDEND ON SHAREHOLDINGS**

That a dividend of 3.50% on the average monthly share balance held by each member for the year ended December 31, 2013, be declared from the Undivided Earnings of the Society as at December 31, 2013.

- **HONORARIA**

That honoraria in the gross sum of \$313,334. (\$235,000. net of income tax liability), be approved for the year ended December 31, 2013.

## **12. OTHER BUSINESS**

12.1 Mr. Wilfred Holder of Sagicor Financial Corporation, was invited to address members on the benefits of the Group Health Plan.

12.2 Mr. James Baptiste, the Manager of the Tobago Branch Office, brought greetings on behalf of the Tobago membership.

12.3 Mrs. E. Tom-Lawrence raised the matter of new accommodation for the Tobago Branch Office.

12.4 Mrs. Michele Rouff raised the matter of Bye-Law 29(a) of the Society being at variance with the requirements of Section 51(1) of the Co-operative Societies Regulations.

12.5 There being no further business, the meeting ended at 8.50 p.m.

Respectfully submitted



Emmanuel Walker  
Secretary - Board of Directors



REPORT OF  
THE BOARD OF  
DIRECTORS

# REPORT OF THE 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, 2014.
- 1.2 Against the backdrop of what in essence is a stagnant domestic economy, the successes of RHAND Credit Union in 2014, 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 dually to the challenging realities of the market place and the individual needs of the members of the Credit Union.

## 2. COMPOSITION OF THE BOARD OF DIRECTORS

- 2.1 The following members were elected to the Board of Directors at the 66th Annual General Meeting held on Saturday March 29, 2014.
- Mrs. Theresa Agulia-Joseph
  - Ms. Glenda Bruce
  - Mrs. Michele Rouff
  - Mr. Emmanuel Walker
- 2.2 Mr. Rennie Ambrose was elected as the 1st Substitute Member, while Mr. Gerard Greene was elected as the 2nd Substitute Member.
- 2.3 The full Board for the 2014/2015 Term, listed in alphabetical order, comprised the following twelve (12) members:
- Theresa Agulia-Joseph
  - Glenda Bruce
  - Christine Campbell
  - Kedron Duke
  - Marlene Felix
  - Martin Gibbs
  - Martin Minguell
  - Neil Parsanlal
  - Trevor Percival
  - Monica Richards
  - Michele Rouff
  - Emmanuel Walker
- 2.4 The term of office of Directors Christine Campbell, Marlene Felix, Martin Minguell, Neil Parsanlal, Rennie Ambrose and Gerard Greene comes to an end at this 67th Annual General Meeting.

## 3. EXECUTIVE COMMITTEE

- 3.1 At the inaugural Meeting as mandated by the Bye-Laws, the Members of the Board elected an Executive Committee. The Executive Committee for the 2014/2015 Term, comprised the following:
- Theresa Agulia-Joseph - President
  - Neil Parsanlal - Vice President
  - Emmanuel Walker - Secretary
  - Christine Campbell - Assistant Secretary
  - Kedron Duke - Treasurer

# REPORT OF THE BOARD OF DIRECTORS

- 3.2 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 nineteen (19) Special Meetings during the period January 01, 2014 to December 31, 2014. The attendance of Board Members at these meetings is as detailed below in **Table 1**.

**Table 1: Attendance At Board Meetings**

	REGULAR			SPECIAL			REMARKS	
	P	EX	A	P	EX	A		
Theresa Agulia-Joseph	11	1	-	17	2	-	Out of the country	
Neil Parsanlal	8	2	2	8	8	3		
Emmanuel Walker	12	-	-	19	-	-		
Christine Campbell	11	1	-	18	1	-		
Kedron Duke	11	1	-	17	2	-		
Martin Minguell	9	3	-	17	2	-		
Glenda Bruce	9	3	-	16	3	-		
Martin Gibbs	12	-	-	11	8	-		
Trevor Percival	10	2	-	16	3	-		Out of the country
Marlene Felix	11	1	-	14	5	-		Out of the country
Monica Richards	11	1	-	15	4	-		Elected as Director at the 2014 AGM
Michele Rouff	9	-	-	10	3	-		Elected as 1st Alternate at the 2014 AGM
Rennie Ambrose	7	2	-	10	3	-	Elected as 2nd Alternate at the 2014 AGM	
Gerard Greene	6	3	-	7	6	-	Did not seek re-election at the 2014 AGM	
Trevor Boissiere	2	1	-	6	-	-	End of term of office as 1st Alternate	
John Self	3	-	-	4	2	-	End of term of office as 2nd Alternate	
Clifford Rawlins	-	-	3	-	-	6		

## 5. MEMBERSHIP

- 5.1 During the year 2014, five hundred and ten (510) applicants were admitted to membership. A total of one hundred and eighty-six (186) members, including seventy (70) who passed away (**Table 2**), ceased membership in 2014. As at December 31, 2014, the total active membership complement of RHAND Credit Union stood at 18,873.

# REPORT OF THE BOARD OF DIRECTORS

Table 2: Members Who Died In 2014

1	6422	Keith Gialdo	January 01, 2014
2	63	Joan Benjamin	January 04, 2014
3	9149	Ann Cumberbatch	January 09, 2014
4	14180	Carlos Parris	January 10, 2014
5	15539	Salim Farray	January 11, 2014
6	8084	Reynold Cooper	January 14, 2014
7	3762	Anthony Jemmot	January 17, 2014
8	8594	Ewart Blackman	January 22, 2014
9	24322	Christiana Richards	February 04, 2014
10	3771	Ann Ferrette	February 05, 2014
11	449	June Lakhan	February 15, 2014
12	4910	Hyacinth Mc Donald	February 18, 2014
13	5041	Juliana Thomas	February 19, 2014
14	3675	George Alexander	February 22, 2014
15	16250	Karen Othello-Aberdeen	March 02, 2014
16	13439	Dolly Ramharack	March 10, 2014
17	23670	David Baptiste	March 10, 2014
18	5593	Agnes Samuel	March 18, 2014
19	21927	Herman Hackett	March 22, 2014
20	4106	Andrew Dial	March 30, 2014
21	17594	Victor Mansingh	April 05, 2014
22	3696	Joseph Lopez	April 08, 2014
23	949	Inniss Greene	April 29, 2014
24	10569	Alexis Fraser	May 24, 2014
25	2004	Michael Sylvester	May 28, 2014
26	1959	June Burrowes	May 31, 2014
27	1859	George Henry	June 02, 2014
28	5846	Brenda Joseph	June 05, 2014
29	6715	Jeff Elder	June 15, 2014
30	17840	Sherry Ann Duke	June 19, 2014
31	9311	Camilla Campbell	June 26, 2014
32	17920	Ann Marie Mohammed	June 26, 2014
33	6968	Vyella Phillip-Alexis	July 17, 2014
34	2319	Gemma Fletcher-Saleena	July 19, 2014
35	18321	Sherwin Yorke	July 20, 2014
36	18798	David Proute	July 20, 2014
37	3448	Errol Anatol	July 24, 2014
38	2552	Annette Nurse	July 30, 2014
39	4807	William Phillip	July 30, 2014
40	6657	Sherma Edwards-Chase	August 19, 2014

# REPORT OF THE BOARD OF DIRECTORS

Table 2: Members Who Died In 2014

41	2580	Francis Tidd	August 21, 2014
42	14461	Marjorie Alexander	August 23, 2014
43	82	Ronald Charles	August 27, 2014
44	15822	Barbara Griffith-Duntin	September 01, 2014
45	4321	Lynette Plummer	September 10, 2014
46	6460	Gloria O'Brien	September 18, 2014
47	15936	Ingrid Antoine	September 19, 2014
48	2667	Licarde Andrews	September 21, 2014
49	76	Catherine Sandy	September 22, 2014
50	25269	Sandra Sam	September 22, 2014
51	9439	Ashok Sankar	September 24, 2014
52	11168	Keith Seaton	September 25, 2014
53	1698	Stephen Claude	September 26, 2014
54	5548	Margaret Sammy	September 27, 2014
55	923	Catherine Forbes -Howard	October 02, 2014
56	2368	Ambrose Alfred	October 03, 2014
57	16852	Vena Sinanan	October 05, 2014
58	610	Kenneth Chen	October 07, 2014
59	2585	Hugh Waldron	October 07, 2014
60	6558	Taran Harkoo	October 12, 2014
61	4546	Angelica Harris	October 15, 2014
62	2072	Michael Piggot	October 28, 2014
63	24874	Andre Sampson	November 05, 2014
64	1667	Krishna Mathura	November 06, 2014
65	1049	Seereeram Durga	November 07, 2014
66	15506	Walter Roberts	November 23, 2014
67	3981	Earline Bradshaw-Scott	December 15, 2014
68	21479	Dennis Bernard	December 18, 2014
69	20903	Alec Montoute	December 18, 2014
70	11643	Carlton Isidore	December 26, 2014

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. GLOBAL AND REGIONAL MACROECONOMIC ENVIRONMENT OVERVIEW

6.1 On balance it is projected that the global economy will grow by 3.80% in 2015, thus slightly faster than the 3.30% for 2014, with the fortunes of the leading world economies for 2015 being mixed as follows –

- **United States of America**

Except for a contraction early in 2014, the economy of America has been growing at an annual rate of more than 3.00% for the past eighteen (18) months. It is projected that America will be the leader in respect of growth in the advanced economies of the world in 2015, growing by around 3.20%.

- **Britain**

The economy of Britain, which is propelled in the main by its property and finance sectors, is on the mend. It is projected that growth should reach 2.50% in 2015.

- **The Euro Zone And Japan**

While the economies of America and Britain have been moving ahead at a decent pace over the past twelve (12) to eighteen (18) months and are now heading towards higher interest rates, the Euro Zone and Japan are still in danger of slipping into recession and deflation. The goal of the Euro Zone for 2015 therefore is a modest one – the avoidance of a third recession in seven years, while Japan will continue its battle against deflation and its high debt burden, with growth projected at 1.80% for 2015.

- **China**

China, which will enter 2015 as the largest economy in the world in purchasing - power terms, is targeting growth of 7.00% for the year, just below the 2014 level.

- **Latin America**

It is projected that against the backdrop of the new normal in Latin America, the economy of the region will grow at 2.80% in 2015 after a disappointing 1.50% or so in 2014, with this growth being propelled by the following projected performances at the individual country level –

Argentina	- 1.90%	Ecuador	- 4.90%
Bolivia	- 4.00%	Paraguay	- 4.10%
Brazil	- 1.80%	Peru	- 4.90%
Chile	- 3.60%	Uruguay	- 3.30%
Colombia	- 4.40%	Venezuela	- (0.50%)

## 7. DOMESTIC MACROECONOMIC ENVIRONMENT OVERVIEW

7.1 The uncertainty in the global economy since the 2008 global financial crisis negatively impacted the Trinidad and Tobago economy over the ensuing three years. The domestic economy which grew by as much as 13.50% in 2006, registered three years of year-on-year economic decline in 2009, 2010 and 2011 –

2009 - 3.30% decline  
2010 - 0.02% decline  
2011 - 1.40% decline

7.2 In 2012, the economy of Trinidad and Tobago grew by 1.50%, followed by growth of 1.70% in 2013. Disclosures by the Governor of the Central Bank of Trinidad and Tobago during the course of the first week in the month of December 2014 however, revealed that the domestic economy is expected to grow by a mere 0.50% in 2014, which marks a reversal of the growth momentum which had begun to emerge.

7.3 Additionally, with the energy sector accounting for 45.00% of Gross Domestic Product (GDP) and one-third of the revenue of the energy sector coming from oil, the collapse of oil prices since the presentation of the National Budget early in the month of September 2014, with a consequential knock-on impact on gas prices, the informed view is that it will take firm and disciplined macroeconomic management to keep the economy of Trinidad and Tobago from slipping back into the territory of negative growth in 2015.

## 8. YEAR 2014 DOMESTIC FINANCIAL SYSTEM OVERVIEW

- **Money Market**

Having maintained an accommodative monetary stance, with the monetary policy Repo Rate being held steady at 2.75% since September 2012, the Central Bank of Trinidad and Tobago increased the Repo Rate in September 2014 by 25 basis points to 3.00%. This move was influenced in part by the increasing likelihood of an increase in the United States monetary policy Federal Funds Rate in the early part of 2015, which would have the impact of making US\$ denominated assets more attractive relative to TTS\$ denominated assets with the heightened possibility of capital flight, thus exacerbating the foreign exchange challenges which are currently being experienced as a result of a few injudicious foreign exchange management changes implemented during 2014.

- **Capital Market**

The Composite Index of the Trinidad and Tobago Stock Market declined by 2.87% in 2014, with several of the most widely held stocks experiencing double digit declines.

2014 thus represents the first adverse performance of the Trinidad and Tobago Stock Market since 2009, as the Composite Index had registered the following increases in the ensuing years –

2010 - 9.19% increase      2012 - 5.14% increase  
2011 - 21.21% increase      2013 - 11.27% increase

## 9. ASSET BASE

9.1 The average growth rate for the economy of Trinidad and Tobago over the six (6) year period of 2009 to 2014 is a negative 0.17%, thus reflecting what in essence is a stagnant economy. It is against this backdrop that RHAND Credit Union has been growing at an average rate of 6.75% over the same period and recorded an increase in its asset base of \$33,432,651 (6.74%) for the year ended December 31, 2014 (Table 3).

