



2015 ANNUAL REPORT



LEARNING, GROWTH AND PROGRESS...
LIMITLESS POSSIBILITIES





The **DANDELION SEED** is highly efficient and unique in its design, capable of travelling unusually long distances very quickly, using the resource of wind made available to it.

It is a symbol of the intelligence, creativity and adaptability of nature.

The Dandelion Seed is a universal symbol of embarkations on journeys, of growth and of progress.



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

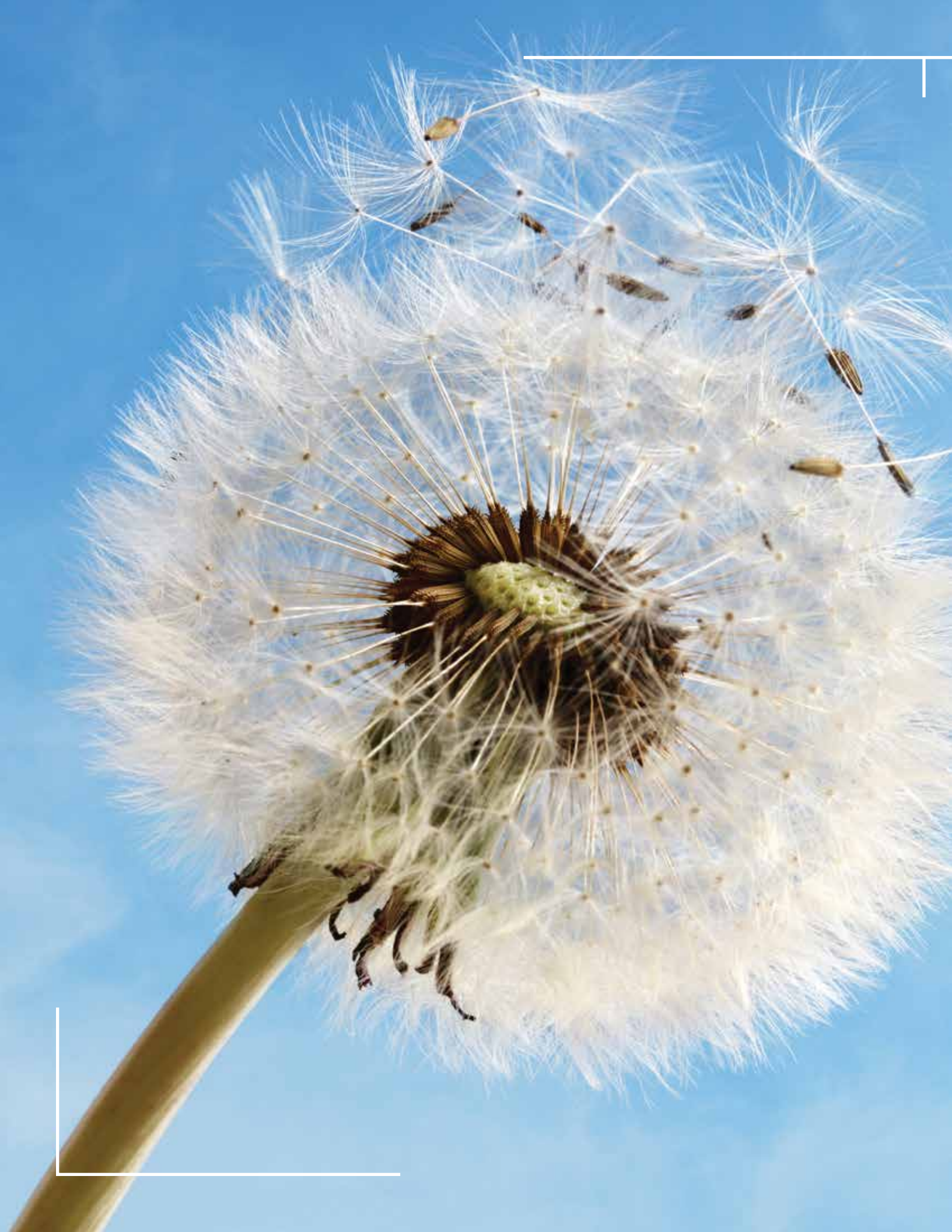
Forged from the Love of Liberty
In the fires of hope and prayer
With boundless faith in our destiny
We solemnly declare.
Side by side we stand
Islands of the blue Caribbean Sea,
This our native Land
We pledge our lives to thee.
Here every creed and race
Find an equal place,
And may God bless our Nation.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

THE 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.



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A MESSAGE FROM
THE PRESIDENT
OF RHAND CREDIT UNION

RHAND Family,

A hearty greeting to you at this our 68th Annual General Meeting. As the years roll on, we continue to survive and sustain ourselves even while the wells seem to be running low. Recession! Stagnation! Belt Tightening! All of these are uncomfortable terms and generally mean adjustment for most of us to focus on our needs rather than our wants. So what is my inspiration in this President's Message in 2016?

A bit of reflection to the commencement of my stewardship in 2013 when I coined the phrase, "Refurbishment: In Search of Excellence". The wise King Solomon in Proverbs 24:3-4 says "Through Wisdom a house is built, and by understanding it is established; and by Knowledge the rooms shall be filled with all precious and pleasant riches". The founding fathers of RHAND Credit Union built and established and we are now filling the rooms. It is a work to fill with precious and pleasant riches.

In considering the rooms, we remember that like people there are different stages in the life cycle of any organization. It progresses through the stages of birth, growth and decline. At the stage of decline, there is either death or renewal. Our organization was at a plateau and the need for refurbishment became the genesis to support the requirements for engaging in projects to commence the journey towards a new growth thrust.

When considering refurbishment, understanding the health of the organization was of paramount importance with the end result of building a whole, consistent and complete body, identified through the unified management, operations and culture. The organization embarked on the understanding and use of the Balanced Scorecard as the framework for developing its strategic direction and monitoring the organization's performance. The advantage of using this approach means that the organization's performance will be measured not only on the basis of financial performance but also on other relevant perspectives. The five perspectives utilized under the Scorecard are as follows:

- Financial - What should be our Financial results
- Members - How should we appear to our Members
- Internal Processes -What are the key processes we need to develop
- Learning and Growth - How will we sustain our ability to improve
- Stakeholders - How could we leverage stakeholder support

The goal is to enhance shareholder value through improving the members experience and building quality member relationships by ensuring timely and more efficient access to our services, through the reengineering of our systems and processes. This goal can only be realized by a clearly defined performance ethos and as such, the organization is ensuring that the Co-operative principles are embedded and performance becomes the hallmark among all individuals at the various levels of the organization. This refurbishment process has led to a focused approach on policy review and development, providing training opportunities for staff and management, benchmarking of the organization in line with other intermediaries in the financial services industry, improving staff relations, revised social activities and interventions, improved governance and effective leadership.

The strategic direction for 2016 - 2018 has been developed using the Scorecard approach. The overarching theme of growth is broken down into stages. The initial year of Preparation is represented by the windblown Dandelion Seed. At this time the organization represented like the Dandelion Seed has been assiduously working towards becoming highly efficient as it embarks on the journey of growth and of progress. Some of the areas in which we seek to assist you - our members and your children are:

- Supporting your basic needs by providing funding (loans) for the purposes of children education, housing needs, entrepreneurial thrusts
- Preserving the value of your assets - Share Savings and Deposit Savings
- Promoting savings and thrift for the hard times - Invest every penny
- Providing activities to support your social needs - Children Christmas Party, Retirees Group Activities, Revised Skills Programmes

As we continue on the Journey, I look forward to your Support and Contribution to this illustrious organization as we forge ahead. I remind you members, "Let us Grow this organization. Each One just bring One. Members, tell your loved ones, neighbours and friends about joining RHAND. Bring the young ones. Pass on the message".

The Lord's Richest Blessings in 2016 on behalf of the Board, Statutory Committees, Management and Staff.



Theresa Agulia-Joseph
President-Board of Directors

NOTICE OF 68TH ANNUAL GENERAL MEETING

Notice is hereby given that the 68th Annual General Meeting of RHAND Credit Union Co-operative Society Limited will be held on Saturday-March 19, 2016, commencing at 1:00 p.m. at the following two (2) venues simultaneously

- 1) Trinidad - Trinity College East, Trincity
- 2) Tobago - Tobago Nutrition Co-operative Society Limited, Canaan

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 67th Annual General Meeting of March 28, 2015
4. Matters Arising out of the Minutes of the 67th Annual General Meeting
5. Reports 2015
 - Board of Directors
 - Credit Committee
 - Supervisory Committee
 - Independent Auditors
 - Financial Statements
6. Election of Officers for the 2016/2017 Term
7. 2016 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 26th day of February, 2016

BY ORDER OF THE BOARD,



Christine Campbell
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.

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

COMPOSITION OF THE BOARD OF DIRECTORS AND STATUTORY COMMITTEES

2015 - 2016

Board of Directors

Mrs. Theresa Agulia-Joseph	-	President
Mr. Emmanuel Walker	-	Vice President
Mrs. Christine Campbell	-	Secretary
Ms. Monica Richards	-	Assistant Secretary
Mr. Kedron Duke	-	Treasurer
Mr. Martin Minguell	-	Director
Ms. Glenda Bruce	-	Director
Mr. Martin Gibbs	-	Director
Mr. Trevor Percival	-	Director
Ms. Marlene Felix	-	Director
Mrs. Michele Rouff	-	Director
Ms. Petal-Dawn Hinkson	-	Director
Ms. Michelle Anne Thomas	-	1st Substitute
Mr. Henry Saunders	-	2nd Substitute

Supervisory Committee

Ms. Claudette Brown	-	Chairman
Ms. Erica Charles	-	Secretary
Ms. Pamela Ogiste	-	Member
Mr. Desmond Noel	-	Member
Ms. Debra D'Abreau	-	Member
Mr. Stephen Turner	-	1st Substitute
Ms. Nadine Ellis	-	2nd Substitute

Credit Committee

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



MINUTES OF
**THE 67TH ANNUAL
GENERAL MEETING**

Before anything else,
PREPARATION
is the key to success

MINUTES OF 67TH ANNUAL GENERAL MEETING

Held on Saturday-March 28, 2015, simultaneously at the Trinity College East – Trincity - Trinidad and the Lowlands Community Centre - 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 2:10 p.m. due to video conferencing technical challenges, with the Convenor – Mr. Neil Parsanalal welcoming members in attendance.
- 1.2 Members were then invited to stand for the singing of the National Anthem and the recitation of the Credit Union Prayer.
- 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. Parsanalal then called the meeting to order and asked the Secretary to read the Notice convening the meeting.

2. NOTICE OF MEETING AND STANDING ORDERS

- 2.1 The Secretary – Mr. Emmanuel Walker, informed the members that in accordance with the Bye-Laws of the Society, the meeting was duly constituted, there being four hundred and forty-one (441) members present:- three hundred and eighty-four (384) members in Trinidad and fifty-seven (57) 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 Mr. Cyril Gulston, a Retiree and seconded by Mrs. Thecla Huggins – Stanley, also a Retiree.
- 2.3 Members then agreed to the proposal for the 2014 Annual Report to be taken as read.