# REPORT OF THE BOARD OF DIRECTORS

**Table 3: Total Assets – 1997 to 2014**

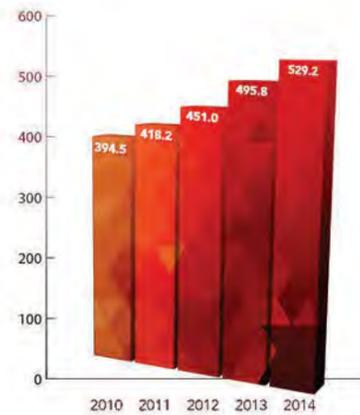
Year	Total Assets		Increase/(Decrease)	
	(\$)	(\$)	(\$)	(%)
1997	132,360,568		3,455,945	2.68
1998	137,708,830		5,348,262	4.04
1999	143,808,882		6,100,052	4.43
2000	150,065,433		6,256,551	4.35
2001	161,446,054		11,380,621	7.58
2002	183,203,981		21,757,927	13.48
2003	217,191,825		33,987,844	18.55
2004	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
2010	394,542,135		(1,244,417)	(0.31)
2011	418,227,148		23,685,013	6.00
2012	450,975,408		32,748,260	7.83
2013	495,789,092		44,813,684	9.94
2014	529,221,743		33,432,651	6.74

# REPORT OF THE BOARD OF DIRECTORS

**Table 4: Loan Principal Balances Outstanding 1995 – 2014**

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)
2010	244,589,917		23,231,548	10.49
2011	269,489,895		24,899,978	10.18
2012	294,093,566		24,603,671	9.13
2013	334,722,668		40,629,102	13.82
2014	347,820,319		13,097,651	3.91

**TOTAL ASSETS  
(\$ Million)**

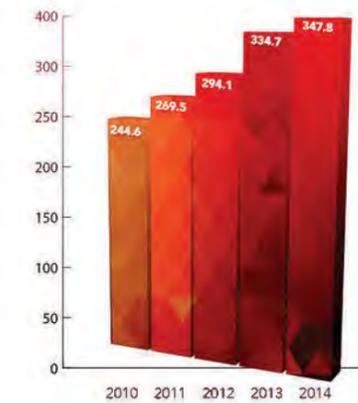


9.2 As at December 31, 2014, RHAND Credit Union with an asset base of 529,221,743, stood as the 6th largest Credit Union in Trinidad and Tobago, holding approximately 4.80% of the \$11.0 billion of the assets held by the Credit Union sector.

## 10. LOANS PORTFOLIO

- 10.1 Despite the general hesitancy of individuals to increase their borrowings in a stagnant economic environment and the fierce competition which characterized the domestic financial services landscape, RHAND Credit Union was able in 2014 to register another year of growth in its loan portfolio.
- 10.2 The total loan principal balances on the books of the Credit Union stood at \$347,820,319 as at December 31, 2014, representing an increase of \$13,097,651 (3.91%) when compared with the total loan principal balances of \$334,722,668 as at December 31, 2013 (Table 4).
- 10.3 The successes in loans underwriting, particularly over the past four (4) years in an environment of sluggish credit growth, reflect the positive impact on the general membership of the many debt consolidation and financial counseling initiatives being pursued by the Credit Administration Department of the Society in assisting members to take greater control of their financial affairs.

**LOAN PRINCIPAL  
BALANCES OUTSTANDING  
(\$ Million)**



## 11. NON-PERFORMING LOANS

- 11.1 Consistent with the many efforts pursued over the past seventeen (17) years, during the course of the year 2014, 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.
- 11.2 As at December 31, 2014, the delinquency ratio was 4.71%, compared with a delinquency ratio of 5.82% as at December 31, 2013. Of the 363 non-performing loans with a value of \$16,379,585, on the books of the Society as at December 31, 2014 (Table 5), 165 of these loans, with a value of \$4,432,704, were loans which were one (1) month in arrears, as a result of the late remittance of December 2014 salary deductions and standing order payments by three (3) Regional Health Authorities, three (3) Government Ministries and four (4) commercial banks respectively. Thus, the true delinquency ratio for 2014 is 3.43% compared to a true delinquency ratio for 2013 of 3.34%.

**Table 5: Net Indebtedness, Loan Loss Allowance And Loan Loss Exposure 1997-2014**

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 minus 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
2010	539	10,977,837	6,869,000	877,083	2,039,859	4,829,141
2011	286	11,316,990	7,311,560	(1,181,833)	858,026	6,453,534
2012	274	12,750,087	9,536,515	1,087,319	1,945,345	7,591,170
2013	410	19,464,898	12,914,948	2,582,597	4,527,942	8,387,006
2014	363	16,379,585	11,936,396	216,731	4,744,673	7,191,723

**Table 6: Share Capital 1997 – 2014**

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
2010	242,970,251	13,704,312	5.98
2011	258,427,444	15,457,193	6.36
2012	276,142,884	17,715,440	6.86
2013	304,343,515	28,200,631	10.21
2014	324,230,903	19,887,388	6.53

# REPORT OF THE BOARD OF DIRECTORS

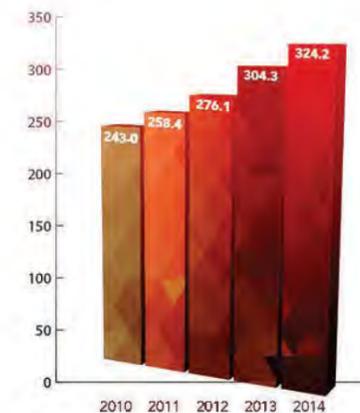
11.3 As at December 31, 2014, shares and deposits totaling \$4,443,189 were held against the non-performing loans balances totaling \$16,379,585, thus falling short of the non-performing loan balances totaling \$16,379,585 by \$11,936,396. This exposure on non-performing loan balances net of savings in the sum of \$11,936,396, exceeds the Allowance for Loan Losses on the books of the Society as at December 31, 2014 in the sum of \$4,744,673 by \$7,191,723.

11.4 The Allowance for Loan Losses in the sum of \$4,744,673 however, which provides for a loan portfolio coverage of 1.36 % (1.35% - 2013) and a non-performing loans exposure coverage of 28.97% (35.06% - 2013), is considered by the Executive Management of the Society to be adequate for meeting the requirements of any write-offs which may be deemed necessary as a result of impaired loan principal balances.

## 12. SHARE CAPITAL PORTFOLIO

12.1 The total share capital of the Credit Union stood at \$324,230,903 as at December 31, 2014, representing an increase of \$19,887,388 (6.53%), over the total shareholding of \$304,343,515 as at December 31, 2013 (Table 6).

**SHARE CAPITAL (\$ Million)**

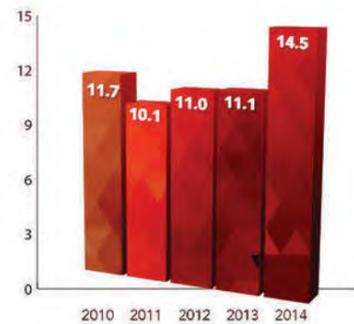


## 13. EARNINGS PERFORMANCE AND OPERATING EFFICIENCY PROFILE

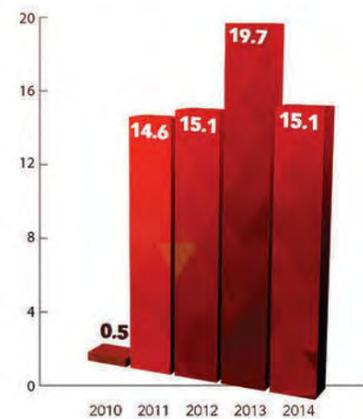
13.1 For the financial year ended December 31, 2014, RHAND Credit Union realized an operating surplus of \$14,458,237 (Table 7), which represents an operating margin ratio of 0.36 for the 2014 financial year, compared to an operating margin ratio of 0.29 for the 2013 financial year. The improvement in the operating margin ratio for the 2014 financial year is principally due to the curtailment of operating expenses.



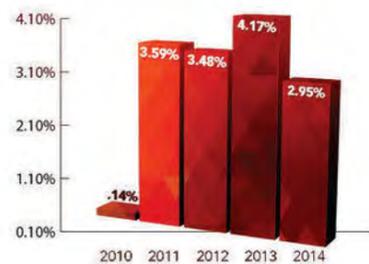
#### OPERATING SURPLUS (\$ Million)



#### COMPREHENSIVE INCOME (\$ Million)



#### RETURN ON ASSETS



**Table 7: Operating Surplus And Operating Margin Ratio 2009 – 2014**

Income/Assets Return	2009 (\$)	2010 (\$)	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)
Interest on loans	25,535,944	26,834,405	29,348,127	32,178,947	34,565,407	37,358,266
Investment income	9,166,351	5,430,072	1,887,882	2,616,200	2,268,880	2,046,945
Other income	1,371,127	1,372,829	1,254,062	1,104,170	1,372,953	1,262,899
<b>Total Income</b>	<b>36,073,422</b>	<b>33,637,306</b>	<b>32,490,071</b>	<b>35,899,317</b>	<b>38,207,240</b>	<b>40,668,110</b>
Total Expenses	22,087,447	21,918,405	22,361,318	24,847,903	27,085,133	26,209,873
<b>Operating Surplus</b>	<b>13,985,975</b>	<b>11,718,901</b>	<b>10,128,753</b>	<b>11,051,414</b>	<b>11,122,107</b>	<b>14,458,237</b>
Operating Margin Ratio	0.3877	0.3484	0.3117	0.3078	0.2911	0.3555
Expenses to Income Ratio	0.6123	0.6516	0.6883	0.6922	0.7089	0.6445
Cents Of Every Earned Dollar Consumed By Expenses	\$0.61	\$0.65	\$0.69	\$0.69	\$0.71	\$0.64

**Table 8: Comprehensive Income And Return On Assets 2009 - 2014**

Income/ Assets / Return Captions	2009 (\$)	2010 (\$)	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)
Operating Surplus	13,985,975	11,718,901	10,128,753	11,051,414	11,122,107	14,458,237
Write(Off)/Back Of Accrued Interest	–	(11,610,502)	450,000	–	–	–
Unrealized/Actuarial Gain(Loss)	(1,646,454)	430,869	4,008,531	4,071,840	8,617,033	679,880
<b>Comprehensive Income</b>	<b>12,339,521</b>	<b>539,268</b>	<b>14,587,284</b>	<b>15,123,254</b>	<b>19,739,140</b>	<b>15,138,117</b>
<b>Average Assets</b>	<b>377,508,592</b>	<b>395,164,344</b>	<b>406,384,642</b>	<b>434,601,278</b>	<b>473,382,250</b>	<b>512,505,418</b>
<b>Return On Assets</b>	<b>3.27%</b>	<b>0.14%</b>	<b>3.59%</b>	<b>3.48%</b>	<b>4.17%</b>	<b>2.95%</b>

13.2 The costs incurred for the year 2014 under the main cost items of Personnel Costs, Interest on Deposits and Savings and Loan Protection Expense totaled \$15,388,264 compared with \$16,398,259 for 2013 (Table 9).

**Table 9: Expenses Highlighting Major Cost Items 2009 – 2014**

Expenses Captions	2009 (\$)	2010 (\$)	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)
Personnel costs	6,825,666	7,692,150	9,017,306	9,976,896	12,023,132	10,635,898
Interest on Savings and Time Deposits	6,521,762	5,213,130	2,314,519	2,010,365	2,063,445	2,170,128
Credit life and savings insurance expenses	1,734,873	698,641	729,331	837,482	831,883	866,002
Loan protection expense	–	301,179	1,226,996	982,121	1,479,799	1,716,236
Education Committee expenses	693,905	1,047,862	875,864	1,218,132	995,050	1,636,889
Loss on investments	–	–	–	2,099,999	–	26,374
Loan loss expense	48,000	480,000	1,200,000	846,000	2,347,460	129,286
Depreciation expense	788,912	713,541	893,160	896,428	914,875	1,104,740
Stationery, supplies and postage expenses	499,220	484,056	630,252	541,771	623,365	535,510
Other expenses	4,975,109	5,287,846	5,473,890	5,438,709	5,806,124	7,388,810
<b>Total Expenses</b>	<b>22,087,447</b>	<b>21,918,405</b>	<b>22,361,318</b>	<b>24,847,903</b>	<b>27,085,133</b>	<b>26,209,873</b>

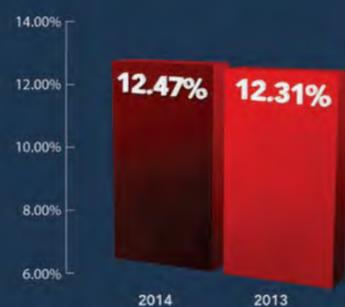
**14. STRENGTH, SAFETY AND SOUNDNESS AND EFFICIENCY REVIEW**

14.1 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 profitability of the Credit Union's operations, the following ratios are presented in Table 10.