3. ADDRESS OF THE PRESIDENT

- 3.1 The President – Mrs. Theresa Agulia-Joseph greeted everyone present and extended a special welcome to the members of the Retirees Group and the youth members who were in attendance.
- 3.2 The President then directed her attention to the subject of the sustainability of Co-operatives, focusing on the following matters –
 - the fact that organizational health trumps everything in business, as healthy organizations tend, among other things to outperform their counterparts. An organization is deemed to be healthy when it is whole, consistent and complete and when its management, operations and culture are unified.
 - Cognizant of the importance of the subject of organizational health, RHAND Credit Union has been paying attention to the strengthening of its governance framework and the engendering of a results-oriented management team.

MINUTES OF 67TH ANNUAL GENERAL MEETING

- Members were implored to familiarize themselves with the two Credit Union Bills which were recently tabled in the Senate, as these Bills have far reaching consequences for the future well being of Credit Unions.

4. CONFIRMATION OF THE MINUTES OF THE 66TH ANNUAL GENERAL MEETING

- 4.1 The Minutes of the 66th Annual General Meeting were tabled for the consideration of the membership.
- 4.2 The Minutes of the 66th Annual General Meeting were confirmed without amendment, on a motion by Mr. Rennie Ambrose – a Retiree and seconded by Ms. Patricia Harry, also a Retiree.
- 4.3 The motion was put to the vote and carried.

5. MATTERS ARISING OUT OF THE MINUTES OF THE 66TH ANNUAL GENERAL MEETING

- 5.1 There were no matters arising out of the Minutes of the 66th 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 responsible for the reduction in total expenditure in 2014?

The General Manager advised that the two major contributors were the reductions in personnel costs and loan loss expense.
 - What were the strategies employed by the Society that contributed to the reduction in the loan loss expense?

The General Manager advised that nothing extraordinary was done apart from ensuring that the recovery procedures of the Credit Union were actioned on a timely basis.
- 6.3 There being no further discussions concerning the Report of the Board of Directors, a motion for its adoption was moved by Mr. Rennie Ambrose, a Retiree and seconded by Mr. Allan Howard, also a Retiree.
- 6.4 The motion was put to the vote and carried.

MINUTES OF 67TH ANNUAL GENERAL MEETING

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 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 Mrs. Thecla Huggins-Stanley, a Retiree and seconded by Ms. Claudette Brown of the National Carnival Commission.
- 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 Ms. Erica Charles – the Chairman of the Supervisory Committee, presented the said Report.
- 6.11 There being no questions from the membership on the Report, a motion for its adoption was moved by Mrs. Patricia Williams of Agricola Credit Union and seconded by Mr. John Self, a Retiree.
- 6.12 The motion was put to the vote and carried.

AUDITORS' REPORT

- 6.13 Ms. Camille Providence – a representative from the firm of Chartered Accountants – PKF, was invited by the Chairman to present the Auditors' Report.
- 6.14 The Auditors' Report was read by Ms. Providence and then duly adopted by the meeting on a motion moved by Mr. Winston Subero, a Retiree and seconded by Ms. Sabeena Timothy of the Ministry of Health.

FINANCIAL STATEMENTS

- 6.15 The Financial Statements of RHAND Credit Union for the year ended December 31, 2014 were tabled for the consideration of the general membership. The General Manager – Mr. David Maynard gave an overview of the performance of the Credit Union as captured by the Financial Statements and then responded to two queries raised by Members with respect to challenges being experienced by them in easily accessing the products and services of the Credit Union.
- 6.16 There being no further matters raised by the members concerning the Financial Statements, a motion for its adoption was moved by Ms. Petal-Dawn Hinkson and seconded by Mr. Rennie Ambrose, a Retiree.
- 6.17 The motion was put to the vote and carried.

MINUTES OF 67TH ANNUAL GENERAL MEETING

7. ELECTIONS OF OFFICERS FOR THE 2015/2016 TERM

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

7.2 Mr. Lancelot Greaves - the Chairman of the Nominating Committee, presented the said Report.

7.3 Mr. Greaves explained the voting process and he named those persons recommended by the Nominating Committee for service on the Board of Directors, the Credit Committee and the Supervisory Committee. With respect to the Supervisory Committee, he advised that in addition to the necessity to fill two positions for a term of two years, there also existed a vacancy and as such, a member was to be elected to serve for a period of one year. He further advised that since the Committee was in receipt of only four names for consideration, then to achieve the full complement of members, nominations will have to be sought from the floor for one person.

7.4 There were no objections by the membership to the process outlined above by Mr. Greaves and therefore, the Chairman sought from the floor a motion for the adoption of the Report of the Nominating Committee.

7.5 A motion for the adoption of the Report of the Nominating Committee was moved by Mr. James Huggins, a Retiree and seconded by Mrs. Patricia Williams of Agricola Credit Union.

7.6 The President then vacated the Chair and the Returning Officer - Ms. Daphne Moore, assumed same. At this time there were seven hundred and sixty-two (762) members present:- six hundred and eighty (680) members in Trinidad and eighty-two (82) members in Tobago. The Returning Officer explained the voting process and noted that the Chairman had invoked the provisions of Bye-Law 17(c) of the Bye-Laws of the Society with respect to voting for members of the Supervisory Committee only and explained the attendant changes in the process to the membership in the circumstances. As such, she said that with respect to the Supervisory Committee:

- Members will be voting for two persons for a period of two years, one person for a period of one year to fill the vacancy and a first substitute.
- Members will take nominations from the floor and vote for a person for a period of one year to become the second substitute.

7.7 Nominations were then accepted from the floor for one person to serve on the Supervisory Committee. Three persons - Nadine Ellis, Andrea Borneo-Ragoo and Simone Mitchell were duly nominated and seconded to contest the position.

7.8 Members were then invited to cast their ballots.

MINUTES OF 67TH ANNUAL GENERAL MEETING

7.9 The following persons were elected to serve on the Board of Directors and Statutory Committees for the 2015/2016 Term.

Board of Directors

Christine Campbell
Marlene Felix
Petal-Dawn Hinkson
Martin Minguell

Michelle Anne Thomas
Henry Anderson Saunders

First Substitute
Second Substitute

Credit Committee

Patricia Harry
Esme Forde

Jennifer James
Susan Hinds-Morgan

First Substitute
Second Substitute

Supervisory Committee

Erica Charles
Desmond Noel
Debra D'Abreau

Stephen Turner
Nadine Ellis

First Substitute
Second Substitute (nominated from the floor)

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

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

8. 2015 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

8.1 The 2015 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 raised the following three (3) matters:

- What is the nature of the expenditure to be incurred under the head of Other Equipment?

The General Manager explained that in order to support the reengineering initiative in train at the Credit Union, specific pieces of equipment were to be acquired to enhance the member access infrastructure, so as to allow members to more efficiently access the products and services of the Credit Union.

- Why was less investment income being projected for 2015?

The General Manager explained that the investment returns available in the financial markets are currently very low and this picture was unlikely to change in the near future.

MINUTES OF 67TH ANNUAL GENERAL MEETING

- What percentage of the investment portfolio of the Credit Union is currently being held in the Growth and Income Fund of the Trinidad and Tobago Unit Trust Corporation?

The General Manager advised that he could not readily state what the percentage was but if one looked at page 87 of the Annual Report, the total sum is TT\$50.8 million –

- Chaconia Income and Growth Fund - \$ 3.6 million
- Growth and Income Fund - \$47.2 million

8.3 There being no further discussions concerning the 2015 Quantitative Objective, Proposed Capital Expenditure and Financial Projections, a motion for their adoption was moved by Mrs. Mary-Lou Marcano of the Ministry of Finance and seconded by Mr. Allan Howard, a Retiree.

8.4 The motion was put to the vote and carried.

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, 2015.

- **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, 2014 to the Building Fund.

- **DIVIDEND ON SHAREHOLDINGS**

That a dividend of 4.00% on the average monthly share balance held by each member for the year ended December 31, 2014, be declared from the Undivided Earnings of the Society as at December 31, 2014.

- **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, 2014.

MINUTES OF 67TH ANNUAL GENERAL MEETING

12. OTHER BUSINESS

12.1 Recognition was given by the membership to the following achievements and milestones –

- the achievement of the milestone of a fifty (50) year membership in RHAND Credit Union by Mr. Malcolm Layne.
- the winners of the essay competition on the topic – “The Co-operative Pen”, which was promoted by RHAND Credit Union for fourth and fifth form secondary school students.

Schools

1st - Saraswati Girls' Hindu School
2nd - Trinity College East
3rd - St. Stephens College

Individuals

1st - Kimberly Sahadeo
2nd - Sweeta Bhagwandeem
3rd - Saleena Roopchandsingh
4th - Sergio Augustine
5th - Shauny Ramjattan

12.2 Ms. Collette Ann Lewis enquired as to why the dividend declared at the Annual General Meeting is credited to the shareholdings of members and members are not given the opportunity of deciding where their funds should be placed.

In response, the General Manager advised that the decision as to where the funds should be placed was a decision of the members at an Annual General Meeting.

MINUTES OF 67TH ANNUAL GENERAL MEETING

12.3 Mr. Andy Wong of the Central Bank of Trinidad and Tobago sought clarification on the matter of the terminal benefit payable to members of staff under the current Memorandum of Agreement between RHAND Credit Union and Banking, Insurance and General Workers Union and the rationale for the Credit Union not treating properly with this matter.

In response, the General Manager advised that the parties have agreed to have this matter adjudicated on by the Ministry of Labour. The General Manager also indicated that RHAND Credit Union was treating with the matter with the importance that it deserved.

12.4 There being no further business, the meeting ended at 6.59 p.m.

Respectfully submitted

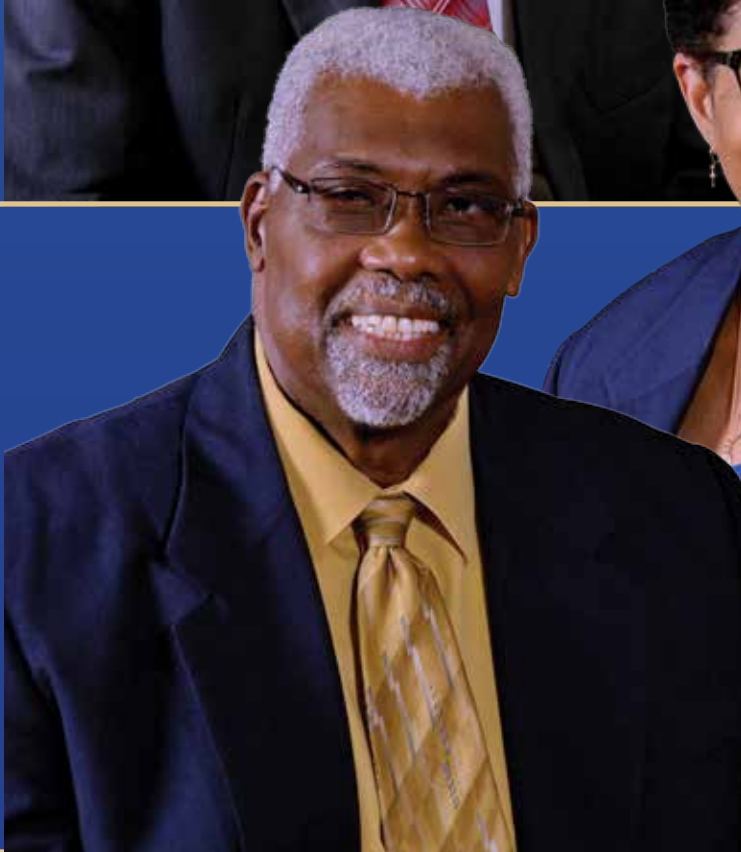


Christine Campbell

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, 2015.
- 1.2 The Year 2015 was a challenging one, with the ongoing negative global macroeconomic and domestic developments. At the end of the year, "recession" and "stagflation" became the bywords. Throughout it all, RHAND Credit Union continued on its sustainable path, through the combined efforts of the Board of Directors, the Members of the Statutory Committees and the Members of Staff of the Society.