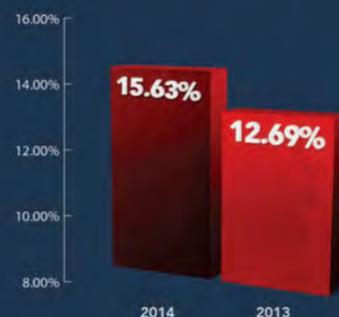
**Table 10: PEARLS AND EFFICIENCY RATIOS**

Financial Ratio Equation	RHAND Value		Standard of Excellence Value	COMMENT
	2014	2013		
<b>1) Institutional Capital Ratio</b> Fund Undivided $= \frac{\text{Balances} + \text{Earnings}}{\text{Total Assets}} = \frac{\$ 65,995,460}{\$ 529,221,743}$	12.47%	12.31%	Minimum of 8.00%	RHAND value more favourable than standard
<b>2) Liquidity Adequacy Ratio</b> $= \frac{\text{Cash Resources}}{\text{Total Assets}} = \frac{\$ 82,691,516}{\$ 529,221,743}$	15.63%	12.69%	Maximum of 20.00%	RHAND value more favourable than standard
<b>3) Asset Quality Ratio</b> $= \frac{\text{Total Non-Performing Loans}}{\text{Total Loans}} = \frac{\$ 16,379,584}{\$ 347,820,319}$	4.71%	5.82%	Maximum of 5.00%	RHAND value more favourable than standard
<b>4) Operating Expenses To Average Assets Ratio</b> $= \frac{\text{Non-Interest Expenses}}{\text{Average Assets}} = \frac{\$ 24,039,745}{\$ 512,505,448}$	4.69%	5.28%	Maximum of 5.00%	RHAND value more favourable than standard
<b>5) Productivity Ratio</b> $= \frac{\text{Non-Interest Expenses} - \text{Loss Expenses}}{\text{Net Interest Income} + \text{Other Income}} = \frac{\$ 24,039,745 - \$ 129,286}{\$ 38,497,982}$	62.11%	62.69%	Maximum of 55.00%	RHAND value less favourable than standard
<b>6) Return On Average Members' Equity</b> $= \frac{\text{Comprehensive Income}}{\text{Average Members' Equity}} = \frac{\$ 15,138,117}{\$ 377,793,883}$	4.01%	5.71%	Minimum of 5.00%	RHAND value less favourable than standard

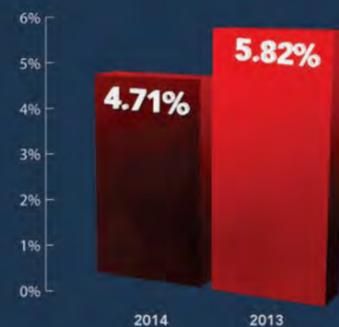
**INSTITUTIONAL CAPITAL RATIO**



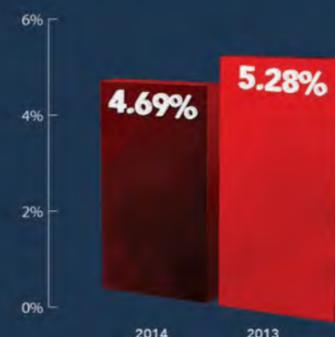
**LIQUIDITY ADEQUACY RATIO**



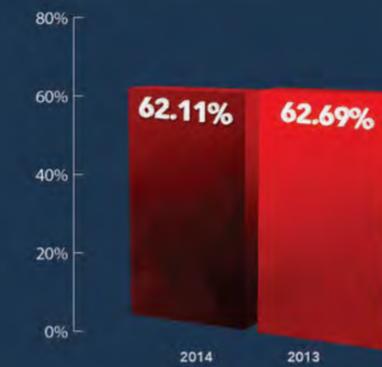
**ASSET QUALITY RATIO**



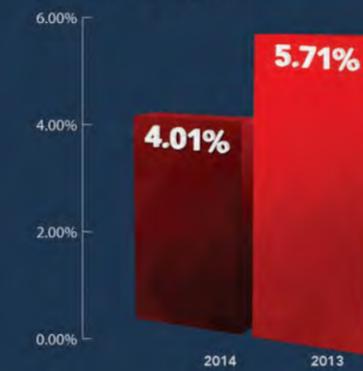
**OPERATING EXPENSES TO AVERAGE ASSETS RATIO**



**PRODUCTIVITY RATIO**



**RETURN ON AVERAGE MEMBERS' EQUITY**



## 15. RHAND RETIREES GROUP

15.1 The RHAND Retirees Group continues to hold meetings on the last Tuesday of each month at 5:00 p.m. at the RHAND Head Office Rooftop Facility. The Group had a busy schedule for 2014, with its calendar of events covering the following diverse activities-

- Back In Times Carnival Lime
- Lenten Meditation Service
- 24th Anniversary Back In Times Party
- Christmas Dinner And Dance
- Trip to Guapo
- Visit to Pigeon Point – Tobago (1 day)
- Visit to Cuba (17 days)
- Visit to Aruba (5 days)
- Christmas And New Year Cruise (Cayman Islands, Colombia, Panama, Costa Rica, Belize and Mexico)

15.2 The Members of the Retirees Group give thanks to God for his presence in their lives and the blessings by way of the good health and fellowship that they continue to enjoy.

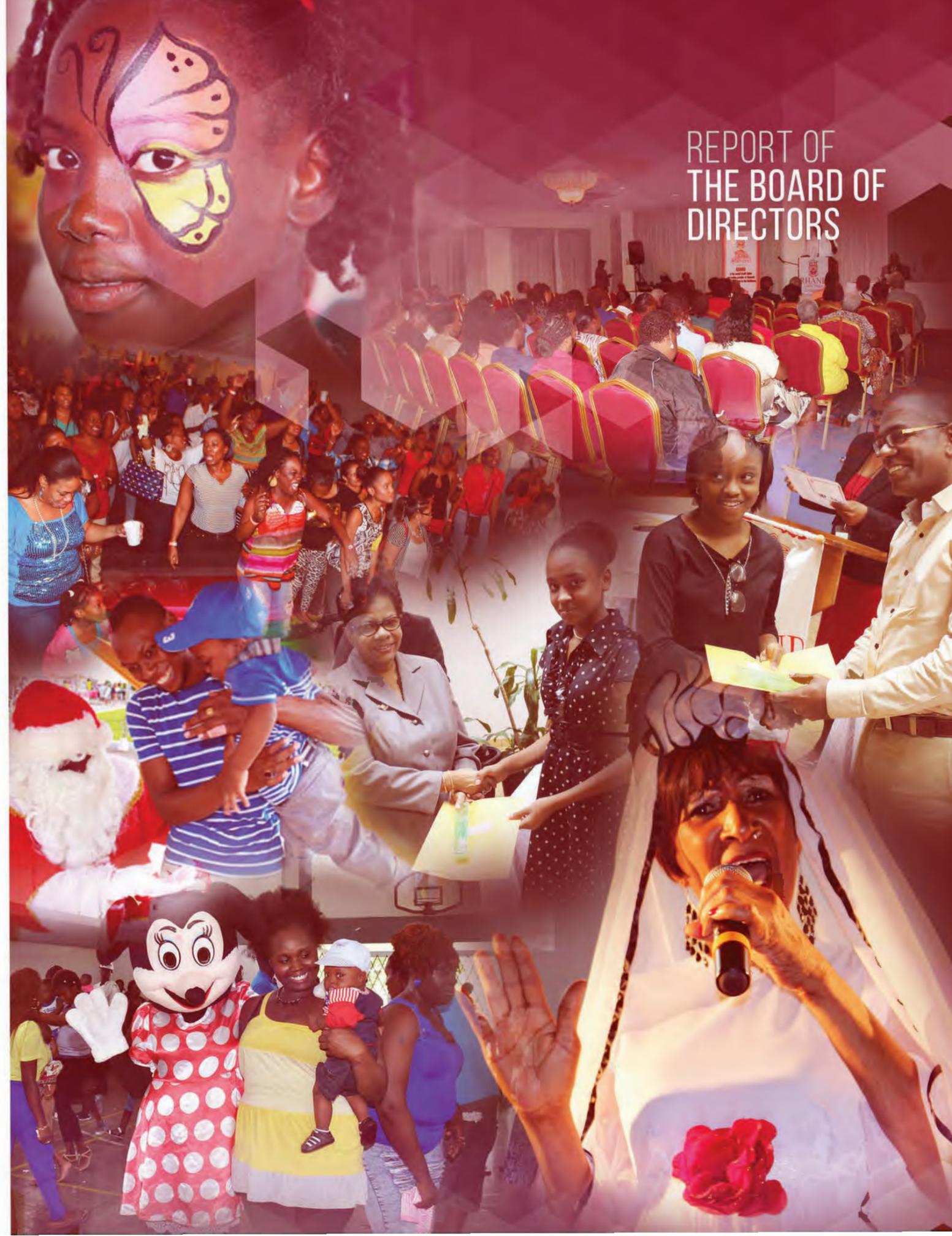
## 16. MEMBER EDUCATION, TRAINING AND DEVELOPMENT ACTIVITIES FOR THE YEAR 2014

16.1 At the first meeting of the Education Committee for 2014, newly-elected Director Michelle Rouff was elected to serve as the Secretary to the Committee. She was one of a few new faces around the table. Other new faces included Marcia Douglas, Reva Arneaud and Deborah Reid. Some of the more experienced and returning Committee members included Keith Risbrooke, Director Marlene Felix, Deborah Ann Scott and Haile Caruth-MMR Manager. There was a concerted effort to expand the membership of the Committee to include representation from the Tobago and Arima branches. This did not materialize as anticipated, but it is hoped that with greater use of technology, this objective would be realized in the future.

16.2 Adhering to the Board-approved Action Plan, the Committee plunged headlong into a series of activities, whilst at the same time, pausing to reflect on its mandate and evaluating the effectiveness of one of its flagship programmes – the Member Skills Development Programme. Originally conceived in 1987, the programme has dwindled over the years, to the point where some courses had to be consolidated and others cut entirely. It was considered important that there be a critical examination of the future of this programme. In this regard, a consultant has provided the Committee with some key findings on the successes and short comings of the programme, along with recommendations for a possible way forward. These will be implemented in 2015.

16.3 Together with the hardworking MMR staff, the Committee also embarked on some new initiatives in 2014 and revived others that had fallen away. These included the following:

- Production of three quarterly newsletters, which were all very well received.
- Successful introduction of an essay competition amongst Secondary Schools entitled "The Co-operative Pen".
- Partnered with the Co-operative Development Division in their Junior Co-operative Entrepreneurship Programme. RHAND has been assigned responsibility for promoting this programme at the Arima Central Secondary School.
- Hosted a panel discussion at the Radisson Hotel as part of the activities for Credit Union Month. This discussion focused on the impending Credit Union legislation and attracted a large crowd.



## REPORT OF THE BOARD OF DIRECTORS

- Hosted three health fairs, as part of the Credit Union Day's activities, in Arima, Port of Spain and Tobago. The significant difference in 2014 was that the Tobago health fair was held at the Gulf City Mall in Lowlands, Tobago and attracted a much larger crowd than in previous years.
- The annual Children's Christmas party was a huge success. The venue was changed to the Prison's Sports Ground - Arouca, where it was possible to comfortably and safely hold the mammoth crowd of children, parents and caregivers who came out and had a wonderful experience.
- Hosted again an expanded version of the Scholastic Chess Challenge in Tobago. This time including a training component and a tournament for all schools in the sister isle.
- Hosted as well, the Annual SEA and May Cherrie Awards for children of members who either undertook the SEA examination in 2014 or who were moving from pre-school to primary school. For the first time this year, the Committee insisted that all recipients of these scholarships must become members of RHAND and receive their disbursements partly in cash, and the remainder in shares. Happily, all the 2014 recipients are now members of RHAND Credit Union.
- Produced the annual RHAND calendar, with the upcoming ICC Cricket World Cup as the theme. Using the children of members, the production team was able to successfully link this theme to the Social Studies Syllabus in the secondary schools system, by highlighting various facts about each of the countries involved in the competition.
- Piloted a Youth Orientation Seminar for the youth members of RHAND Credit Union.

### 17. WORK ACTIVITIES IN WHICH THE BOARD WAS ENGAGED

#### 17.1 POLICY FORMULATION

The Board dedicated a significant amount of time to the development and sign off of the following policies/guidelines for RHAND Credit Union, all geared to the enhancement of governance and the optimization of efficiency in the organization.

Name of Policy	Date Signed Off
Communication	August 06, 2014
The Closure of RHAND's Offices	August 06, 2014
Procurement	August 06, 2014
Human Resource	September 23, 2014
Parking	September 23, 2014

Other policies which are actively engaging the attention of the Board and are very soon to be finalized are:

- The Honoraria Policy
- The Telephone Usage Policy
- The Corporate Social Responsibility Policy
- The Internal Fraud Policy

#### 17.2 OVERSIGHT OF THE STRATEGIC DIRECTION OF THE ORGANIZATION

Members of the Board of Directors consistently monitored and provided direction where necessary on all the projects planned for the effective implementation of the Strategic Plan 2013-2014.

#### 17.3 INSTITUTIONAL FRAMEWORK STRENGTHENING AND DEVELOPMENTAL TRAINING

The Board was exposed to developmental exercises through the engagement of and interaction with the following consulting firms-

## REPORT OF THE BOARD OF DIRECTORS

- **Lennox Sealey and Associates** facilitated the structuring of the Balanced Scorecard Performance Framework for the organization, as well as the attendant strategy maps for the individual units.
- **Dolly & Associates Limited** facilitated the Executive Committee in the development of a programme of work for focus and attention, subsequent to a retreat held in September, 2013, with the central theme of "Refurbishing In Search Of Excellence".

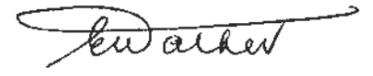
The President and Vice President attended Leadership Conferences hosted by the Caribbean Confederation of Credit Unions (CCCU) and the Association of Co-operative Credit Union Presidents of Trinidad and Tobago (ACCUPTT).

### 18. RECOGNITION AND BEST WISHES

- 18.1 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 2014 -- 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 2015.**



Theresa Agulia-Joseph  
President -- Board of Directors



Emmanuel Walker  
Secretary -- Board of Directors



# REPORT OF THE CREDIT COMMITTEE

## 1. INTRODUCTION

1.1 For the financial year ended December 31, 2014, the Credit Committee is pleased to report on its statutory role as outlined in Section 34 of the Co-operative Societies 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 66th Annual General Meeting held on Saturday March 29, 2014 the following members were elected to serve on the Credit Committee.

Mr. Dave Williams  
 Mr. Lenus Joseph  
 Mrs. Mary Lou Marcano  
 Ms. Joy Dillon - 1st Substitute  
 Ms. Esme Forde - 2nd Substitute

Mr. Dave Williams, Mr. Lenus Joseph and Mrs. Mary-Lou Marcano 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.

2.2 At the first meeting of the Credit Committee, Mr. Dave Williams and Mr. Lenus Joseph were elected Chairman and Secretary respectively.

2.3 The full Credit Committee for the 2014/2015 Term comprised the following members:

Mr. Dave Williams - Chairman  
 Mr. Lenus Joseph - Secretary  
 Ms. Jennifer James - Member  
 Ms. Patricia Harry - Member  
 Mrs. Mary Lou Marcano - Member  
 Ms. Joy Dillon - 1st Substitute  
 Ms. Esme Forde - 2nd Substitute

2.4 The term of office of the following two (2) members of the Credit Committee, comes to an end at this 66th Annual General Meeting:  
 Ms. Jennifer James Ms. Patricia Harry

## 3. ATTENDANCE AT MEETINGS

3.1 The members of the Credit Committee attended one hundred (100) Regular and six (6) Joint Management Committee Meetings. The attendance of members of the Credit Committee at Meetings is detailed at **Table 11**

**Table 11: Attendance At Credit Committee Meetings**

	REGULAR			SPECIAL			REMARKS
	P	EX	A	P	EX	A	
Dave Williams	91	9	-	6	-	-	Out of the country. Other commitments
Lenus Joseph	91	9	-	5	1	-	Out of the country. Other commitments
Jennifer James	89	11	-	5	1	-	Out of the country. Other commitments
Patricia Harry	99	1	-	5	1	-	Ill
Mary Lou Marcano	76	18	6	5	1	-	Out of the country. Classes. Ill

# REPORT OF THE CREDIT COMMITTEE

## 4. CREDIT SUPERVISION

- 4.1 Ninety-four (94) loan applications were processed by the Credit Committee. It was necessary to visit and inspect one (1) property in order to complete the processing of the said loan. In addition, twenty-seven (27) interviews were conducted by the Credit Committee to properly treat with loan applications received.
- 4.2 Of the ninety-four (94) applications approved by the Credit Committee, thirty-five (35) needed sanctioning by the Executive Committee of the Board of Directors, as the total loan sums were not fully secured.
- 4.3 Generally, files were monitored, with the relevant notes outlining the concerns of Members of the Credit Committee being affixed thereon.
- 4.4 For the financial year, six thousand, two hundred and sixty-seven (6,267) 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, Operations Officer – Arima Branch, Senior Clerk and Clerk I.
- 4.5 **Table 12** captures the number of loan approved, while **Tables 13 and 14** profile the classification of loans approved and disbursed.
- 4.6 The Credit Committee paid its annual visits to the Tobago and Arima Branch Offices of the Society. In addition to the files being monitored, discussions were held with the Branch Managers with respect to the Loans Portfolio. The Members of the Credit Committee are satisfied that the credit approval and disbursement responsibilities at both the Tobago and Arima Branch Offices are being discharged satisfactorily.

**Table 12: Approving Authority For Loans Granted**

Authority	Number of Loans	(%) of Loans	Approval Limit (\$)
Credit Committee	94	1.48	1,000,000
General Manager	16	0.25	500,000
Manager – Credit Administration	651	10.23	500,000
Manager – Tobago Branch	231	3.63	200,000
Operations Officer - Arima Branch	665	10.45	200,000
Supervisor II	1,204	18.93	200,000
Credit Officer - Tobago Branch	582	9.15	100,000
Supervisor I	786	12.36	100,000
Senior Clerk	1,760	27.67	75,000
Clerk I	372	5.85	50,000
<b>Total</b>	<b>6,361</b>	<b>100.00</b>	

**Table 13: Particulars Of All Loans Approved And Disbursed By Credit Union**

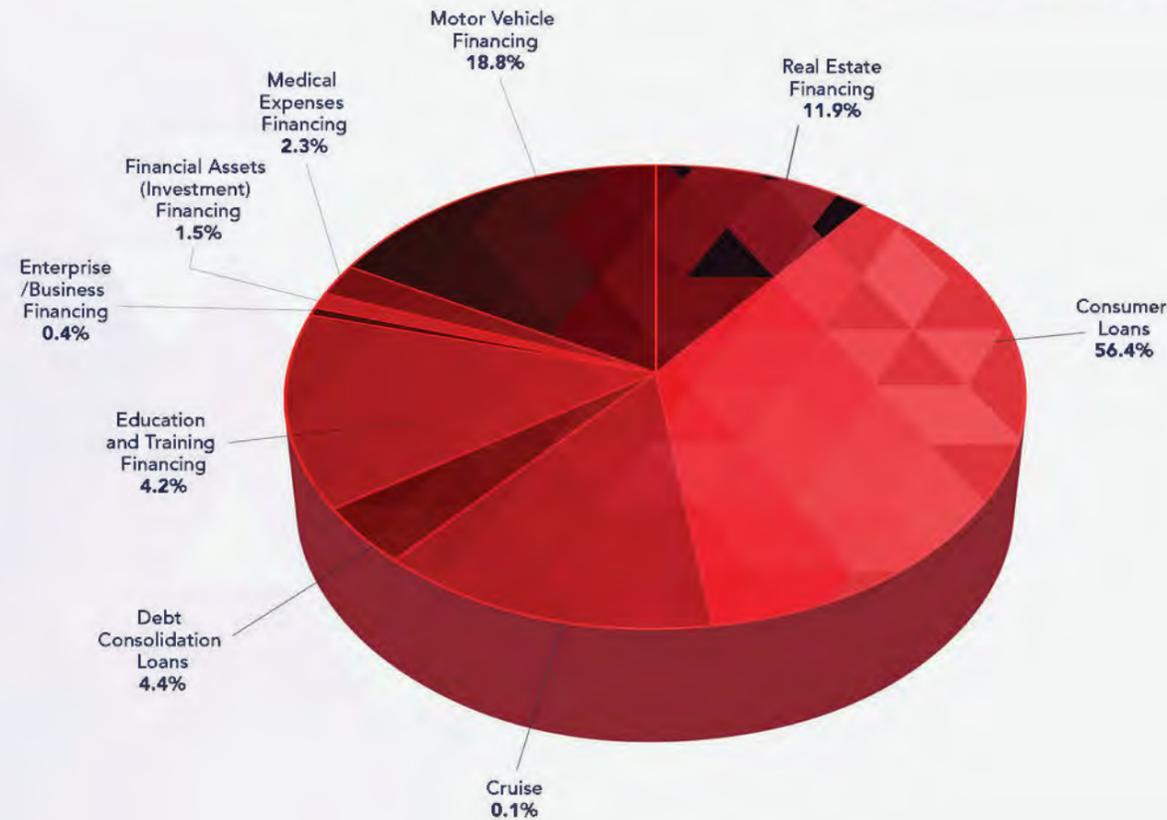
Class of Loan	2014		2013	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	5118	64,468,654.94	5,784	74,199,369.39
Cruise Loans	8	133,411.20	49	884,178.50
Debt Consolidation Loans	178	4,969,282.31	176	6,327,821.88
Education and Training Financing	385	4,842,558.34	425	4,506,832.18
Enterprise/Business Financing	24	508,772.00	39	920,712.44
Financial Assets (Investment) Financing	49	1,715,066.97	47	1,968,141.14
Medical Expenses Financing	293	2,582,789.84	344	3,208,730.93
Motor Vehicle Financing	244	21,504,609.21	283	25,674,982.75
Real Estate Financing	62	13,606,346.31	55	13,432,074.97
<b>Total</b>	<b>6,361</b>	<b>114,331,491.12</b>	<b>7,202</b>	<b>131,122,844.18</b>

**Table 14: Particulars Of Loans Disbursed By Tobago Branch Office**

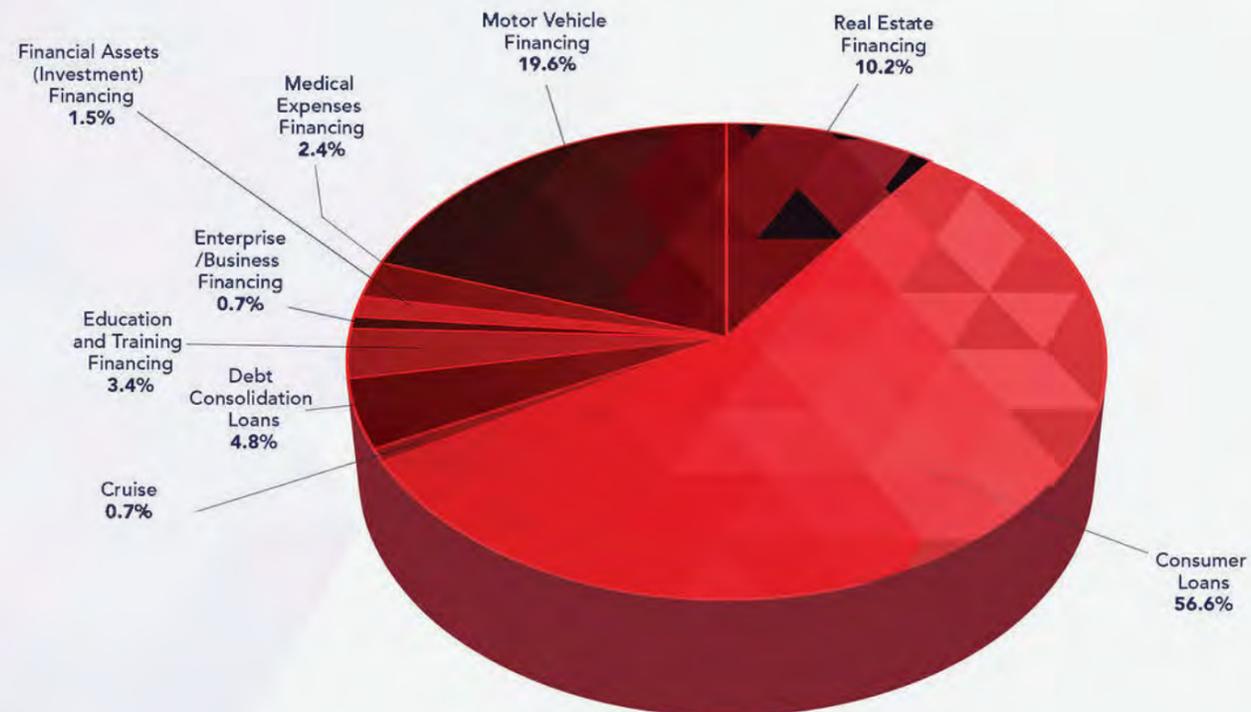
Class of Loan	2014		2013	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	840	13,156,644.15	879	13,908,754.41
Cruise Loans	1	25,000.00	7	178,100.00
Debt Consolidation Loans	5	410,468.14	6	299,174.36
Education and Training Financing	1	10,000.00	1	87,696.38
Enterprise/Business Financing	4	116,210.00	1	114,085.00
Financial Assets (Investment) Financing	1	55,000.00	2	105,000.00
Medical Expenses Financing	1	3,000.00	2	37,470.00
Motor Vehicle Financing	17	1,732,803.21	30	2,751,695.43
Real Estate Financing	1	600,000.00	6	1,539,100.95
<b>Total</b>	<b>871</b>	<b>16,109,125.50</b>	<b>934</b>	<b>19,021,076.53</b>

# REPORT OF THE CREDIT COMMITTEE

2014 CLASS OF LOAN BY VALUE



2013 CLASS OF LOAN BY VALUE



## 5. NON-PERFORMING LOANS

5.1. There were three hundred and sixty-three (363) non-performing loans, with a value of \$16,379,585 on the books of the Society as at December 31, 2014 - resulting in a delinquency ratio of 4.71%. Of the 363 non-performing loans, 165 of these loans with a value of \$4,432,704 were loans which were one (1) month in arrears as a result of the late remittance of December 2014 salary deductions and standing order payments by three (3) Regional Health Authorities, three (3) Government Ministries and four (4) commercial banks. The true delinquency ratio for 2014 therefore is 3.43%, somewhat higher than the 2013 comparative of 3.34%.

## 6. ADMINISTRATION OF LOAN PROTECTION BENEFITS

- 6.1 The Credit Committee advised the Board of Directors on the settlement of twenty-eight (28) Death Benefit Claims with a dollar value of \$1,422,928.51.
- 6.2 The Credit Committee also advised the Board of Directors on the settlement of ten (10) Disability Benefit Claims with a dollar value of \$293,307.24

## 7. PARTICIPATION ON BOARD-APPOINTED COMMITTEES

7.1 During the period under review, members of the Credit Committee also served on the following Committees set up by the Board of Directors:

- Cummings-Fraser Foundation
- Annual General Meeting Planning Committee

## 8. TRAINING

- 8.1 During the period under review, members of the Credit Committee also participated in the following training programmes/workshops.
- Anti-Money Laundering and Combating the Financing of Terrorism
  - The Balanced Scorecard Strategy Implementation Framework
  - Project Management
  - Implications of the impending new Credit Union Legislation

## 9. CONCLUDING REMARKS

- 9.1 The economic outlook for Trinidad and Tobago for 2015 promises to be challenging. While the business of the Credit Committee is to oversee the Loans Portfolio of our Credit Union, we wish to advise members to be prudent in their borrowing, carefully considering their NEEDS vis-à-vis their wants.
- 9.2 The Credit Committee wishes to thank you, our valued members, for giving us the opportunity to serve you. We also wish to thank the other members of the Joint Management Committee and the members of staff at RHAND for their support and stewardship during the past year.

Respectfully submitted,

**Dave Williams - Chairman**  
**Lenus Joseph - Secretary**  
**Jennifer James**  
**Patricia Harry**  
**Mary Lou Marciano**

REPORT OF THE  
SUPERVISORY  
COMMITTEE



# REPORT OF THE SUPERVISORY COMMITTEE



## RHAND

### 1. INTRODUCTION

1.1 It is with great pleasure that we, the Members of the Supervisory Committee, present our report for the administrative period April 2014 to March 2015 and for the financial year January 01, 2014 to December 31, 2014, to you our valued members.

### 2. COMPOSITION OF THE SUPERVISORY COMMITTEE

2.1 At the 66th Annual General Meeting held on Saturday – March 29, 2014, the following members were elected to serve on the Supervisory Committee:

- Mrs. Patricia Williams
- Ms. Pamela Ogiste
- Ms. Claudette Brown
- Mr. Desmond Noel - 1st Substitute
- Mr. Theodore Villarroel - 2nd Substitute

2.2 In accordance with Bye-Law 24(c)(iii), at the first meeting of the Supervisory Committee held on April 02, 2014, Mrs. Patricia Williams and Ms. Ann Marie Sealy were elected Chairman and Secretary respectively.

2.3 The full Supervisory Committee for the 2014/2015 Term, comprised the following five (5) members:

- Mrs. Patricia Williams - Chairman
- Ms. Ann Marie Sealy - Secretary
- Ms. Erica Charles - Member
- Ms. Pamela Ogiste - Member
- Ms. Claudette Brown - Member

2.4 Mrs. Williams resigned from the Supervisory Committee on September 22, 2014 for personal reasons and in accordance with Bye-Law 15(h) (iii), Mr. Desmond Noel – 1st Substitute, filled the vacancy on the Committee. At a Special Meeting of the Committee held on September 29, 2014, Ms. Erica Charles was elected as Chairman.