2. COMPOSITION OF THE BOARD OF DIRECTORS

- 2.1 The following members were elected to the Board of Directors at the 67th Annual General Meeting held on Saturday March 28, 2015.
- Mrs. Christine Campbell
 - Ms. Marlene Felix
 - Ms. Petal-Dawn Hinkson
 - Mr. Martin Minguell
- 2.2 Ms. Michelle Anne Thomas was elected as the 1st Substitute Member, while Mr. Henry Saunders was elected as the 2nd Substitute Member.
- 2.3 The full Board for the 2015/2016 Term, listed in alphabetical order, comprised the following twelve (12) members:
- Theresa Agulia-Joseph
 - Glenda Bruce
 - Christine Campbell
 - Kedron Duke
 - Marlene Felix
 - Martin Gibbs
 - Petal-Dawn Hinkson
 - Martin Minguell
 - Trevor Percival
 - Monica Richards
 - Michele Rouff
 - Emmanuel Walker
- 2.4 The term of office of Directors Kedron Duke, Martin Gibbs, Monica Richards and Trevor Percival comes to an end at this 68th Annual General Meeting.

REPORT OF THE BOARD OF DIRECTORS

3. EXECUTIVE COMMITTEE

3.1 In keeping with Bye-Law 19(a)(i), the members of the Board elected an Executive Committee at the inaugural meeting. The Executive Committee for the 2015/2016 Term comprised the following Directors:

- Theresa Agulia-Joseph - President
- Emmanuel Walker - Vice President
- Christine Campbell - Secretary
- Monica Richards - Assistant Secretary
- Kedron Duke - Treasurer

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 twenty-four (24) Special Meetings during the period January 01, 2015 to December 31, 2015. 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	-	24	-	-	
Emmanuel Walker	11	1	-	23	1	-	Out of the Country
Christine Campbell	11	1	-	19	5	-	Out of the Country
Monica Richards	6	6	-	17	7	-	Out of the Country
Kedron Duke	12	-	-	23	1	-	
Martin Minguell	9	3	-	12	12	-	
Glenda Bruce	12	-	-	22	2	-	
Martin Gibbs	10	2	-	18	6	-	
Trevor Percival	10	2	-	20	4	-	Out of the Country
Marlene Felix	10	2	-	16	8	-	Out of the Country
Michele Rouff	12	-	-	18	6	-	
Petal-Dawn Hinkson	8	1	-	8	8	-	Elected as a Director at 2015 AGM
Michelle Anne Thomas	4	5	-	8	8	-	Elected as 1st Alternate at the 2015 AGM
Henry Saunders	-	-	-	-	-	-	Elected as 2nd Alternate at the 2015 AGM
Neil Parsantal	-	3	-	5	3	-	End of term of office as a Director
Rennie Ambrose	3	-	-	4	4	-	End of term as 1st Alternate
Gerard Greene	1	2	-	4	4	-	End of term as 2nd Alternate

REPORT OF THE BOARD OF DIRECTORS

5. MEMBERSHIP

5.1 During the year 2015, four hundred and forty-five (445) adult applicants and forty-three (43) youth applicants were admitted to membership. A total of one hundred and thirteen (113) members, including sixty-eight (68) who passed away (**Table 2**), ceased membership in 2015. As at December 31, 2015, the total active membership complement of RHAND Credit Union stood at 19,070.

Table 2: Members Who Died In 2015

1	10001	Pearl De Laney	January 02, 2015
2	9737	Bernice Toussaint	January 02, 2015
3	11484	Leeroy Stephens	January 11, 2015
4	16726	Suneal Ramcharan	January 16, 2015
5	17812	Trevor Spencer	January 22, 2015
6	4024	Jeffrey Bonaparte	January 24, 2015
7	7792	Clearine Kissoon	January 25, 2015
8	19362	Clive Brewster	January 27, 2015
9	18162	Leila Lewis	January 27, 2015
10	5514	Vernon Elcock	January 29, 2015
11	15225	Norris Jack	February 03, 2015
12	4226	Clyde Moore	February 12, 2015
13	2528	Ann Clarke	February 13, 2015
14	3435	Sheron Fabio	February 14, 2015
15	10280	Juliet Corentine	February 18, 2015
16	4096	Joy Johnson-Bastien	February 21, 2015
17	5696	Curtis Wilson	February 22, 2015
18	7910	Yvonne Gittens-Joseph	February 23, 2015
19	17409	Lenore Sandy-Phillips	March 01, 2015
20	6243	Shirley Mc Millan	March 05, 2015
21	10992	David Francis	March 11, 2015
22	14133	Leonora Hodge-Payne	March 13, 2015
23	3461	Wilbur Carr	March 17, 2015
24	2708	Shirley Baldeosingh	March 18, 2015
25	17896	Princess Parks	March 19, 2015
26	13459	Parbatee Pallai	March 21, 2015
27	20048	Yvette King	April 10, 2015
28	14128	Ernest Wright	April 11, 2015
29	23657	Berdette Bushell	May 05, 2015
30	11012	Leila Chatoo	May 05, 2015
31	21842	Yvonne Ramgoolam	May 08, 2015
32	6854	Derek Greenidge	May 09, 2015
33	3074	Swallay Mohammed	May 18, 2015
34	875	Lester Alexander	May 31, 2015

Table 2: Members Who Died In 2015

35	4212	Kenrick Elder	June 01, 2015
36	5020	Judith Davis	June 11, 2015
37	19139	Ursil Emery	June 16, 2015
38	3197	Albert Neblett	June 20, 2015
39	6903	Ronald Payne	June 27, 2015
40	20731	Shelly Ann Liverpool	June 28, 2015
41	20122	Everard Llewellyn	July 07, 2015
42	15062	Hydi Nurse	July 08, 2015
43	2691	Nigel Pierre	July 09, 2015
44	10417	Evril James	July 10, 2015
45	11099	Charles-Maurice Christine	July 24, 2015
46	437	Lynette Lee	July 24, 2015
47	3897	Judith Elie	July 27, 2015
48	12914	Kenrick Hall	July 27, 2015
49	6512	Charles Stewart	August 11, 2015
50	19645	Ingrid Baptiste	August 17, 2015
51	12674	Diane Pavy	August 25, 2015
52	16186	Hyacinth Balbosa	September 21, 2015
53	7879	Marjorie Reid	September 22, 2015
54	13947	Natasha Bullen	October 03, 2015
55	15040	Wade Jordan	October 06, 2015
56	6527	Merle Joseph-Alexander	October 08, 2015
57	3969	Marjorie Applewhite	October 18, 2015
58	12741	Judy Rajkumar-Gualban	October 22, 2015
59	19723	Eulin Andrews	October 23, 2015
60	10730	Monica Joshua	October 26, 2015
61	15168	Richard Elias	October 31, 2015
62	12468	David Millette	November 02, 2015
63	24402	Merle Browne	November 06, 2015
64	12487	Hermes Mentor	November 10, 2015
65	8769	Janet Joseph	December 02, 2015
66	3051	Germaine Newton	December 02, 2015
67	15815	Reva Arneaud	December 03, 2015
68	14875	Venice Hayes	December 31, 2015

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. RHAND RETIREES GROUP

- 6.1 RHAND Retirees continue to meet on the last Tuesday of each month at 5:00 p.m. on the Rooftop of the RHAND Head Office Building.
- 6.2 The RHAND Retirees Group celebrated 26 years from its commencement in 1990. Celebration activities included:
- Lunch for All Saints Home for the Aged
 - Cake and ice cream provided to the children in the infant department of the Moulton Hall Methodist Primary School
 - Luncheon for all members of the RHAND Retirees Group (past and present), at which an anniversary pin was presented to each member
 - Thanksgiving service and cocktail reception
- 6.3 In 2015, Social Activities continued with a Weekend in Tobago/Trip to St. Lucia/Weekend in Aruba and a New Year Cruise.
- 6.4 The following adjustments are required in the Brochure "The Journey" which was presented for the Retirees Anniversary Celebration:
- The group was celebrating 26 years of Anniversary and not 25.
 - Mr. Joseph Lewis who had served as a Board Member during the seventies was not a member of the Board of Directors in 1990 but a member of the Credit Committee.
- 6.5 The group is looking forward to its next significant celebration – the 30th Anniversary in June 2019.

7. MEMBER EDUCATION, TRAINING AND DEVELOPMENT ACTIVITIES FOR THE YEAR 2015

- 7.1 At the first meeting of the Education Committee for 2015, Mr. Haile Caruth:- Manager - Marketing and Member Relations was elected to serve as the Secretary to the Committee. Other members of the Committee included Michele Rouff, Martin Gibbs, Marcia Douglas, Reva Arneaud, Deborah Reid and Deborah Ann Scott. There was a shift in the previous structure in that there was partial disbandment of subcommittees, geared towards the enhancement of the execution of projects developed by the Committee. The Education Assistance Subcommittee was given independent status though the Chairperson - Marlene Felix, was invited to meetings occasionally.
- 7.2 With the Board-approved Action Plan in focus, the Committee submerged itself into a number of activities. A significant amount of time was spent doing a critical analysis of some of the key findings on the successes and shortcomings of the Membership Skills Development Programme (MSDP) as provided by a consultant. The Committee is still in the process of the development of an arrangement with YTEPP. Discussions are to continue in 2016.
- 7.3 Together with the hardworking staff of the Marketing and Member Relations Department (MMRD), the Committee also embarked on some new initiatives in 2015. These included the following:
- Production of three (3) quarterly newsletters, all of which were very well received.