2.5 The term of office of the following two (2) members of the Supervisory Committee, comes to an end at this Annual General Meeting:

- Ms. Ann Marie Sealy
- Ms. Erica Charles

### 3. THE AUTHORITY OF THE SUPERVISORY COMMITTEE

3.1 Bye-Law 24(a) states that the Supervisory Committee is the Statutory Internal Auditors of the Society and as such, shall have the following powers and duties:

- 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.
- 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 Treasurer or Manager of the Society.

### 4. MEETINGS OF THE SUPERVISORY COMMITTEE

#### 4.1 Statutory and Special Meetings

The Supervisory Committee held nine (9) Statutory Meetings and four (4) Special Meetings up to the time of reporting. Detailed at **Table 15** is a record of attendance at these meetings.

**Table 15: Attendance At Statutory And Special Meetings**

	STATUTORY			SPECIAL			REMARKS
	P	EX	A	P	EX	A	
Patricia Williams	6	-	-	1	-	-	<i>Resigned on September 22, 2014</i>
Erica Charles	10	-	-	4	-	-	
Ann Marie Sealy	10	-	-	4	-	-	
Pamela Ogiste	10	-	-	3	-	1	
Claudette Brown	9	1	-	4	-	-	
Desmond Noel	9	-	1	4	-	-	
Theodore Villaroel	7	2	1	1	-	-	

**4.2 Macro Committee Meetings**

The Supervisory Committee was invited to Macro Committee Meetings called by the Board of Directors for the following purposes:

- To discuss the Quarterly Financial Statements
- To discuss the introduction of a Credit Risk-Based Underwriting and Loan Pricing Framework
- To discuss the AML/CFT Audit Reports
- To discuss the introduction of a Balanced Scorecard Framework
  - Strategy Map
  - Corporate Scorecard

**4.3 Chairmen Meeting**

During the period under review a meeting was chaired by the President of the Board of Directors and attended by the Chairmen of the Credit and Supervisory Committees. The meeting served as a medium for the sharing of information with a view to continued collaboration of efforts among the Committees.

**4.4 Other Meetings**

Members of the Supervisory Committee participated in the work of the following Board-Appointed Committees:

- Annual General Meeting Planning Committee
- Project Management Committee

**5. WORK PROGRAMME OF THE COMMITTEE FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014**

5.1 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

# REPORT OF THE SUPERVISORY COMMITTEE

- Review of the Minutes of the Meetings of the Board of Directors
- Cash Counts
- Review of Compliance with the Occupational Safety and Health Act
- Audit of Branch Operations
- Review of the Activities of the Education Committee
- Review of Compliance with the Co-operative Societies Act and Regulations
- Human Resource Management
- Insurance Portfolio
- Examination of Fixed Assets
- Statutory and Third Party Deductions Review

**6. OBSERVATIONS ON AREAS OF EXAMINATION**

**6.1 Attestation of the Monthly Statements**

During the period under review, the Committee examined the monthly financial statements of the Credit Union to ensure that there were systems of internal controls in place and 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 Financial Reporting Standards.

Observations arising out of our examination 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 Loans Portfolio, which consisted of the examination of new loans, existing loans, mortgage loans and non-performing loans.

The objectives of the audits were to determine:

- Compliance with the Co-operative Societies Act and Regulations and the Bye-Laws and Credit Policy and Procedures of RHAND Credit Union.
- The adequacy and validity of securities held.
- The adequacy and effectiveness of the internal control systems.
- The effectiveness of the monitoring systems for non-performing loans.

**Methodology:**

Random samples from the approved loans were selected for auditing with an eighty percent (80.00%) sampling on the Mortgage Loans portfolio. The audits were conducted in keeping with the general provisions of Bye-Law 24(b) and the programme of work of the Supervisory Committee.

**Observations:**

- In most of the loans selected, RHAND Credit Union adhered to the guidelines stated in the policy for the granting of loans
- Examination of the majority of Mortgage Loans and Securities revealed satisfactory compliance with legal and other requirements.

**Conclusion**

From the samples selected, the majority of loans were granted in accordance with the above stated objective of the audits. Instances of non-compliance were brought to the attention of Management.

**Review of Non-Performing Loans**

A review of the operations of the Delinquency Control Unit was undertaken by the Committee to ensure that:-

- There was adherence to the systems, procedures and processes for the recovery of non-performing accounts.
- The status of non-performing accounts was being monitored on a monthly basis.

**Conclusion**

The Committee was satisfied that continued efforts were being made to reduce the element of non-performing loans in the portfolio.

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

The Supervisory Committee reviewed the Minutes of meetings of the Board of Directors:

- To keep informed of all policy and operational decisions.
- To monitor implementation and follow-up action of decisions taken by the Board of Directors.

The Committee is of the opinion that the Members of the Board of Directors are carrying out the mandate for which they have been elected.

**6.4 Cash Counts**

The Committee conducted statutory end-of-year cash counts simultaneously at Head Office and the Branch Offices at Arima and Tobago, on December 31, 2014. Surprise cash counts were also conducted at Head Office and the Arima and Tobago branches during the course of the year.

These exercises did not reveal any excesses or shortages of cash. Where there were weaknesses in the control system however, these were brought to the attention of the relevant officers.

**6.5 Review of Compliance with the Occupational Safety and Health Act**

During the period, a review of compliance with the OSH Act 2004 was undertaken at the Arima Branch Office. The checks revealed that efforts were being made on the part of management to ensure that the branch is compliant. During the new term the Committee will continue work at the other two branches to ensure compliance.

**6.6 Audit of Branch Operations**

**Arima Branch**

Several audits were carried out during the period with emphasis being placed on such areas as Cash Counts and Credit Administration.

**Tobago Branch**

In compliance with Bye-Law 24(a), audits were conducted on the operations at the Tobago Branch Office. Among these were Credit Administration, Non-Performing Loans, Cash Counts and Fixed Assets Examination.

**Observation**

The Loans Department has relocated to the ground floor of the building which is only accessible through the use of stairs, which may prove to be challenging to some members.

**Conclusion**

In our opinion, operations conducted at the Arima and Tobago branches were found to be satisfactory.

**6.7 Review of the Activities of the Education Committee**

Bye-Law 21(a) of RHAND Credit Union clarifies the role of the Education Committee as follows:

“...This 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 Education Committee with the support of the Marketing and Member Relations Department implemented the following projects and programmes:

- Secondary Entrance Assessment (SEA) Awards
- Publication of RHAND's Newsletter (3 volumes)
- Publication of the annual RHAND Calendar
- Credit Union Month celebrations
- Annual Children's Christmas Party
- Annual Calypso Competition

The Supervisory Committee will review the cost effectiveness of the above activities upon receipt of the reports.

**6.8 Review of Compliance with the Co-operative Societies Act and Regulations**

An audit was conducted on the Credit Union's compliance with the provisions of the Co-operative Societies Act and Regulations in the following areas:-

- Section 43 (2) - Approval of mortgage loans
- Section 43 (3) - Approval of loans to Board and Committee Members
- Section 45 - Approval of investments
- Regulation 14 (2) - Approval of maximum liability
- Regulation 40 - Instrument of charge

The Committee is satisfied that efforts are being made to ensure compliance with the provisions of the Co-operative Societies Act.

#### 6.9 Human Resource Management

Human Resource is an integral aspect of an organization. During the period under review the Board of Directors approved Human Resource Policies and Procedures which covered the following:

- HR Operating Procedures
- Educational Assistance Programme
- Educational Assistance Programme Operating Procedures
- Mission, Vision and Core Values.

The Committee is happy to report that there is effective training both internally and externally to assist staff in the development of their education. This action by Management is commendable since this investment can only redound to the benefit of RHAND Credit Union.

#### 6.10 Insurance Portfolio

An audit was done on the coverage of the insurance portfolio of RHAND Credit Union. The documentary evidence revealed that:

- Renewals were being done on a timely basis.
- There was coverage for special events co-ordinated by RHAND Credit Union, namely, the Annual General Meetings, the Children's Christmas Party, the Annual Calypso Competition and RHAND on 'D' Road Programmes.

#### 6.11 Examination of Fixed Assets

A detailed examination of Fixed Assets was undertaken at the Tobago Branch Office, involving the reconciliation of physical assets against the Fixed Assets Register. Our findings revealed that there were inconsistencies in the record keeping with respect to the addition and removal of items. The Supervisory Committee hopes that in the new term the Fixed Assets Register would correctly reflect the physical assets at all offices.

#### 6.12 Statutory and Third Party Deductions Review

A review of the Statutory Deductions records of RHAND Credit Union revealed that statutory deductions (National Insurance, Income Tax and Health Surcharge) were correctly deducted from the salaries of staff members and that these deductions were remitted on a timely basis to the relevant Statutory Bodies. A review was also done on deductions made to other financial institutions and organizations on behalf of employees.

The Committee is satisfied that Statutory and Third Party Deductions are managed in an efficient and systematic manner.

#### 7. INTERNAL AUDIT DEPARTMENT

7.1 During the year an Internal Auditor was appointed by RHAND Credit Union. It is unfortunate that the benefits to be derived by the collaborative effort of the Supervisory Committee and the Internal Auditor were not realized because of challenges. The Supervisory Committee looks forward to a better working relationship with the Internal Audit Department.

#### 8. TRAINING

8.1 During the period under review, the following Training Courses/Seminars were attended by members of the Supervisory Committee:-

- Anti-Money Laundering and Combating the Financing of Terrorism(AML/CFT) Workshop
- Team Building Workshop
- Institutionalization of a Balanced Scorecard Strategy Implementation Framework at RHAND Credit Union
- Additional FLEX Software Training ("Juice" Platform)
- Credit Risk-Based Underwriting and Loan Pricing
- Mastering Microsoft Projects 2010

#### 9. APPRECIATION

9.1 The Members of the Supervisory Committee wish to express our gratitude to the Board of Directors, the Credit Committee, the Management and Staff and you, the members of RHAND Credit Union Co-operative Society Limited, for your support, guidance and co-operation during the period of review. Our role, commonly referred to as 'Watch Dogs' of the organization, is even more critical as we face this turbulent economic climate, and thus we encourage all to make it your business to carefully plan your financial activities and monitor those associated with our establishment. Finally, we would like to take this opportunity to reaffirm our commitment to diligently serving you with the highest principles of personal and professional integrity.

**Respectfully Submitted,**

**Erica Charles - Chairman**  
**Ann Marie Sealy - Secretary**  
**Pamela Ogiste**  
**Claudette Brown**  
**Desmond Noel**



Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT

### 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, 2014 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 information.

### 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Port of Spain  
26 February 2015

Direct tel (868) 624-4569 | Direct fax (868) 624-4388  
Email [pkf-trinidad@trinidad.net](mailto:pkf-trinidad@trinidad.net)  
PKF | 90 Edward Street | Port-of-Spain | PO Bag 250 Belmont | Trinidad | WI

Directors Reneé-Lisa Philip | Mark K. Superville

RHAND CREDIT  
UNION CO-OPERATIVE  
SOCIETY LIMITED

FINANCIAL  
STATEMENTS  
DECEMBER 31,  
2014





## RHAND CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

### INDEX

	PAGES
Statement of Management Responsibilities	61
Statement of Financial Position	62
Statement of Comprehensive Income	63
Statement of Appropriated Funds and Undivided Earnings	64 - 65
Statement of Cash Flows	66
Notes to the Financial Statements	67 - 97



## RHAND Credit Union Co-operative Society Limited

57 – 61 Abercromby Street, Port of Spain, Trinidad W.I. Tel. 623-5920, 624-8708/9, 627-4263

Email: [info@rhand.org.tt](mailto:info@rhand.org.tt)

Website: [www.rhand.org.tt](http://www.rhand.org.tt)

Registered No. 38 on 27<sup>th</sup>, March 1947

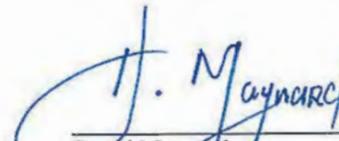
### Statement of Management Responsibilities

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of RHAND Credit Union Co-operative Society Limited as at the end of the financial year and of the operating results of RHAND Credit Union Co-operative Society Limited for the year. It is also the responsibility of management to ensure that RHAND Credit Union Co-operative Society Limited keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of RHAND Credit Union Co-operative Society Limited. Management is also responsible for safeguarding the assets of RHAND Credit Union Co-operative Society Limited.

Management is responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls 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.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of RHAND Credit Union Co-operative Society Limited and of its operating results. Management further accepts responsibility for the maintenance of accounting records which can be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that RHAND Credit Union Co-operative Society Limited will not remain a going concern for at least the next twelve months from the date of this statement.