- Held a Mad Science programme for children between the ages of 5-10 years, with a view to exposing them to some of the principles of science but with the goal of recruiting those who can become members, through a series of workshops to be held at RHAND Credit Union.
- Continued the partnership with the Co-operative Development Division in their Junior Co-operative Entrepreneurship Programme (JCEP). RHAND Credit Union was assigned responsibility for promoting this programme at the Arima Central Secondary School. Greater concentration is to be placed on this initiative in 2016 with a view to increasing the youth membership.
- Hosted a panel discussion at the Radisson Hotel as part of our Credit Union Month's activities. This discussion focused on the surviving and thriving of the Credit Union Movement in the 21st century.
- Hosted three (3) health fairs, as part of our Credit Union Day's activities, in Arima, Port of Spain and Tobago. One notable change in 2015 was that the Port of Spain health fair was held at the Brian Lara Promenade. Gulf City Mall in Lowlands – Tobago, was again the venue for the health fair in Tobago.
- The Annual Children's Christmas Party was a huge success. It was held again at the Prison's Sports Ground, Arouca. Change of venue is to engage the attention of the Committee because parking at the venue is inadequate and the spill over onto the Churchill Roosevelt Highway is a cause for serious concern.
- Hosted the annual Secondary Entrance Assessment (SEA) and May Cherrie Awards for children of members who either undertook the SEA examination in 2015 or who were moving from pre-school to primary school.
- Produced the annual RHAND calendar, with the upcoming Olympic Games as the theme and past Olympians being showcased. This is indeed a very valuable historical piece that would redound not only to the benefit of our members but also to our many students across Trinidad and Tobago.

7.4 The Committee revised its Terms of Reference (TOR) in accordance with the Balanced Scorecard (BSC) initiative being implemented in the organization. It is to be noted that the Membership Committee has been subsumed into the Education Committee, a measure recommended by the Consultant engaged in the introduction of the BSC.

7.5 The Committee ended the year on a sad note as we lost one of our members – Ms. Reva Arneaud.

8. WORK ACTIVITIES IN WHICH THE BOARD OF DIRECTORS WAS ENGAGED

8.1 POLICY FORMULATION

The Board continued its work of policy review and formulation of new policies for the effective management of the Credit Union. One of the major policies, is to ensure that an enhanced process for the elections by ballot at the Annual General Meeting is in place. Thus, the Board Policy on Election Procedures will be fully implemented at this Annual General Meeting with the introduction of Electronic Ballot counting.

8.2 OVERSIGHT OF THE STRATEGIC DIRECTION OF THE ORGANIZATION

The Board of Directors consistently monitored and provided direction where necessary on all the projects planned for the effective implementation of the Reengineering Process under the 2013/2015 Strategic Plan and the Balance Scorecard Framework. The Board also engaged in the preparation of a Strategic Plan for the period 2016-2018 supported with the Balanced Scorecard Framework.

Through its oversight responsibility, the organization maintained its BBB - CariCRIS Credit Rating and successfully completed the Staff Negotiations 2012-2014. The initiative to support graduate level training for four employees has been successful to date. One employee has completed studies in International Finance and three are in the final stages of their practicum submissions.

8.3 **INSTITUTIONAL FRAMEWORK STRENGTHENING DEVELOPMENT**

The Board was exposed to developmental exercises through participation and interaction as follows –

- Dr. Lennox Sealey – who facilitated the crafting of the 2016/2018 Strategic Business Plan for RHAND Credit Union, through workshops which were held on Saturdays to accommodate all stakeholders of the organization.
- Regional Conference of the Caribbean Confederation of Credit Unions (CCCU) and the Leadership Conference of the Association of Credit Union Presidents of Trinidad and Tobago (ACCUPTT)

9. **GLOBAL MACROECONOMIC ENVIRONMENT OVERVIEW**

9.1 In 2015, the world economy grew at its slowest pace since the global financial crisis and 2015 marked the fifth consecutive year that average growth in emerging economies declined.

9.2 Andy Haldane – the Chief Economist of the Bank of England, warned that the troubles in China in 2015 were signs that we were entering the early stages of part three of the global crisis trilogy – the Emerging Market crisis of 2015, following on the heels of the following two (2) crises –

- the United States and the United Kingdom economies crisis in 2008 – 2009
- the Eurozone crisis in 2011 – 2012

9.3 Leo Abruzzese, in the **World in 2016 Edition of The Economist Magazine** – states that “The odds of a genuine crisis in China in 2016, triggered by some combination of soaring loan defaults, bust banks and collapsing investment, are at least one in three – the highest in a generation. And a crisis in China would mean a crisis for the world.”

10. **DOMESTIC MACROECONOMIC ENVIRONMENT OVERVIEW**

10.1 In 2015, Trinidad and Tobago once again faced the prospect of a recession. While in 2010, the catalyst for the prospect of a recession was the global financial crisis, followed by the CL Financial debacle – the catalyst for the prospect of a recession in 2015, was collapsed crude oil and natural gas prices.

10.2 The economy of Trinidad and Tobago contracted by some 2.00% during the first six months of 2015 and further contraction was experienced for the rest of 2015 and into 2016.

11. **YEAR 2015 DOMESTIC FINANCIAL SYSTEM OVERVIEW**

• **Money Market**

Having maintained an accommodative monetary stance, with the monetary policy Repo Rate (overnight lending rate) being held steady at 2.75% since September 2012, the Central Bank of Trinidad and Tobago increased the Repo Rate to 3.00% in September 2014. Over the past sixteen months the Repo Rate has been raised six

consecutive times by 25 basis points, to stand at 4.50% at December 31, 2015.

- **Capital Market**

The Composite Index of the Trinidad and Tobago Stock Exchange recorded a meagre increase of 0.99% in 2015.

2015 thus represents the second consecutive year of poor 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	2013	-	11.27% increase
2011	-	21.21% increase	2014	-	2.87% decrease
2012	-	5.14% increase			

12. ASSET BASE

- 12.1 The average growth rate for the economy of Trinidad and Tobago over the six (6) year period of 2009 to 2014 was a negative 0.17%, thus reflecting **what in essence was a stagnant economy**. In 2015 there was little respite, with the economy of Trinidad and Tobago experiencing further contraction. It is against this backdrop that RHAND Credit Union has been growing at an average rate of 6.67% over the past seven (7) years and recorded an increase in its asset base of \$35,455,448 (6.70%) for the year ended December 31, 2015 (**Table 3**).

Table 3: Total Assets – 1997 to 2015

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
2015	564,677,191	35,455,448	6.70

REPORT OF THE BOARD OF DIRECTORS

12.2 As at December 31, 2015, RHAND Credit Union with an asset base of \$564,677,191, stood as the 6th largest Credit Union in Trinidad and Tobago, holding approximately 4.70% of the \$12.0 billion of the assets held by the Credit Union sector.

13. LOANS PORTFOLIO

13.1 Despite the general hesitancy of individuals to increase their borrowings in a stagnant/recessionary economic environment and the fierce competition which characterized the domestic financial services landscape, RHAND Credit Union was able in 2015 to register another year of healthy growth in its loan portfolio.

13.2 The total loan principal balances on the books of the Credit Union stood at \$369,747,410 as at December 31, 2015, representing an increase of \$21,927,091 (6.30%) when compared with the total loan principal balances of \$347,820,319 as at December 31, 2014 (**Table 4**).

Table 4: Loan Principal Balances Outstanding 1995 – 2015

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
2015	369,747,410	21,927,091	6.30

13.3 The successes in loans underwriting, particularly over the past five (5) 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.

14. NON-PERFORMING LOANS

14.1 Consistent with the many efforts pursued over the past eighteen (18) years, during the course of the year 2015, 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.

14.2 As at December 31, 2015, the delinquency ratio was 4.91%, compared with a delinquency ratio of 4.71% as at December 31, 2014. Of the 397 non-performing loans with a value of \$18,141,453, on the books of the Society as at December 31, 2015 (**Table 5**), 144 of these loans, with a value of \$4,898,708, were loans which were one (1) month in arrears, as a result of the late remittance of December 2015 salary deductions and standing order payments, thus the true delinquency ratio for 2015 is 3.58% compared to a true delinquency ratio for 2014 of 3.43%.

Table 5: Net Indebtedness, Loan Loss Allowance and Loan Loss Exposure 1997-2015

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
2015	397	18,141,453	14,154,152	1,029,131	5,773,804	8,380,722

REPORT OF THE BOARD OF DIRECTORS

- 14.3 As at December 31, 2015, shares and deposits totaling \$3,986,927 were held against the non-performing loans balances totaling \$18,141,453, thus falling short of the non-performing loan balances totaling \$18,141,453 by \$ 14,154,526. This exposure on non-performing loan balances net of savings in the sum of \$14,154,526, exceeds the Allowance for Loan Losses on the books of the Society as at December 31, 2015 in the sum of \$5,773,804 by \$8,380,722.
- 14.4 The Allowance for Loan Losses in the sum of \$5,773,804 however, which provides for a loan portfolio coverage of 1.56 % (1.36% - 2014) and a non-performing loans exposure coverage of 31.83% (28.97% - 2014), 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.

15. SHARE CAPITAL PORTFOLIO

- 15.1 The total share capital of the Credit Union stood at \$353,483,959 as at December 31, 2015, representing an increase of \$29,253,056 (9.02%), over the total shareholding of \$324,230,903 as at December 31, 2014 (**Table 6**).

Table 6: Share Capital 1997 – 2015

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
2015	353,483,959	29,253,056	9.02

16. EARNINGS PERFORMANCE AND OPERATING EFFICIENCY PROFILE

16.1 For the financial year ended December 31, 2015, RHAND Credit Union realized an operating surplus of \$11,766,862 (Table 7), which represents an operating margin ratio of 0.29 for the 2015 financial year, compared to an operating margin ratio of 0.35 for the 2014 financial year. The deterioration in the operating margin ratio for the 2015 financial year is principally due to the shortfall in loans interest income and the higher personnel costs that were incurred.

Table 7: Operating Surplus And Operating Margin Ratio 2010 – 2015

Income/Expenses Captions	2010 (\$)	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)
Interest on loans	26,834,405	29,348,127	32,178,947	34,565,407	37,358,266	36,384,961
Investment income	5,430,072	1,887,882	2,616,200	2,268,880	2,020,571	2,746,092
Other income	1,372,829	1,254,062	1,104,170	1,372,953	1,262,899	1,357,626
Total Income	33,637,306	32,490,071	35,899,317	38,207,240	40,641,736	40,488,679
Total Expenses	21,918,405	22,361,318	24,847,903	27,085,133	26,183,499	28,721,817
Operating Surplus	11,718,901	10,128,753	11,051,414	11,122,107	14,458,237	11,766,862
Operating Margin Ratio	0.3484	0.3117	0.3078	0.2911	0.3558	0.2906
Expenses to Income Ratio	0.6516	0.6883	0.6922	0.7089	0.6442	0.7094
Cents Of Every Earned Dollar Consumed By Expenses	\$0.65	\$0.69	\$0.69	\$0.71	\$0.64	\$0.71

Table 8: Comprehensive Income And Return On Assets 2010 - 2015

Income /Assets/Return Captions	2010 (\$)	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)
Operating Surplus	11,718,901	10,128,753	11,051,414	11,122,107	14,458,237	11,766,862
Write(Off)/Back Of Accrued Interest	-11,610,502	450,000	-	-	-	-
Unrealized/Actuarial Gain(Loss)	430,869	4,008,531	4,071,840	8,617,033	679,880	-3,119,583
Comprehensive Income	539,268	14,587,284	15,123,254	19,739,140	15,138,117	8,647,279
Average Assets	395,164,344	406,384,642	434,601,278	473,382,250	512,505,418	546,949,467
Return On Assets	0.14%	3.59%	3.48%	4.17%	2.95%	1.58%

16.2 The costs incurred for the year 2015 under the main cost items of Personnel Costs, Interest on Deposits and Savings and Loan Protection Expense totaled \$17,303,063 compared with \$15,388,264 for 2014 (Table 9).