  
\_\_\_\_\_  
David Maynard  
General Manager

Date: February 26, 2015

  
\_\_\_\_\_  
Dwight Lyons  
Manager – Finance and Accounting

Date: February 26, 2015

T. AGULIA-JOSEPH  
President

N. PARSANLAL  
Vice President

E. WALKER  
Secretary

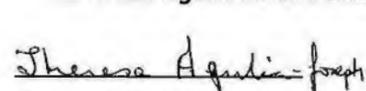
C. CAMPBELL  
Asst. Secretary

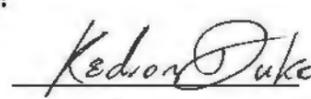
K. DUKE  
Treasurer

# STATEMENT OF FINANCIAL POSITION

	Notes	December 31	
		2014	2013
<b>Cash Resources:</b>			
Cash in hand and at bank	5	\$ 11,691,005	\$ 1,183,163
Short-term investments	6	71,000,511	61,749,580
Total Cash Resources		82,691,516	62,932,743
<b>Other Assets:</b>			
Accounts receivable and prepayments	7	2,738,666	2,842,924
Net loans to members	8	343,075,646	330,194,726
Long-term investments	9	71,513,400	70,542,414
Fixed assets	10	29,202,515	29,276,285
<b>Total Assets</b>		<b>\$ 529,221,743</b>	<b>\$ 495,789,092</b>
<b>Liabilities:</b>			
Accounts payable and accruals	11	\$ 7,800,932	\$ 7,130,726
Members' deposit savings		34,623,468	31,024,284
Members' time deposits		90,629,600	86,679,700
Provision for terminal benefits	12	5,303,180	5,303,180
Retirement benefit obligation	13	638,200	289,800
Members' share savings	14	324,230,903	304,343,515
Total Liabilities		463,226,283	434,771,205
<b>Institutional Capital:</b>			
Reserve fund		22,992,421	21,523,987
Education fund		1,446,107	1,170,891
Loan protection fund	15	836,726	711,676
Building fund		12,250,000	11,500,000
Investment re-measurement reserve	16	15,266,397	14,292,017
Undivided earnings		13,203,809	11,819,316
Total Institutional Capital		65,995,460	61,017,887
<b>Total Liabilities and Institutional Capital</b>		<b>\$ 529,221,743</b>	<b>\$ 495,789,092</b>

These financial statements were approved by the Board of Directors and authorised for issue on 26 February 2015 and signed on their behalf by:

  
President

  
Treasurer

  
Member,  
Supervisory Committee

(The accompanying notes form part of these financial statements)

# STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended December 31	
		2014	2013 (Restated)
<b>Income:</b>			
Interest on loans		\$ 37,358,266	\$ 34,565,407
Investment income	21	2,046,945	2,268,880
Other income	22	1,262,899	1,372,953
<b>Total Income</b>		<b>40,668,110</b>	<b>38,207,240</b>
<b>Expenditure:</b>			
Administrative expenses	23	7,956,429	6,545,535
Board and committees' expenses	24	1,072,631	798,829
Life savings insurance		866,002	831,883
Loan protection expense		1,716,236	1,479,799
Loan loss expense		129,286	2,347,460
Interest on members' deposits		2,170,128	2,063,445
Impairment loss on investments		26,374	-
Member education, training and development expenses		1,636,889	995,050
Personnel costs	25	10,635,898	12,023,132
<b>Total Expenditure</b>		<b>26,209,873</b>	<b>27,085,133</b>
<b>Net surplus for the year</b>		<b>14,458,237</b>	<b>11,122,107</b>
<b>Other Comprehensive Income:</b>			
Net actuarial (loss)/gain on retirement benefit obligation		(294,500)	253,300
Unrealised gain on available-for-sale financial assets		974,380	8,363,733
		679,880	8,617,033
<b>Total Comprehensive Income for the year</b>		<b>\$ 15,138,117</b>	<b>\$ 19,739,140</b>

(The accompanying notes form part of these financial statements)

# STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED EARNINGS

For the year ended December 31, 2014

	Reserve Fund	Education Fund	Loan Protection Fund	Building Fund	Investment Re-measurement Reserve	Undivided Earnings
Balance as at January 1, 2014 (Restated)	\$ 21,523,987	\$ 1,170,891	\$ 711,676	\$ 11,500,000	\$ 14,292,017	\$ 11,819,316
Total comprehensive income for the year					974,380	14,163,737
Appropriation of net surplus for the year:						
(i) 10.0% to the Reserve Fund	1,416,374					(1,416,374)
(ii) 13.5% to the Education Fund		1,912,105				(1,912,105)
(iii) 13.0% to the Loan Protection Fund	-	-	1,841,286	-	-	(1,841,286)
	22,940,361	3,082,996	2,552,962	11,500,000	15,266,397	20,813,288
Add/(less) adjustments as follows:						
(i) Dividends (2013)						(10,160,544)
(ii) Entrance fees	52,060					(52,060)
(iii) Member education, training and development expenses		(1,636,889)				1,636,889
(iv) Transfer to Building Fund				750,000		(750,000)
(v) Loan protection expense	-	-	(1,716,236)	-	-	1,716,236
Balance as at December 31, 2014	\$ 22,992,421	\$ 1,446,107	\$ 836,726	\$ 12,250,000	\$ 15,266,397	\$ 13,203,809

(The accompanying notes form part of these financial statements)

# STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED EARNINGS (CONTINUED)

For the year ended December 31, 2014

	Reserve Fund	Education Fund	Loan Protection Fund	Building Fund	Investment Re-measurement Reserve	Undivided Earnings
Balance as at January 1, 2013 (restated)	\$ 20,311,777	\$ 802,300	\$ 743,751	\$ 10,750,000	\$ 5,725,254	\$ 10,552,251
Total comprehensive income for the year					8,363,733	11,375,407
Appropriation of net surplus for the year:						
(i) 10.0% to the Reserve Fund	1,113,611					(1,113,611)
(ii) 13.5% to the Education Fund		1,503,375				(1,503,375)
(iii) 13.0% to the Loan Protection Fund	-	-	1,447,694	-	-	(1,447,694)
	21,491,608	2,165,941	2,191,475	10,750,000	14,292,017	18,163,308
Add/(less) adjustments as follows:						
(i) Dividends (2012)						(8,036,462)
(ii) Entrance fees	32,379					(32,379)
(iii) Member education, training and development expenses		(995,050)				995,050
(iv) Transfer to Building Fund				750,000		(750,000)
(v) Loan protection expense	-	-	(1,479,799)	-	-	1,479,799
Balance as at December 31, 2013	\$ 21,523,987	\$ 1,170,891	\$ 711,676	\$ 11,500,000	\$ 14,292,017	\$ 11,819,316

(The accompanying notes form part of these financial statements)

# STATEMENT OF CASH FLOWS

	For the year ended December 31	
	2014	2013 Restated
<b>Cash Flows from Operating Activities:</b>		
Net surplus for the year	\$ 14,458,237	\$ 11,122,107
Adjustments to reconcile net surplus to cash provided by operating activities:		
Depreciation	1,104,740	914,875
Increase in provision for terminal benefits	-	353,923
Increase in provision for loan losses	129,286	2,347,460
Loss on disposal of fixed assets	54,195	5,777
Non-performing loans recovered /(written-off)	87,445	235,137
Retirement Benefit Asset – IAS #19 adjustment	53,900	57,300
Net change in accounts receivable and prepayments	104,258	804,809
Net change in loans to members	(13,097,651)	(40,629,102)
Net change in members' deposit savings	3,599,184	2,692,460
Net change in members' time deposits	3,949,900	911,118
Net change in accounts payable and accruals	670,206	1,148,874
Net change in members' share savings	19,887,389	28,200,631
Cash provided by operating activities	<u>31,001,089</u>	<u>8,165,369</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from disposal of fixed assets	4,925	1,400
Purchase of long-term investments	3,393	(4,282,180)
Net changes in fixed assets	(1,090,090)	(2,047,052)
Cash used in investing activities	<u>(1,081,772)</u>	<u>(6,327,832)</u>
<b>Cash Flows from Financing Activities:</b>		
Dividends distribution	(10,160,544)	(8,036,462)
Cash used in financing activities	<u>(10,160,544)</u>	<u>(8,036,462)</u>
Net change in cash resources for the year	19,758,773	(6,198,925)
Cash resources, beginning of year	62,932,743	69,131,668
Cash resources, end of year	<u>\$ 82,691,516</u>	<u>\$ 62,932,743</u>
<b>Represented by:</b>		
Cash in hand and at bank	\$ 11,691,005	\$ 1,183,163
Short-term investments	71,000,511	61,749,580
	<u>\$ 82,691,516</u>	<u>\$ 62,932,743</u>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

**1. Registration and Objectives:**

RHAND Credit Union Co-operative Society Limited was registered under Co-operative Societies Act of Trinidad and Tobago Ch: 81:03 on March 27, 1947. The registered office of the Credit Union is located at 57-61 Abercromby Street, Port of Spain, with branch operations in Arima and Scarborough, Tobago. 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 co-operative 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) New Accounting Standards and Interpretations -**

i) The Society has applied the following standards and amendments that became effective during the current year:

IAS 32 Financial Instruments: Presentation - Amendment relating to the offsetting of assets and liabilities (effective for accounting periods beginning on or after 1 January 2014).

IAS 36 Impairment of Assets – Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets (effective for accounting periods beginning on or after 1 January 2014).

ii) The Society has not applied the following standards and amendments that became effective during the current year, as they do not apply to the activities of the Society:

IFRS 2 Share-based payment – Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014).

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2. Significant Accounting Policies:

### c) New Accounting Standards and Interpretations (cont'd) -

- IFRS 3 Business Combinations – Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 3 Business Combinations – Amendment on the scope of exception for joint ventures (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 8 Operating Segments – Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 10 Consolidated Financial Statements – Amendment for investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 12 Disclosure of Interests in Other Entities – Amendment for investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 13 Fair Value Measurement – Amendment re: clarification of portfolio exception (effective for accounting periods beginning on or after 1 July 2014).
- IAS 16 Property, Plant and Equipment – Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).
- IAS 24 Related Party Disclosures – Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014).
- IAS 27 Separate Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IAS 32 Financial Instruments; Presentation – Amendment re: application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).
- IAS 38 Intangible Assets – Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).
- IAS 39 Financial Instruments: Recognition and Measurement – Amendment re: the novation of derivatives and continuation of hedge accounting (effective for accounting periods beginning on or after 1 January 2014).

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2. Significant Accounting Policies:

### c) New Accounting Standards and Interpretations (cont'd) -

- IAS 40 Investment Property – Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014).
- IFRIC 21 Levies (effective for accounting periods beginning on or after 1 January 2014).
- iii) The Society has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Society or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 7 Financial Instruments: Disclosures - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2. Significant Accounting Policies:

### c) New Accounting Standards and Interpretations (cont'd) -

- IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).
- IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 19 Employee Benefits: Disclosures - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IAS 34 Interim Financial Reporting - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

### c) New Accounting Standards and Interpretations (cont'd) -

The adoption of IFRS 9 Financial Instruments may result in significant changes in the Society's classification and presentation of financial instruments.

### 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, which 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2. Significant Accounting Policies (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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 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 stated at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

### g) Revenue recognition -

#### Loan Interest

Interest charged on loans to members is calculated at rates ranging from 0.5% to 1.25% 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.

### 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

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

### j) Provisions (cont'd) -

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) Retirement Benefits -

The Society operates a defined benefit plan for all employees who have completed at least three months of continuous service with the Credit Union and have attained the age of eighteen (18) years but are not yet sixty (60) years at the time of enrolment. Provision is made for pension benefits based on employees' salaries. Pension benefits are based upon contributions made by employees and the Credit Union during employment and determined by actuarial valuations of the Pension Fund Plan. International Accounting Standard 19 – Employee Benefits, requires the use of actuarial techniques on an annual basis to measure the present value of the defined benefit obligation, the related current service cost and the actuarial gains and losses are recognised in the financial statements.

The Plan was established by Trust Deed dated 18 August 1988 made between the RHAND Credit Union Co-operative Society Limited and Republic Bank Limited and is approved by the Board of Inland Revenue and registered with the Inspector of Financial Institutions. Its operations are governed by the aforementioned Trust Deed, Rules and the applicable Laws of Republic of Trinidad and Tobago. The Trustee, Republic Bank Limited has elected to fund the benefits by way of a Deposit Administration Contract with the American Life and General Insurance Company (Trinidad and Tobago) Limited.

### l) 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's activities are primarily related to the use of financial instruments. The Society accepts funds from members and earns interest by investing in equity investments, government securities and on-lending to members at higher interest rates.

### Financial instruments

The following table summarizes the carrying amounts and fair values of the Society's financial assets and liabilities:

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

### Financial Assets

Cash in hand and at bank  
Short-term investments  
Long-term investments  
Investment interest receivable  
Other accounts receivable  
Loans to members

### Financial Liabilities

Members' savings and time deposits  
Members' shares  
Accrued interest payable  
Other accounts payable

### Financial Assets

Cash in hand and at bank  
Short-term investments  
Long-term investments  
Investment interest receivable  
Other accounts receivable  
Loans to members

### Financial Liabilities

Members' savings and time deposits  
Members' shares  
Accrued interest payable  
Other accounts payable

	2014	
	Carrying Value	Fair Value
<b>Financial Assets</b>		
Cash in hand and at bank		
Short-term investments	11,691,005	11,691,005
Long-term investments	71,000,511	71,000,511
Investment interest receivable	56,247,003	71,513,400
Other accounts receivable	365,858	365,858
Loans to members	2,372,808	2,372,808
	343,075,646	343,075,646
<b>Financial Liabilities</b>		
Members' savings and time deposits	125,253,068	125,253,068
Members' shares	324,230,903	324,230,903
Accrued interest payable	922,441	922,441
Other accounts payable	6,878,491	6,878,491
	2013	
	Carrying Value	Fair Value
<b>Financial Assets</b>		
Cash in hand and at bank		
Short-term investments	1,183,163	1,183,163
Long-term investments	61,749,580	61,749,580
Investment interest receivable	56,250,397	70,542,414
Other accounts receivable	503,670	503,670
Loans to members	2,339,254	2,339,254
	330,194,726	330,194,726
<b>Financial Liabilities</b>		
Members' savings and time deposits	117,703,984	117,703,984
Members' shares	304,343,515	304,343,515
Accrued interest payable	895,249	895,249
Other accounts payable	6,235,477	6,235,477

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:

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

### 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.

#### (i) Bonds

The Society invests mainly in medium term bonds consisting of fixed rate instruments.

The market values of the fixed rate bonds are not very sensitive to changes in interest rates. The market values of the floating rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. Because these assets are being held to maturity and are not traded, any changes in market values will not impact the Statement of Comprehensive Income.

#### (ii) 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 guide lines 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

### b) Credit risk (cont'd) -

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.