REPORT OF THE BOARD OF DIRECTORS

Table 9: Expenses Highlighting Major Cost Items 2010 – 2015

Expenses Captions	2010 (\$)	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)	2015 (\$)
Personnel costs	7,692,150	9,017,306	9,976,896	12,023,132	10,635,898	12,021,494
Interest on Savings and Time Deposits	5,213,130	2,314,519	2,010,365	2,063,445	2,170,128	2,316,242
Credit life and savings insurance expenses	698,641	729,331	837,482	831,883	866,002	854,762
Loan protection expense	301,179	1,226,996	982,121	1,479,799	1,716,236	2,110,565
Education Committee expenses	1,047,862	875,864	1,218,132	995,050	1,636,889	1,305,645
Loss on investments	-	-	2,099,999	-	-	-
Loan loss expense	480,000	1,200,000	846,000	2,347,460	129,286	919,012
Depreciation expense	713,541	893,160	896,428	914,875	1,104,740	1,133,615
Stationery, supplies and postage expenses	484,056	630,252	541,771	623,365	527,210	443,266
Other expenses	5,287,846	5,473,890	5,438,709	5,806,124	7,397,110	7,617,216
Total Expenses	21,918,405	22,361,318	24,847,903	27,085,133	26,183,499	28,721,817

17. STRENGTH, SAFETY AND SOUNDNESS AND EFFICIENCY REVIEW

17.1 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
	2015	2014		
1) Institutional Capital Ratio $= \frac{\text{Fund Balances} + \text{Undivided Earnings}}{\text{Total Assets}} = \frac{\$ 62,053,151}{\$ 564,677,191}$	10.99%	12.47%	Minimum of 8.00%	RHAND value more favourable than standard
2) Liquidity Adequacy Ratio $= \frac{\text{Cash Resources}}{\text{Total Assets}} = \frac{\$ 86,779,680}{\$ 564,677,191}$	15.37%	15.63%	Maximum of 20.00%	RHAND value more favourable than standard
3) Asset Quality Ratio $= \frac{\text{Total Non-Performing Loans}}{\text{Total Loans}}$ $= \frac{\$ 18,141,453}{\$ 369,747,410}$	4.91%	4.71%	Maximum of 5.00%	RHAND value more favourable than standard
4) Operating Expenses To Average Asset Ratio $= \frac{\text{Non-Interest Expenses}}{\text{Average Assets}}$ $= \frac{\$ 26,405,575}{\$ 546,949,467}$	4.83%	4.69%	Maximum of 5.00%	RHAND value more favourable than standard
5) Productivity Ratio $= \frac{\text{Non-Interest Expenses} - \text{Loss Expenses}}{\text{Net Interest Income} + \text{Other Income}}$ $= \frac{\$ 26,405,575 - \$ 919,012}{\$ 38,172,437}$	66.77%	62.08%	Maximum of 55.00%	RHAND value less favourable than standard
6) Return On Average Members' Equity $= \frac{\text{Comprehensive Income}}{\text{Average Members' Equity}} = \frac{\$ 8,647,279}{\$ 402,881,737}$	2.15%	4.01%	Minimum of 5.00%	RHAND value less favourable than standard

REPORT OF THE BOARD OF DIRECTORS

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 2015 – 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 New Term 2016-2017.



Theresa Agulia-Joseph

President – Board of Directors



Christine Campbell

Secretary – Board of Directors

REPORT OF
**THE CREDIT
COMMITTEE**



Success occurs when opportunity meets

PREPARATION

REPORT OF THE CREDIT COMMITTEE

1. INTRODUCTION

- 1.1 For the financial year ended December 31, 2015, 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 67th Annual General Meeting held on Saturday - March 28, 2015, the following members were elected to serve on the Credit Committee:

Ms. Esme Forde
Ms. Patricia Harry

Ms. Jennifer James - 1st Substitute
Mrs. Susan Hinds-Morgan - 2nd Substitute

Ms. Esme Forde and Ms. Patricia Harry 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 2015/2016 Term, comprised the following members:

Mr. Dave Williams - Chairman
Mr. Lenus Joseph - Secretary
Mrs. Mary Lou Marcano - Member
Ms. Esme Forde - Member
Ms. Patricia Harry - Member

Ms. Jennifer James - 1st Substitute
Mrs. Susan Hinds-Morgan - 2nd Substitute

- 2.4 The term of office of the following three (3) members of the Credit Committee, comes to an end at this 68th Annual General Meeting:

Mr. Dave Williams
Mr. Lenus Joseph
Mrs. Mary Lou Marcano

3. ATTENDANCE AT MEETINGS

- 3.1 The members of the Credit Committee attended one hundred (100) Regular and eight (8) 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	86	14	-	6	2	-	Out of country. Other commitments
Lenus Joseph	99	1	-	8	-	-	
Mary Lou Edmund-Marcano	92	8	-	8	-	-	Out of country.
Esme Forde	75	20	5	5	2	1	Out of country.
Patricia E Harry	98	2	-	7	1	-	Out of country.

4. CREDIT SUPERVISION

- 4.1 One Hundred and seven (107) loan applications (inclusive of those granted under the "MAX Series" Programme) were processed by the Credit Committee. It did not prove necessary to visit and inspect any vehicle or property in order to complete the processing of any loan. Sixteen (16) interviews were however conducted by the Credit Committee to properly treat with the loan applications received.
- 4.2 Of the one hundred and seven (107) applications approved by the Credit Committee, twenty-two (22) 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 the Credit Committee being affixed thereon.
- 4.4 For the financial year, five thousand, three hundred and seventy-nine (5,379) 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. When added to the loans approved by the Credit Committee, the total number of loans approved for members was five thousand, four hundred and eighty-six (5,486).
- 4.5 **Table 12** captures the levels at which loan approvals were granted, 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.

REPORT OF THE CREDIT COMMITTEE

Table 12: Approving Authority For Loans Granted

Authority	Number of Loans	(%) of Loans (approx)	Approval Limit(\$)
Credit Committee	107	2.00	1,000,000
General Manager	35	1.00	500,000
Manager – Credit Administration	696	13.00	500,000
Manager – Tobago Branch	281	5.00	200,000
Operations Officer - Arima Branch	541	10.00	200,000
Supervisor II	867	16.00	200,000
Credit Officer - Tobago Branch	512	9.00	100,000
Supervisor I	613	11.00	100,000
Senior Clerk	1,039	19.00	75,000
Clerk I	795	14.00	50,000
Total	5,486	100.00	

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

Class of Loan	2015		2014	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	4,522	77,422,239	5,118	64,468,655
RHAND Retirees Cruise Financing	14	236,706	8	133,411
Debt Consolidation Loans	111	3,764,103	178	4,969,282
Education and Training Financing	290	3,817,407	385	4,842,559
Enterprise/Business Financing	12	662,130	24	508,772
Financial Assets (Investment) Financing	46	1,242,075	49	1,715,067
Medical Expenses Financing	192	2,248,492	293	2,582,790
Motor Vehicle Financing	240	23,441,359	244	21,504,609
Real Estate Financing	59	17,579,871	62	13,606,346
Total	5,486	130,414,382	6,361	114,331,491

Table 14: Particulars Of Loans Disbursed By Tobago Branch Office

Class of Loan	2015		2014	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	752	16,197,666	840	13,156,644
RHAND Retirees Cruise Financing	1	15,100	1	25,000
Debt Consolidation Loans	11	421,215	5	410,468
Education and Training Financing	27	526,907	1	10,000
Enterprise/Business Financing	2	39,130	4	116,210
Financial Assets (Investment) Financing	4	95,378	1	55,000
Medical Expenses Financing	5	84,186	1	3,000
Motor Vehicle Financing	36	3,327,968	17	1,732,803
Real Estate Financing	10	3,469,589	1	600,000
Total	848	24,177,139	871	16,109,125

5. NON-PERFORMING LOANS

- 5.1. There were three hundred and ninety-seven (397) non-performing loans, with a value of \$18,141,453 on RHAND's books as at December 31, 2015 - resulting in a delinquency ratio of 4.91%. Of these 397 non-performing loans, 144 loans were loans that were one (1) month in arrears as a result of the late remittance of December 2015 salary deductions and standing order payments. The true delinquency ratio for 2015 therefore is 3.58%, somewhat higher than the 2014 comparative of 3.43%.

6. ADMINISTRATION OF LOAN PROTECTION BENEFITS

- 6.1. The Credit Committee advised the Board of Directors on the settlement of forty-nine (49) Death Benefit Claims with a dollar value of \$1,572,650.
- 6.2. The Credit Committee also advised the Board of Directors on the settlement of two (2) Disability Benefit Claims with a dollar value of \$101,122.

REPORT OF THE CREDIT COMMITTEE

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 workshops.

- Holding Effective Meetings
- Credit Analysis and Proposal Writing
- Preparation for the Implementation of the Balanced Scorecard Strategy Formulation/Execution Framework
- Implications of the Impending New Credit Union Legislation
- Anti-Money Laundering/Combating the Financing of Terrorism Training
- FLEX Software 'JUICE' Platform Training

9. CONCLUDING REMARKS

9.1 The economic outlook for Trinidad and Tobago for 2016 promises to be even more challenging than in the recent past. 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-a-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

Mary Lou Marcano

Esme Forde

Patricia Harry



REPORT OF
**THE SUPERVISORY
COMMITTEE**

Action is the
foundational key to all
SUCCESS

REPORT OF THE SUPERVISORY COMMITTEE

1. INTRODUCTION

1.1 The Supervisory Committee is pleased to present to you our valued fellow members, our report for the administrative period April 2015 to March 2016 and for the financial year January 01, 2015 to December 31, 2015.

1.2 As we continue to embrace our place at the pinnacle of the Credit Union Movement, and in an effort to maintain sustainability and stability, some of our core areas of focus were: transparency, accountability and good governance.

2. COMPOSITION OF THE SUPERVISORY COMMITTEE

2.1 At the 67th Annual General Meeting held on Saturday – March 28, 2015, the following members were elected to serve on the Supervisory Committee:

- Ms. Erica Charles
- Mr. Desmond Noel
- Ms. Debra D'Abreau
- Mr. Stephen Turner - 1st Substitute
- Ms. Nadine Ellis - 2nd Substitute

2.2 In accordance with Bye-Law 24(c)(iii), at the first meeting of the Supervisory Committee held on April 01, 2015, Ms. Claudette Brown and Ms. Erica Charles were elected Chairman and Secretary respectively.

2.3 The full Supervisory Committee for the 2015/2016 Term, comprised the following five (5) members:

- Ms. Claudette Brown - Chairman
- Ms. Erica Charles - Secretary
- Ms. Pamela Ogiste - Member
- Mr. Desmond Noel - Member
- Ms. Debra D'Abreau - Member

2.4 The term of office of the following three (3) members of the Supervisory Committee, comes to an end at this 68th Annual General Meeting:

- Ms. Claudette Brown
- Ms. Pamela Ogiste
- Ms. Debra D'Abreau

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 examination of its books, at least semi-annually and, if the Committee thinks it necessary, make a report of its findings to the Commissioner for Co-operative Development.

REPORT OF THE SUPERVISORY COMMITTEE

- Make an annual report of its audit and submit same to the Annual General Meeting of the members.
- Attest (at least one (1) member) the monthly statement prepared by the General Manager of the Society.

4. MEETINGS OF THE SUPERVISORY COMMITTEE

4.1 Statutory and Special Meetings

The Supervisory Committee held ten (10) Statutory Meetings and three (3) 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	
Claudette Brown	10	-	-	3	-	-	
Erica Charles	10	-	-	3	-	-	
Pamela Ogiste	8	2	-	3	-	-	Work Related Commitments
Desmond Noel	8	2	-	3	-	-	Work Related Commitments
Debra D'Abreau	10	-	-	2	1	-	Work Related Commitments
Stephen Turner	1	1	8	1	-	2	
Nadine Ellis	10	-	-	3	-	-	

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 participate in the Strategic Planning Sessions
- To discuss the Investments Portfolios
- To discuss the Education Committee's Action Plan

4.3 Other Meetings

- Tobago Special Meeting

As a result of the video conferencing technical challenges encountered by the Tobago Membership at the 67th Annual General Meeting, a Special Meeting was held in Tobago in May 2015. Persons who attended were formally introduced to Members of the Board of Directors and Statutory Committees. The meeting was chaired by the Vice President who entertained questions from the membership. The evening culminated with a skit by the Transforming, Healing and Educating Through Art (THETA) Theater Company followed by light refreshments.

REPORT OF THE SUPERVISORY COMMITTEE

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

- Annual General Meeting (AGM) Planning Committee
- Annual General Meeting (AGM) Brochure Committee

5. WORK PROGRAMME OF THE COMMITTEE FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

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
- Review of Non-Performing Loans
- Review of the Minutes of Meetings of the Board of Directors
- Conduct of Cash Counts
- Review of Compliance with the Occupational Safety and Health Act of 2004 (OSH)
- Review of Branch Operations at Tobago and Arima
- Review of the Activities of the Education Committee
- Review of Compliance with the Proceeds of Crime Act of 2000
- Review of Policies
- Human Resource Management
- Insurance Portfolio Review
- Examination of Fixed Assets

6. OBSERVATIONS ON AREAS OF EXAMINATION

6.1 Examinations of the Financial Records and Attestation of the Monthly Statements

During the period of January 2015 to December 2015, the Supervisory Committee reviewed the monthly financial statements of RHAND Credit Union in accordance with Section 24 (a) of the Bye-Laws. The Committee is satisfied that these statements are materially correct. Additionally, the findings and recommendations arising from the reviews were discussed with Management and reported to the Board of Directors and in this regard, there will be follow up action by the Supervisory Committee to ensure that adequate corrective measures have been implemented.

6.2 Credit Administration Review

Audits were conducted on the Loan Portfolio with an objective 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 effectiveness of the internal control systems
- The effectiveness of the monitoring systems for non-performing loans

Methodology:

A random sampling of loans was done in the areas of Mortgage, New and Refinanced and Non-Performing loans with particular emphasis on the approval and maintenance of those loans.

Observations:

1. The Committee identified two areas of breaches of the Bye-Laws –
 - Bye-Law 7 (b) (i),(iii) & (c) and
 - Bye-Law 22 (f)

These were brought to the attention of Management.

2. The examination of Mortgage Loans was undertaken to ensure that RHAND observed the procedures necessary to ensure good title to assets being used as security for loans. From the samples reviewed, there was adherence to the procedures.
3. The untimely receipt of deductions (late payments) from banking and other institutions continue to be a challenge.

Conclusion

In the review of loans and the contracted terms, satisfactory compliance was maintained.

6.3 Review of Non-Performing Loans

Audits were conducted on the delinquency portfolio in order to determine whether adequate systems were in place to communicate with delinquent members to recover outstanding amounts. New and continued measures are being applied to reduce the delinquency portfolio. The Committee was satisfied that efforts were being made by the Credit Administration staff to comply with the Credit Policies and Procedures.

As at December 31, 2015, there were 397 non- performing loans, with a value of \$18,141,453 on the books of RHAND Credit Union. This represented a delinquency ratio of 4.91%, which is within the PEARLS standard ceiling of 5.00%.

6.4 Review of the Minutes of Meetings of the Board of Directors

The Supervisory Committee received and reviewed on a timely basis, the Minutes of Meetings of the Board of Directors. The object of the review was to keep abreast of decisions taken and implemented.

6.5 Conduct of Cash Counts

On December 31, 2015, the Committee conducted Statutory Cash Counts simultaneously at Head Office and the Branch Offices at Arima and Tobago.

Additionally, Surprise Cash counts were conducted at the Arima and Tobago Branches on July 27, 2015 and at Head Office on July 28, 2015.

These exercises did not reveal any discrepancies.

REPORT OF THE SUPERVISORY COMMITTEE

6.6 **Review of Compliance with the Occupational Safety and Health Act 2004 (OSH)**

A physical exercise was conducted to assess the compliance of RHAND Credit Union with the requirements of the OSH Act 2004. The Supervisory Committee is satisfied that attempts were made by RHAND to ensure that the organization is compliant with the Act in the areas examined.

6.7 **Review of Branch Operations**

• **Arima Branch**

Several audits were conducted at the Arima Branch Office for the period under review. These included Credit Administration, Cash Counts and Compliance with the OSH Act 2004.

From our observations, this branch continues to serve members in a professional and family-oriented manner during the conduct of its daily operations.

• **Tobago Branch**

In keeping with the general provision of Bye-Law 24(b) and our mandate to examine and monitor the disbursement and repayment of loans, review of loans issued within the year were randomly audited on a quarterly basis. In addition, members of the Committee conducted audits in the areas of Delinquency, Money Laundering, Fixed Asset and Securities. Several observations and recommendations were made to Management with respect to our findings, and we look forward to favorable actions/consultations. The Committee again wishes to take this opportunity to thank the Manager and staff at the Tobago Branch Office for their co-operation in the execution of our responsibilities.

6.8 **Review of the Activities of the Education Committee**

Bye-Laws Section 21 (a) of RHAND Credit Union states the role of the Education Committee as follows:

"...The 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."

During the period under review the Education Committee managed the following activities and projects.

- Carnival Yard Lime
- Secondary Entrance Examination (SEA) and May Cherrie Awards
- JCEP – Junior Co-operatives Entrepreneurship Programme
- Credit Union Month Celebrations -- Health Fair
- Credit Union Month Celebrations – Panel Discussion
- MAD Science Special Event
- Annual Children's Christmas Party
- Publications of RHAND's Newsletter
- Publication of 2016 Calendar

From the reports received, there are still concerns as it relates to the expenditure with some activities which continue to be in excess of budgetary allocation. It is hoped that more efforts will be made to remain within budget while not affecting the benefits to be derived.

6.9 **Review of the Compliance with the Proceeds of Crime Act 2000**

A review was conducted on the procedures associated with Anti-Money Laundering (AML) and RHAND's Compliance Programme to ensure compliance with the Proceeds of Crime Act 2000.

In the areas examined, it was evident from the Source of Funds Declaration Forms, that proper procedures were followed. Continuous training was conducted for management, staff and members of the Statutory Committees in keeping with our legal requirements.

The Committee is satisfied with the controls in place for the effective functioning of the AML Compliance Unit.

6.10 **Review of Policies**

In the 2015/2016 term, the Supervisory Committee included in its Work Programme, the review of approved policies of RHAND. This exercise was aimed at strengthening the Credit Union's managerial capacities and ensuring compliance with the Co-operative Societies Act and its Regulations (1971), the Bye-Laws of RHAND and other pieces of national legislations. Reviews were conducted on the Procurement Policy and Procedures and the Honoraria Policies. Recommendations were submitted to the Board of Directors.

6.11 **Human Resource Management**

The Supervisory Committee has embarked on an examination of the available human resources in RHAND.

The undertaking of this exercise is ongoing.

6.12 **Insurance Portfolio Review**

RHAND'S insurance portfolio was reviewed to ascertain whether RHAND has adequate insurance coverage and it was found that, in some instances, the amount of insurance coverage was excessive. The Committee suggested corrective measures to the Board of Directors and the Committee will follow up.

6.13 **Examination of Fixed Assets**

In our review of Fixed Assets during the reporting period, no material discrepancy was observed.

It was noted that the Port of Spain City Corporation has agreed to grant new leases for the properties in Woodbrook. Previously, the Committee had expressed concerns in this area.

7. **TRAINING**

7.1 Members of the Supervisory Committee participated in the following training sessions:-

- Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)
- Strategic Planning Workshop
- Credit Training

7.2 The Committee took the opportunity to maximize on the experience of distinguished past members of the Supervisory Committee by initiating in-house training.

- The continued initiation of the Balance Scorecard (BSC) approach to measuring performance was intensified during this term. In an effort to be fully on board with this initiative, the Committee invited Mrs. Marie Ange-Knights to share on the role and responsibilities of a Supervisory Committee in a Credit

REPORT OF THE SUPERVISORY COMMITTEE

Union as it pertains to the BSC. This training was in response to the Committee's high level of participation in Balance Scorecard Workshops conducted by the Consultant.

- Three members of RHAND, including a member of the Supervisory Committee, represented our organization at the 58th Annual International Convention of the Caribbean Confederation of Credit Unions (CCCU) held in partnership with the Credit Union Executives Society (CUES) in Cancun-Mexico. The theme of the Convention was '**Co-operatives: Celebrating Successes and Embracing Challenges for Sustainable Development**'.

8. INTERNAL AUDIT DEPARTMENT

- 8.1 Similar to the prior reporting period, the Committee had no formal contact with the Internal Audit Department. Consequently, the benefits of the two internal audit service providers working collaboratively were not realised (more effective and efficient auditing with less duplication in audits). The Supervisory Committee will continue to approach the Board of Directors on how best both units can work together.