#### Maximum exposure to credit risk before collateral held or credit enhancements

	<u>2014</u>	<u>2013</u>
Due from banks and other financial institutions	\$ 154,204,916	\$ 133,475,157
Accounts receivable	2,738,666	2,842,924
Loans to members	<u>347,820,319</u>	<u>334,722,668</u>
	<b><u>\$ 504,763,901</u></b>	<b><u>\$ 471,040,749</u></b>

#### Financial assets that are neither past due nor impaired

	<u>2014</u>	<u>2013</u>
Cash held in reputable financial institutions	\$ 11,691,005	\$ 1,183,163
Short-term investments with no default anticipated	71,000,511	61,749,580
Long-term investments with no default anticipated	71,513,400	70,542,414
Accounts receivable with full repayment expected	2,738,666	2,842,924
Loans to members	<u>331,440,734</u>	<u>315,266,770</u>
	<b><u>\$ 488,384,316</u></b>	<b><u>\$ 451,584,851</u></b>

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

#### c) Liquidity risk (cont'd) -

##### 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.

##### Liquidity gap

The Society's exposure to liquidity risk is summarized in the table below which analyses financial assets and liabilities based on the remaining period from the Statement of Financial Position date to the contractual maturity date.

	2014			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<b>Financial Assets</b>				
Cash in hand and at bank	11,691,005	-	-	11,691,005
Short-term investments	71,000,511	-	-	71,000,511
Long-term investments	68,927,902	388,000	2,197,498	71,513,400
Investment interest receivable	365,858	-	-	365,858
Loans to members	8,466,714	235,773,931	103,579,674	347,820,319
<b>Financial Liabilities</b>				
Members' savings and time deposits	125,253,068	-	-	125,253,068
Members' shares	324,230,903	-	-	324,230,903
Accrued interest payable	922,441	-	-	922,441

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

#### c) Liquidity risk (cont'd) -

	2013			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<b>Financial Assets</b>				
Cash in hand and at bank	1,183,163	-	-	1,183,163
Short-term investments	61,749,580	-	-	61,749,580
Long-term investments	68,206,919	388,000	1,947,495	70,542,414
Investment interest receivable	503,670	-	-	503,670
Loans to members	7,992,786	247,482,233	79,247,649	334,722,668
<b>Financial Liabilities</b>				
Members' savings and time deposits	117,703,984	-	-	117,703,984
Members' shares	304,343,515	-	-	304,343,515
Accrued interest payable	895,249	-	-	895,249

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 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, 2014

5. Cash in Hand and at Bank:

	December 31	
	2014	2013
Cash in hand	\$ 379,204	\$ 203,532
Cheques in hand	612,519	773,753
Current account	10,699,282	205,878
	<u>\$ 11,691,005</u>	<u>\$ 1,183,163</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:-

Available-for-sale

	December 31	
	2014	2013
The Home Mortgage Bank	\$ 4,451,082	\$ 4,391,380
First Citizens Investment Services Limited		
- Abercrombie Fund	34,402,047	13,491,566
- Repurchase Agreement	5,112,192	5,218,000
RBTT Trust Limited – ROYTRIN Money Market Fund	34,015	33,408
ANSA Merchant Bank Limited	4,416,116	7,416,116
Trinidad and Tobago Unit Trust Corporation		
- Money Market Fund	13,948,356	22,615,843
Guardian Asset Management Limited	3,636,703	3,583,267
Public Service Credit Union Co-operative Society Limited	5,000,000	5,000,000
	<u>\$ 71,000,511</u>	<u>\$ 61,749,580</u>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

7. Accounts Receivable and Prepayments:

	December 31	
	2014	2013
Interest receivable on investments	\$ 365,858	\$ 503,670
Staff members' loans	309,034	272,652
Other receivables and prepayments	2,063,774	2,066,602
	<u>\$ 2,738,666</u>	<u>\$ 2,842,924</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	
	2014	2013
Loans to members	\$ 347,820,319	\$ 334,722,668
Less: Allowance for loan losses	( 4,744,673)	(4,527,942)
	<u>\$ 343,075,646</u>	<u>\$ 330,194,726</u>

- b) Analysis of movement in Allowance for Loan Losses:

	December 31	
	2014	2013
Balance, beginning of year	\$ 4,527,942	\$ 1,945,345
Non-performing loans recovered	87,445	235,137
Provision for the year	129,286	2,347,460
	<u>\$ 4,744,673</u>	<u>\$ 4,527,942</u>



# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

10. Fixed Assets:

DECEMBER 31, 2014

10. Fixed Assets:

	<u>Land</u>	<u>Car Park</u>	<u>Building</u>	<u>Work-in- Progress</u>	<u>Furniture, Fixtures and Fittings</u>	<u>Office Equipment</u>	<u>Telephone Facilities</u>	<u>Other Equipment</u>	<u>Motor Vehicles</u>	<u>Computer Facilities</u>	<u>Total</u>
<b>Cost</b>											
Balance as at January 1, 2014	\$15,493,607	\$ 186,868	\$ 9,765,995	\$ 3,012,669	\$ 3,097,342	\$ 688,090	\$ 283,351	\$ 2,175,253	\$ 479,237	\$ 7,762,749	\$ 42,945,161
Additions	-	-	62,300	197,989	62,750	6,600	12,048	126,242	297,149	325,012	1,090,090
Disposals	-	-	-	-	(18,515)	(13,173)	-	(5,698)	-	(211,640)	(249,026)
Balance as at December 31, 2014	<u>15,493,607</u>	<u>186,868</u>	<u>9,828,295</u>	<u>3,210,658</u>	<u>3,141,577</u>	<u>681,517</u>	<u>295,399</u>	<u>2,295,797</u>	<u>776,386</u>	<u>7,876,121</u>	<u>43,786,225</u>
<b>Accumulated Depreciation</b>											
Balance as at January 1, 2014	-	186,868	4,385,689	-	1,744,639	429,068	188,908	1,275,785	372,153	5,085,766	13,668,876
Charge for the year	-	-	196,272	-	133,595	48,034	27,733	141,998	44,960	512,148	1,104,740
Disposals	-	-	-	-	(9,386)	(12,416)	-	(4,490)	-	(163,614)	(189,906)
Balance as at December 31, 2014	-	<u>186,868</u>	<u>4,581,961</u>	-	<u>1,868,848</u>	<u>464,686</u>	<u>216,641</u>	<u>1,413,293</u>	<u>417,113</u>	<u>5,434,300</u>	<u>14,583,710</u>
<b>Net Book Value</b>											
Balance as at December 31, 2014	<u>\$15,493,607</u>	<u>\$ -</u>	<u>\$ 5,246,334</u>	<u>\$ 3,210,658</u>	<u>\$ 1,272,729</u>	<u>\$ 216,831</u>	<u>\$ 78,758</u>	<u>\$ 882,504</u>	<u>\$ 359,273</u>	<u>\$ 2,441,821</u>	<u>\$ 29,202,515</u>
Balance as at December 31, 2013	<u>\$15,493,607</u>	<u>\$ -</u>	<u>\$ 5,380,306</u>	<u>\$ 3,012,669</u>	<u>\$ 1,352,703</u>	<u>\$ 259,022</u>	<u>\$ 94,443</u>	<u>\$ 899,468</u>	<u>\$ 107,084</u>	<u>\$ 2,676,983</u>	<u>\$ 29,276,285</u>
<b>Cost</b>											
Balance as at January 1, 2013	\$15,493,607	\$ 186,868	\$ 9,537,331	\$ 3,214,942	\$ 2,863,308	\$ 624,365	\$ 278,061	\$ 1,862,885	\$ 479,237	\$ 6,411,438	\$ 40,952,042
Additions	-	-	228,664	-	234,034	63,725	15,724	355,867	-	1,149,038	2,047,052
Disposals	-	-	-	-	-	-	(10,434)	(43,499)	-	-	(53,933)
Transfer	-	-	-	(202,273)	-	-	-	-	-	202,273	-
Balance as at December 31, 2013	<u>15,493,607</u>	<u>186,868</u>	<u>9,765,995</u>	<u>3,012,669</u>	<u>3,097,342</u>	<u>688,090</u>	<u>283,351</u>	<u>2,175,253</u>	<u>479,237</u>	<u>7,762,749</u>	<u>42,945,161</u>
<b>Accumulated Depreciation</b>											
Balance as at January 1, 2013	-	186,868	4,189,137	-	1,638,206	380,221	158,059	1,205,058	341,186	4,702,022	12,800,757
Charge for the year	-	-	196,552	-	106,433	48,847	36,239	112,093	30,967	383,744	914,875
Disposals	-	-	-	-	-	-	(5,390)	(41,366)	-	-	(46,756)
Balance as at December 31, 2013	-	<u>186,868</u>	<u>4,385,689</u>	-	<u>1,744,639</u>	<u>429,068</u>	<u>188,908</u>	<u>1,275,785</u>	<u>372,153</u>	<u>5,085,766</u>	<u>13,668,876</u>
<b>Net Book Value</b>											
Balance as at December 31, 2013	<u>\$15,493,607</u>	<u>\$ -</u>	<u>\$ 5,380,306</u>	<u>\$ 3,012,669</u>	<u>\$ 1,352,703</u>	<u>\$ 259,022</u>	<u>\$ 94,443</u>	<u>\$ 899,468</u>	<u>\$ 107,084</u>	<u>\$ 2,676,983</u>	<u>\$ 29,276,285</u>
Balance as at December 31, 2012	<u>\$15,493,607</u>	<u>\$ -</u>	<u>\$ 5,348,194</u>	<u>\$ 3,214,942</u>	<u>\$ 1,225,102</u>	<u>\$ 244,144</u>	<u>\$ 120,002</u>	<u>\$ 657,827</u>	<u>\$ 138,051</u>	<u>\$ 1,709,416</u>	<u>\$ 28,151,285</u>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 11. Accounts Payable and Accruals:

	December 31	
	2014	2013
Death/disability claims payable	\$ 2,369,806	\$ 2,293,231
Non-members' receipts	93,334	114,330
Interest payable on members' time deposits	922,441	895,249
Sharon FYFE "Coppers" Account	227	227
Cummings/Fraser Foundation Account	450,000	133,000
Other payables and accruals	3,392,799	3,122,364
Unclaimed members' share savings	24,595	24,595
Unclaimed members' deposit savings	547,730	547,730
	<u>\$ 7,800,932</u>	<u>\$ 7,130,726</u>

## 12. Provision for Terminal Benefits:

The Memorandum of Agreement (MOA) between the Society and the Banking, Insurance and General Workers Union (BIGWU) provides for the payment of Terminal Benefits to employees at normal retirement at age sixty (60) years.

The Credit Union has noted that the clause in the MOA on the payment of Terminal Benefits at normal retirement, is in contravention with the Co-operatives Society Act and has sought to have it removed through dialogue with BIGWU. The Board of Directors has decided to refer this matter to the Industrial Court of Trinidad and Tobago for adjudication and consider that no further provisioning is necessary at this time.

## 13. Retirement Benefit (Asset)/Obligation:

### a) Change in Present Value of Defined Benefit Obligations

	December 31	
	2014	2013 (Restated)
Opening Present Value of Defined benefit obligation	\$ 11,862,300	\$ 10,890,500
Current service cost	585,500	581,500
Interest cost	571,500	563,800
Plan participant contributions	212,800	213,500
Actuarial (gain)/loss on obligation	164,000	(362,300)
Benefits paid	(1,664,000)	(24,700)
<b>Closing Present Value of Defined Benefit Obligation</b>	<u><b>\$ 11,732,100</b></u>	<u><b>\$ 11,862,300</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 13. Retirement Benefit (Asset)/Obligation (cont'd):

### b) Change in Fair Value of Plan Assets

	December 31	
	2014	2013 (Restated)
Opening Fair Value of Plan Assets	\$ 11,572,500	\$ 10,404,700
Expected return on Plan assets	556,400	539,000
Actuarial loss on Plan assets	(130,500)	(109,000)
Employer contributions	561,300	562,900
Plan participant contributions	212,800	213,500
Benefits paid and administrative expenses	(1,678,600)	(38,600)
<b>Closing Fair Value of Plan Assets</b>	<u><b>\$ 11,093,900</b></u>	<u><b>\$ 11,572,500</b></u>

### c) Items for Inclusion in Statement of Financial Position

	December 31	
	2014	2013 (Restated)
Defined benefit obligation	\$ 11,732,100	\$ 11,862,300
Fair value of assets	(11,093,900)	(11,572,500)
<b>Net IAS 19 Defined Benefit Obligation/(Asset)</b>	<u><b>\$ 638,200</b></u>	<u><b>\$ 289,800</b></u>

### d) Items for Inclusion in Statement of Comprehensive Income

	December 31	
	2014	2013 (Restated)
Current service cost	\$ 585,500	\$ 581,500
Interest cost	15,100	24,800
Administrative expenses	14,600	13,900
<b>Expense recognised in Statement of Comprehensive Income</b>	<u><b>\$ 615,200</b></u>	<u><b>\$ 620,200</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

13. Retirement Benefit (Asset)/Obligation (cont'd):

e) Reconciliation of Opening and Closing Statement of Financial Position entries

	December 31	
	2014	2013 (Restated)
Opening defined benefit asset	\$ 289,800	\$ 485,800
Net pension cost	615,200	620,200
Actuarial (gain)/loss on obligation	294,500	(253,300)
Company contributions paid	(561,300)	(562,900)
<b>Closing Defined Benefit Obligation</b>	<b>\$ 638,200</b>	<b>\$ 289,800</b>

f) Actual Return on Plan Assets

	December 31	
	2014	2013 (Restated)
Expected return on Plan assets	\$ 556,400	\$ 539,000
Actuarial loss on Plan assets	(130,500)	(109,000)
<b>Actual Return on Plan Assets</b>	<b>\$ 425,900</b>	<b>\$ 430,000</b>

g) Expected Company Contributions

	<b>\$ 560,500</b>	<b>\$ 579,800</b>
--	-------------------	-------------------

h) Summary of Principal Assumptions

Discount rate at start of year	-	5.00%	5.00%
Discount rate at end of year	-	5.00%	5.00%
Future salary increases	-	3.00%	3.00%
Expected return on assets	-	5.00%	5.00%

i) Major categories of Plan Assets

Deposit Administration Contract	100%	100%
---------------------------------	------	------

Sensitivity of Present Value of Defined Benefit Obligation

	1% increase	1% decrease
Discount Rate	(2,154,100)	2,826,900
Salary Growth	1,213,100	(1,058,000)

The Weighted Average Duration of the obligations is 24 years.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

14. Members' Share Savings:

The Bye-Laws of RHAND Credit Union Co-operative Society Limited allows for the issue of an unlimited number of shares valued at \$5.00 each. In accordance with International Financial Reporting Interpretation Committee (IFRIC) Interpretation #2 redeemable shares have been treated as liabilities.

15. 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. The balance as at December 31, 2014 stands at **\$836,726**.

16. Investment Re-measurement Reserve:

In accordance with IAS #39, the Board of Directors has created an investment re-measurement reserve which includes the unrealised gains/losses on available-for-sale investments.

17. Restatement:

Undivided Earning as at January 1, 2013

During the year ended December 31, 2013, the Society adopted the amendment to IAS 19 Employee Benefits (Revised) which requires the recognition of actuarial gains and losses under the heading of Other Comprehensive Income in the Statement of Comprehensive Income. The Undivided Earnings balance as at January 1, 2013 was restated as a result of the adoption of the amendment to IAS 19 (Revised).

The Undivided Earnings Balance as at January 1, 2013 was also restated to correctly state the Provision for Terminal Benefits as at December 31, 2012 based on the Memorandum of Agreement with BIGWU.

Undivided Earning as at December 31, 2013 and January 1, 2014

In calculating the Retirement Benefit Obligation balance as at December 31, 2014, the Credit Union's actuaries amended the net actuarial gain for the year ended December 31, 2013. The revised gain has resulted in a decrease in the previously reported Net Surplus for the year ended December 31, 2013 of **\$14,000** and a corresponding increase in Other Comprehensive Income for the year ended December 31, 2013.

The restatement did not, however, have an effect on the Total Comprehensive Income reported for the year ended December 31, 2013.

Given the immaterial adjustment to the Net Surplus for the year ended December 31, 2013 of **\$14,000**, no adjustment was made to the net surplus appropriations made to the Reserve, Education and Loan Protection Funds as at December 31, 2013.

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 18. 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:

### Assets, Liabilities and Members' Equity

	December 31	
	2014	2013
<b>Loans and other receivables</b>		
Directors, committee members, key management personnel	\$ 3,439,199	\$ 4,263,223
Due from LINCUI Limited	\$ 450,270	\$ 467,482
Investment in LINCUI Limited (net)	\$ 250,001	\$ 250,001
<b>Shares, deposits and other liabilities</b>		
Directors, committee members, key management personnel	\$ 2,273,247	\$ 4,425,846
Cummings /Fraser Foundation Account	\$ 450,000	\$ 133,000
<b>Interest and other income</b>		
Directors, committee members, key management personnel	\$ 327,839	\$ 329,180
<b>Interest and other expenses</b>		
Directors, committee members, key management personnel	\$ 106,416	\$ 102,438
<b>Key management compensation</b>		
Short-term benefits	\$ 1,702,397	\$ 1,927,164

## 19. 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:

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 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, 2014.

## 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.

## 20. 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 reserves and undivided earnings.

## 21. Investment Income:

Money market investment income  
Capital market investment income

	December 31	
	2014	2013
Money market investment income	\$ 833,730	\$ 1,569,907
Capital market investment income	1,213,215	698,973
	<u>\$ 2,046,945</u>	<u>\$ 2,268,880</u>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 22. Other Income:

	December 31	
	2014	2013
Cyber Café income	\$ 45,662	\$ 64,432
Rental income	347,300	354,100
CUNA commissions	554,161	586,835
Other commissions	71,842	61,534
Service charges	3,043	3,129
Entrance fees	52,060	32,379
Miscellaneous income	188,831	270,544
	<u>\$ 1,262,899</u>	<u>\$ 1,372,953</u>

## 23. Administrative Expenses:

	December 31	
	2014	2013
Advertising and promotions	\$ 219,491	\$ 375,838
Annual and special general meetings	437,275	327,225
Audit fees	135,650	114,000
Awards ceremony	722,872	-
Bank charges	87,850	52,854
Debit card facility expenses	138,300	138,300
Debt collector's commission	55,905	70,252
Depreciation (net)	1,104,740	914,875
Donations	46,844	40,183
Electricity	401,460	366,669
Insurances	258,221	266,212
Legal and professional services	667,214	452,527
Loss on disposal of fixed assets	54,195	5,777
Miscellaneous expenses	432,045	374,993
Rates and taxes	19,975	18,935
Property rental	690,000	540,000
Repairs, maintenance and cleaning	1,056,676	960,009
Security	186,332	173,679
Stationery, computer supplies, printing and postage	527,210	623,365
Telephone	714,174	729,842
	<u>\$ 7,956,429</u>	<u>\$ 6,545,535</u>

# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 24. Board and Committees' Expenses:

	December 31	
	2014	2013
Conferences	\$ 159,992	\$ 12,262
Training	112,070	26,905
Meeting	258,670	237,519
Subsistence	179,928	172,254
Entertainment	38,200	27,600
Honoraria	296,289	297,417
Supervisory committee	19,578	19,553
Travelling	7,904	5,319
	<u>\$ 1,072,631</u>	<u>\$ 798,829</u>

## 25. Personnel Costs:

	December 31	
	2014	2013 (Restated)
Salaries and other staff benefits	\$ 10,331,690	\$ 11,481,207
Retirement Benefit Asset – IAS #19 adjustment	53,900	57,300
Training and subsistence	250,308	484,625
	<u>\$ 10,635,898</u>	<u>\$ 12,023,132</u>

# 2015 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

2015 Quantitative Objectives

Key Results Area	Budgeted 2015 (\$)	Actual 2014 (\$)	Increase/(Decrease)	
			(\$)	(%)
Total income	43,716,591	40,668,110	3,048,481	7.50
Total expenses	27,850,057	26,209,873	1,640,184	6.26
Net surplus	15,866,534	14,458,237	1,408,297	9.74
Share savings portfolio	339,230,904	324,230,904	15,000,000	4.63
Time deposits portfolio	93,629,600	90,629,600	3,000,000	3.31
Deposit savings portfolio	37,923,469	34,623,469	3,300,000	9.53
Loans portfolio	368,731,840	347,820,319	20,911,521	6.01
Non-performing loans	16,592,933	16,379,585	213,348	1.30
Money market investments portfolio	74,200,511	71,000,511	3,200,000	4.51
Capital market investments portfolio	76,613,399	73,613,399	3,000,000	4.08

## PRIMARY INITIATIVES FOR THE REALISATION OF QUANTITATIVE OBJECTIVES

During the year 2015, the key strategic initiatives for the Credit Union will be:-

- the active pursuit of business consolidation initiatives with suitable Credit Unions
- the active pursuit of business alliance initiatives with suitable Credit Unions
- the targeting of members of the Credit Union with good credit history for loan promotion activities
- the diversification of the investment portfolios of the Credit Union
- the execution of reengineering initiatives

# 2015 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

2015 Proposed Capital Expenditure With Proposed And Actual Expenditure For The Year 2014

Project/Item Of Expenditure	Proposed 2014	Actual 2014	Proposed 2015
	(\$)	(\$)	(\$)
Buildings	1,105,000	77,600	2,715,000
Motor vehicle	295,000	297,149	0
Computer facilities	2,147,666	434,347	2,191,165
Furniture, fixtures and fittings	652,200	125,509	412,900
Office equipment	35,000	6,600	0
Other equipment	107,900	148,887	560,500
<b>Total</b>	<b>4,342,766</b>	<b>1,090,092</b>	<b>5,879,565</b>

2015 Financial Projections with Budgeted and Actual Results for 2013 and 2014

	2013				2014				2015	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>INCOME</b>										
Interest on loans	34,246,492	89.2	34,565,407	90.5	38,894,004	89.5	37,358,266	91.9	40,268,235	92.1
Investment income	2,579,815	6.7	2,268,880	5.9	2,823,192	6.5	2,046,945	5.0	1,945,956	4.4
Fees and commissions	660,000	1.7	648,369	1.7	720,000	1.7	626,003	1.5	696,000	1.6
Rental income	360,000	0.9	354,100	0.9	360,000	0.8	347,300	0.9	372,000	0.9
Miscellaneous income	568,000	1.5	370,484	1.0	636,000	1.5	289,596	0.7	434,400	1.0
<b>TOTAL INCOME</b>	<b>38,414,307</b>	<b>100.0</b>	<b>38,207,240</b>	<b>100.0</b>	<b>43,433,196</b>	<b>100.0</b>	<b>40,668,110</b>	<b>100.0</b>	<b>43,716,591</b>	<b>100.0</b>

2015 Financial Projections with Budgeted and Actual Results for 2013 and 2014

	2013		2014		2015					
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>EXPENSES</b>										
Advertising and promotion	240,000	1.0	375,838	1.4	480,000	1.7	219,491	0.8	450,000	1.6
Annual General Meeting expenses	390,000	1.7	327,225	1.2	400,000	1.4	437,275	1.7	450,000	1.6
Audit fees	114,000	0.5	114,000	0.4	114,000	0.4	135,650	0.5	127,200	0.5
Bank charges and interest	60,000	0.3	52,854	0.2	60,000	0.2	87,850	0.3	80,400	0.3
Business Continuity Planning expenses	50,000	0.2	1,432	0.0	30,000	0.1	1,255	0.0	12,000	0.1
Committees' expenses	504,400	2.1	489,150	1.8	656,400	2.3	616,350	2.4	601,200	2.2
Conferences and meetings	96,000	0.4	12,262	0.0	60,000	0.2	159,992	0.6	150,000	0.5
Life savings insurance	876,000	3.7	831,883	3.1	960,000	3.3	866,002	3.3	876,000	3.1
Loan protection expense	1,200,000	5.1	1,479,799	5.5	1,680,000	5.8	1,716,236	6.6	1,680,000	6.0
Debt collectors' commission	42,000	0.2	70,252	0.3	60,000	0.2	117,517	0.5	120,000	0.4
Depreciation	898,500	3.8	914,875	3.4	952,500	3.3	1,104,740	4.2	1,188,000	4.3
Donations	48,000	0.2	40,183	0.2	60,000	0.2	46,844	0.2	60,000	0.2
Member education, training and development expenses	1,200,000	5.1	995,050	3.7	1,218,000	4.2	1,636,889	6.3	1,400,000	5.0
Electricity	396,000	1.7	366,669	1.4	420,000	1.5	401,460	1.5	420,000	1.5
Honoraria	300,000	1.3	297,417	1.1	300,000	1.0	296,290	1.1	310,000	1.1
Insurances	266,400	1.1	266,212	1.0	266,400	0.9	258,221	1.0	363,600	1.3
Interest on members' savings deposits	297,129	1.3	277,047	1.0	329,465	1.1	306,672	1.2	361,427	1.3
Interest on members' time deposits	1,756,806	7.5	1,786,398	6.6	1,770,379	6.1	1,863,456	7.1	1,840,230	6.6
Legal and professional services	192,000	0.8	451,095	1.7	600,000	2.1	665,959	2.6	420,000	1.5
Loan loss expense	705,000	3.0	2,347,460	8.7	720,000	2.5	129,286	0.5	1,000,000	3.6
Loss on disposal of assets	12,000	0.1	5,777	0.0	12,000	0.1	54,195	0.2	24,000	0.1
Loss on disposal of investments	-	-	-	-	-	-	26,374	0.1	12,000	0.1
Miscellaneous expenses	336,000	1.4	513,293	1.9	396,000	1.4	1,223,301	4.7	420,000	1.5
Rates and taxes	14,400	0.1	18,935	0.0	16,800	0.1	19,975	0.1	18,000	0.1
Rental expense	540,000	2.3	540,000	1.9	540,000	1.9	690,000	2.6	720,000	2.6
Repairs, maintenance and cleaning	1,020,000	4.3	960,009	3.5	1,140,000	3.9	1,056,679	4.0	1,140,000	4.1
Personnel costs	10,359,800	44.1	12,023,132	44.3	14,066,800	48.5	10,635,898	40.5	12,088,000	43.4
Security expenses	180,000	0.8	173,679	0.7	180,000	0.6	186,332	0.7	180,000	0.6
Special General Meeting expenses	24,000	0.1	-	-	24,000	0.1	-	-	12,000	0.1
Stationery, computer supplies, printing and postage	600,600	2.5	623,365	2.3	600,000	2.0	535,510	2.0	486,000	1.7
Telephone expenses	780,000	3.3	729,842	2.7	840,000	2.9	714,174	2.7	840,000	3.0
<b>TOTAL EXPENSES</b>	<b>23,499,035</b>	<b>100.0</b>	<b>27,085,133</b>	<b>100.0</b>	<b>28,952,744</b>	<b>100.0</b>	<b>26,209,873</b>	<b>100.0</b>	<b>27,850,057</b>	<b>100.0</b>
<b>NET SURPLUS</b>	<b>14,915,272</b>	<b>38.8</b>	<b>11,122,107</b>	<b>29.1</b>	<b>14,480,452</b>	<b>33.3</b>	<b>14,458,237</b>	<b>35.6</b>	<b>15,866,534</b>	<b>36.3</b>

## RESOLUTIONS

### 1. APPOINTMENT OF AUDITORS

Be it resolved, that the firm of Chartered Accountants – PKF, be appointed as the Auditors of the Society for the financial year ending December 31, 2015.

### 2. BUILDING FUND

Be it resolved, that pursuant to Bye-Law 15 (h) (ix), that the sum of \$750,000 be allocated from the surplus for the year ended December 31, 2014 to the Building Fund.

### 3. DIVIDEND ON SHAREHOLDINGS

Be it resolved, that a dividend of 3.75% on the average monthly share balance held by each member for the year ended December 31, 2014, be declared for the year ended December 31, 2014.

### 4. HONORARIA

Be it resolved, that honoraria in the gross sum of \$ 313,334. (\$ 235,000. net of income tax liability), be declared for the year ended December 31, 2014.



**RHAND**  
Credit Union