9. APPRECIATION AND RESOLVE

- 9.1 The Members of the Supervisory Committee extend their gratitude to the Board of Directors, the Credit Committee, Management and Staff, and particularly the members of RHAND Credit Union Co-operative Society Limited for their continued support, guidance and their confidence.
- 9.2 RHAND has withstood tough times and this current period is but another test of our resilience. The Supervisory Committee remains strong in our pledge of loyalty and commitment to you as we strive to remain the première Credit Union of choice. **RHAND FIRST**

Respectfully submitted,

Claudette Brown - Chairman

Erica Charles - Secretary

Pamela Ogiste

Desmond Noel

Debra D'Abreau

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, 2015 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, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



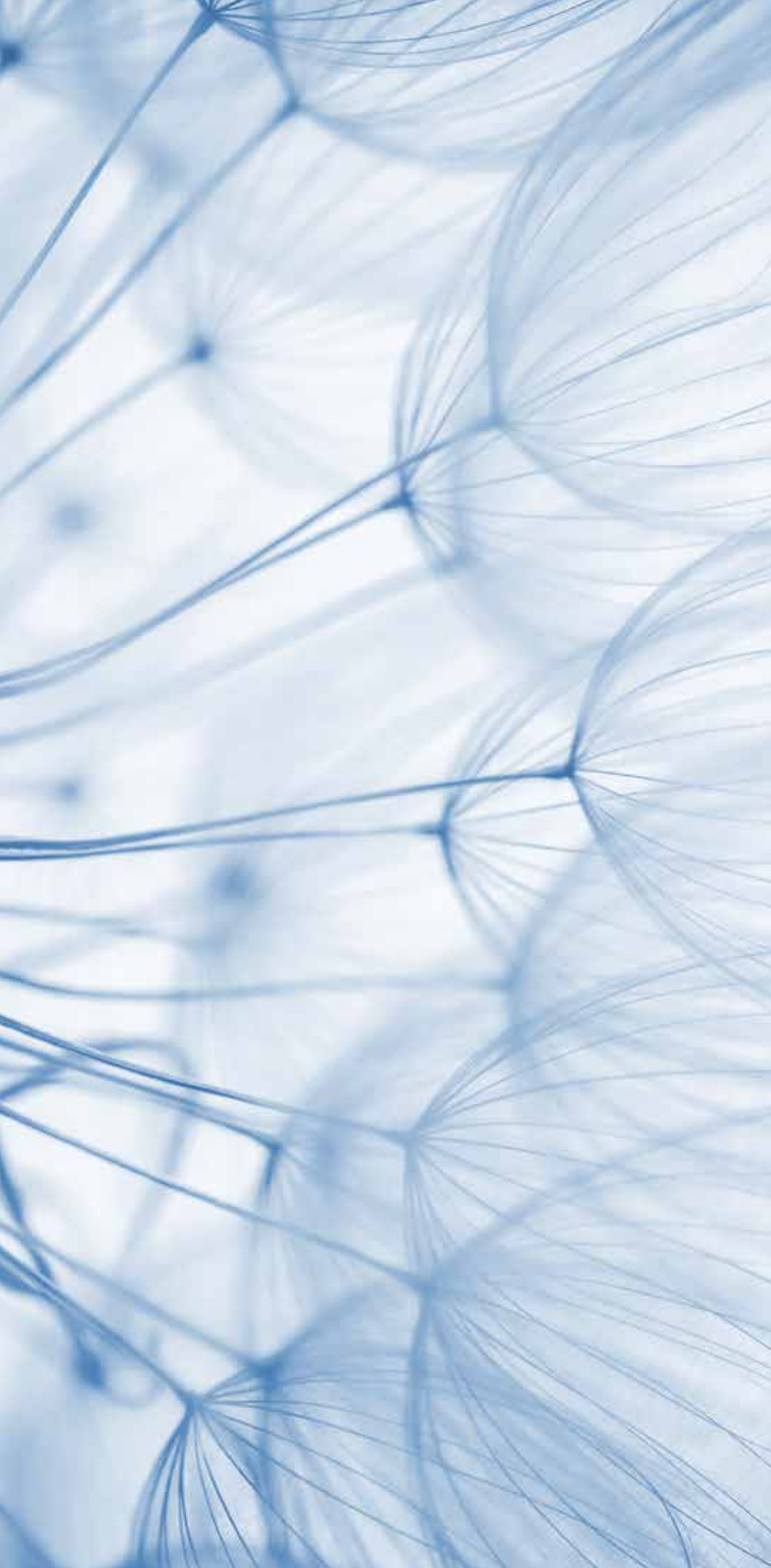
Port of Spain

24th Feb 2016

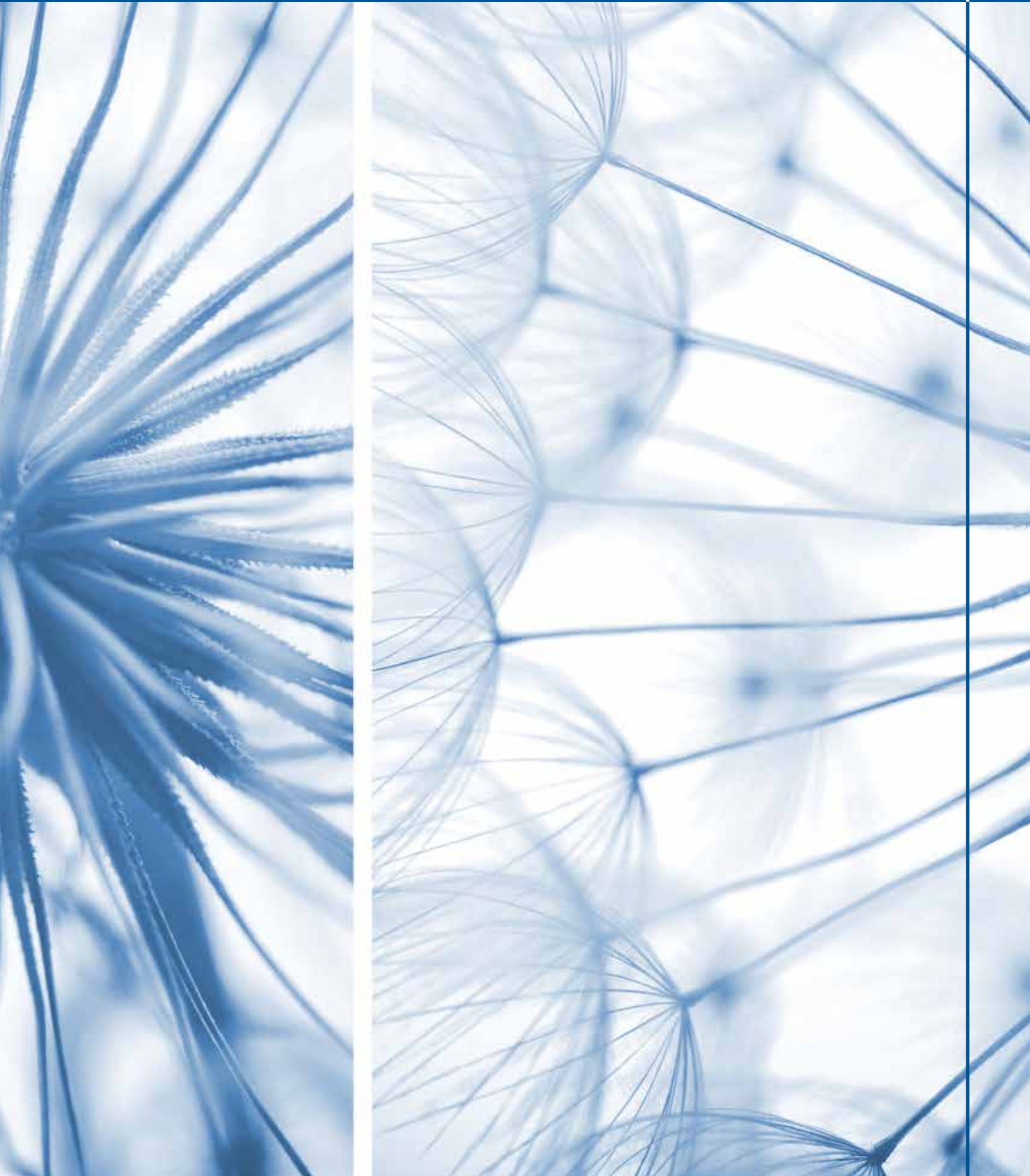
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FINANCIAL STATEMENTS



RHAND CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

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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

Website: www.rhand.org.tt

Registered No. 38 on 27th, 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



Dwight Lyons
Manager – Finance and Accounting

February 24, 2016

February 24, 2016

STATEMENT OF FINANCIAL POSITION

	Notes	December 31	
		2015	2014
Cash Resources:			
Cash in hand and at bank	5	\$ 4,650,324	\$ 11,691,005
Short-term investments	6	82,129,356	71,000,511
Total Cash Resources		86,779,680	82,691,516
Other Assets:			
Accounts receivable and prepayments	7	3,060,204	2,738,666
Net loans to members	8	363,973,606	343,075,646
Long-term investments	9	82,172,180	71,513,400
Fixed assets	10	28,691,521	29,202,515
Total Assets		\$ 564,677,191	\$ 529,221,743
Liabilities:			
Accounts payable and accruals	11	\$ 9,396,221	\$ 7,800,932
Members' deposit savings		40,102,126	34,623,468
Members' time deposits		92,166,254	90,629,600
Provision for terminal benefits	12	5,303,180	5,303,180
Retirement benefit obligation	13	2,172,300	638,200
Members' share savings	14	353,483,959	324,230,903
Total Liabilities		502,624,040	463,226,283
Institutional Capital:			
Reserve fund		24,069,792	22,992,421
Education fund		1,170,408	1,446,107
Loan protection fund	15	786,053	836,726
Building fund		13,000,000	12,250,000
Investment re-measurement reserve	16	13,614,214	15,266,397
Undivided earnings		9,412,684	13,203,809
Total Institutional Capital		62,053,151	65,995,460
Total Liabilities and Institutional Capital		\$ 564,677,191	\$ 529,221,743

These financial statements were approved by the Board of Directors and authorised for issue on February 24, 2016 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	
		2015	2014
Income:			
Interest on loans		\$ 36,384,961	\$ 37,358,266
Investment income (net)	20	2,746,092	2,020,571
Other income	21	1,357,626	1,262,899
Total Income		40,488,679	40,641,736
Expenditure:			
Administrative expenses	22	8,195,094	7,956,429
Board and committees' expenses	23	999,003	1,072,631
Life savings insurance		854,762	866,002
Loan protection expense		2,110,565	1,716,236
Loan loss expense		919,012	129,286
Interest on members' deposits		2,316,242	2,170,128
Member education, training and development expenses		1,305,645	1,636,889
Personnel costs	24	12,021,494	10,635,898
Total Expenditure		28,721,817	26,183,499
Net surplus for the year		11,766,862	14,458,237
Other Comprehensive Income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Unrealised (loss)/gain on available-for-sale financial assets		(1,652,183)	974,380
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Net actuarial (loss)/gain on retirement benefit obligation		(1,467,400)	(294,500)
		(3,119,583)	679,880
Total Comprehensive Income for the year		\$ 8,647,279	\$ 15,138,117

(The accompanying notes form part of these financial statements)

STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED EARNINGS

For the year ended December 31, 2015

	Reserve Fund	Education Fund	Loan Protection Fund	Building Fund	Investment Re-measurement Reserve	Undivided Earnings
Balance as at January 1, 2015	\$ 22,992,421	\$ 1,446,107	\$ 836,726	\$ 12,250,000	\$ 15,266,397	\$ 13,203,809
Total comprehensive income for the year					(1,652,183)	10,299,462
Appropriation of net surplus for the year:						
(i) 10.0% to the Reserve Fund	1,029,946					(1,029,946)
(ii) 10.0% to the Education Fund		1,029,946				(1,029,946)
(iii) 20.0% to the Loan Protection Fund	-	-	2,059,892	-	-	(2,059,892)
	<u>24,022,367</u>	<u>2,476,053</u>	<u>2,896,618</u>	<u>12,250,000</u>	<u>13,614,214</u>	<u>19,383,487</u>
Add/(less) adjustments as follows:						
(i) Dividends (2014)						(12,589,588)
(ii) Entrance fees	47,425					(47,425)
(iii) Member education, training and development expenses		(1,305,645)				1,305,645
(iv) Transfer to Building Fund				750,000		(750,000)
(v) Loan protection expense	-	-	(2,110,565)	-	-	2,110,565
Balance as at December 31, 2015	<u>\$ 24,069,792</u>	<u>\$ 1,170,408</u>	<u>\$ 786,053</u>	<u>\$ 13,000,000</u>	<u>\$ 13,614,214</u>	<u>\$ 9,412,684</u>

(The accompanying notes form part of these financial statements)

STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED EARNINGS

For the year ended December 31, 2015

	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)
	<u>22,940,361</u>	<u>3,082,996</u>	<u>2,552,962</u>	<u>11,500,000</u>	<u>15,266,397</u>	<u>20,813,288</u>
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	<u>\$ 22,992,421</u>	<u>\$ 1,446,107</u>	<u>\$ 836,726</u>	<u>\$ 12,250,000</u>	<u>\$ 15,266,397</u>	<u>\$ 13,203,809</u>

(The accompanying notes form part of these financial statements)

STATEMENT OF CASH FLOWS

	For the year ended December 31	
	2015	2014
Cash Flows from Operating Activities:		
Net surplus for the year	\$ 11,766,862	\$ 14,458,237
Adjustments to reconcile net surplus to cash provided by operating activities:		
Depreciation	1,133,615	1,104,740
Increase in provision for loan losses	919,012	129,286
Loss on disposal of fixed assets	24,175	54,195
Non-performing loans recovered / (written-off)	110,119	87,445
Retirement Benefit Asset – IAS #19 adjustment	66,700	53,900
Net change in accounts receivable and prepayments	(321,538)	104,258
Net change in loans to members	(21,927,091)	(13,097,651)
Net change in members' deposit savings	5,478,658	3,599,184
Net change in members' time deposits	1,536,654	3,949,900
Net change in accounts payable and accruals	1,595,289	670,206
Net change in members' share savings	29,253,056	19,887,389
Cash provided by operating activities	<u>29,635,511</u>	<u>31,001,089</u>
Cash Flows from Investing Activities:		
Proceeds from disposal of fixed assets	33,000	4,925
Purchase of long-term investments	(12,310,963)	3,393
Net changes in fixed assets	(679,796)	(1,090,090)
Cash used in investing activities	<u>(12,957,759)</u>	<u>(1,081,772)</u>
Cash Flows from Financing Activities:		
Dividends distribution	(12,589,588)	(10,160,544)
Cash used in financing activities	<u>(12,589,588)</u>	<u>(10,160,544)</u>
Net change in cash resources for the year	4,088,164	19,758,773
Cash resources, beginning of year	82,691,516	62,932,743
Cash resources, end of year	<u>\$ 86,779,680</u>	<u>\$ 82,691,516</u>
Represented by:		
Cash in hand and at bank	\$ 4,650,324	\$ 11,691,005
Short-term investments	82,129,356	71,000,511
	<u>\$ 86,779,680</u>	<u>\$ 82,691,516</u>

(The accompanying notes form part of these financial statements)

DECEMBER 31, 2015

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 not applied the following standard that became effective during the current year, as it does not apply to the activities of the Society or have a material impact on its financial statements:

IFRS 7 Financial Instruments: Disclosures - Mandatory effective date and transition disclosures (effective for accounting periods beginning on or after 1 January 2015).

- ii) 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 - Amendments regarding changes in methods of disposal (effective for accounting periods beginning on or after 1 January 2016).

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

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

- IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements (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).
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).
- IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).
- IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
- IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).

DECEMBER 31, 2015

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

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

- 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 - Amendments regarding discount rate: regional market issue (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 - Amendments regarding disclosure of information "elsewhere in the interim financial report" (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).

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Cont'd):

DECEMBER 31, 2015

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.

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

DECEMBER 31, 2015

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Cont'd):

DECEMBER 31, 2015

f) Financial instruments (cont'd)

Financial assets (cont'd)

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

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

Impairment of financial assets

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

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

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

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

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

DECEMBER 31, 2015

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

Impairment of financial assets (cont'd)

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

2. Significant Accounting Policies (Cont'd):

DECEMBER 31, 2015

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.

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

DECEMBER 31, 2015

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

Financial liabilities (cont'd)

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.

g) **Revenue recognition -**

Loan Interest

Interest charged on loans to members is calculated at rates ranging from 0.50% to 1.00% per month on the outstanding balance at the end of each month in accordance with Section 22 (a) of the Bye-laws. Loan interest is accounted for on the cash basis.

Interest on non-performing loans is not accrued or taken into income on an ongoing basis because there is doubt as to the recoverability of the loans. Income from non-performing loans is taken into income on a cash basis, but only after specific provisions for losses have been made. For non-performing loans, specific provisions are made for the unsecured portion of the loan. The amount of the provision is dependent upon the extent of the delinquency.

Investment Income

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

h) **Dividends payable to members -**

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Cont'd):

DECEMBER 31, 2015

i) **Foreign currency -**

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

j) **Provisions -**

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

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

k) **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 Pan American Life Insurance of Trinidad and Tobago.

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.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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:

	2015	
	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets		
Cash in hand and at bank	4,650,324	4,650,324
Short-term investments	82,129,356	82,129,356
Long-term investments	68,557,966	82,172,180
Investment interest receivable	359,620	359,620
Other accounts receivable	2,700,584	2,700,584
Loans to members	363,973,606	363,973,606
Financial Liabilities		
Members' savings and time deposits	132,268,380	132,268,380
Members' shares	353,483,959	353,483,959
Accrued interest payable	1,011,649	1,011,649
Other accounts payable	8,384,572	8,384,572
	2014	
	<u>Fair Value</u>	<u>Carrying Value</u>
Financial Assets		
Cash in hand and at bank	11,691,005	11,691,005
Short-term investments	71,000,511	71,000,511
Long-term investments	56,247,003	71,513,400
Investment interest receivable	365,858	365,858
Other accounts receivable	2,372,808	2,372,808
Loans to members	343,075,646	343,075,646
Financial Liabilities		
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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

3. Financial Risk Management (Cont'd):

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

a) Interest rate risk -

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

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

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

(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 guidelines to team members involve in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

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

3. Financial Risk Management (Cont'd):

DECEMBER 31, 2015

b) Credit risk (continued) -

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	2015	2014
Due from banks and other financial institutions	\$ 169,592,451	\$ 154,204,916
Accounts receivable	3,060,204	2,738,666
Loans to members	369,747,410	347,820,319
	<u>\$ 542,400,065</u>	<u>\$ 504,768,901</u>
 Financial assets that are neither past due nor impaired		
	2015	2014
Cash held in reputable financial institutions	\$ 4,650,324	\$ 11,691,005
Short-term investments with no default anticipated	82,129,356	71,000,511
Long-term investments with no default anticipated	82,172,180	71,513,400
Accounts receivable with full repayment expected	3,060,204	2,738,666
Loans to members	351,605,957	331,440,734
	<u>\$ 523,618,021</u>	<u>\$ 488,384,316</u>

c) Liquidity risk -

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

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

Risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

c) Liquidity risk (cont'd) -

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.

	2015			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial Assets				
Cash in hand and at bank	4,650,324	-	-	4,650,324
Short-term investments	82,129,356	-	-	82,129,356
Long-term investments	63,115,933	1,115,263	17,940,984	82,172,180
Investment interest receivable	373,534	-	-	373,534
Loans to members	9,025,099	246,930,951	113,791,360	369,747,410
Financial Liabilities				
Members' savings and time deposits	132,268,380	-	-	132,268,380
Members' shares	353,483,959	-	-	353,483,959
Accrued interest payable	1,011,649	-	-	1,011,649
	2014			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial Assets				
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
Financial Liabilities				
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

DECEMBER 31, 2015

3. **Financial Risk Management (Cont'd):**

Financial risk factors (cont'd)

d) Currency risk -

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

e) Operational risk -

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

f) Compliance risk -

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

g) Reputation risk -

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015

5. **Cash in Hand and at Bank:**

	December 31	
	<u>2015</u>	<u>2014</u>
Cash in hand	\$ 392,902	\$ 379,204
Cheques in hand	424,945	612,519
Current account	3,832,495	10,699,282
	<u>\$ 4,650,342</u>	<u>\$ 11,691,005</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	
	<u>2015</u>	<u>2014</u>
The Home Mortgage Bank	\$ 4,511,545	\$ 4,451,082
First Citizens Investment Services Limited		
- Abercrombie Fund	50,088,912	34,402,047
- Repurchase Agreement	5,239,646	5,112,192
RBTT Trust Limited – ROYTRIN Money Market Fund	33,139	34,015
ANSA Merchant Bank Limited	4,416,116	4,416,116
Trinidad and Tobago Unit Trust Corporation		
- Money Market Fund	4,668,765	13,948,356
Guardian Asset Management Limited	3,687,765	3,636,703
KSBM Asset Management Limited	4,483,468	-
Public Service Credit Union Co-operative Society Limited	5,000,000	5,000,000
	<u>\$ 82,129,356</u>	<u>\$ 71,000,511</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

7. **Accounts Receivable and Prepayments:**

	December 31	
	2015	2014
Interest receivable on investments	\$ 359,621	\$ 365,858
Staff members' loans	154,171	309,034
Other receivables and prepayments	2,546,412	2,063,774
	<u>\$ 3,060,204</u>	<u>\$ 2,738,666</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	
	2015	2014
Loans to members	\$ 369,747,410	\$ 347,820,319
Less: Allowance for loan losses	(5,773,804)	(4,744,673)
	<u>\$ 363,973,606</u>	<u>\$ 343,075,646</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

8. **Net Loans to Members (Cont'd):**

b) Analysis of movement in Allowance for Loan Losses:

	December 31	
	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 4,744,673	\$ 4,527,942
Non-performing loans recovered	110,119	87,445
Provision for the year	919,012	129,286
Balance, end of year	\$ 5,773,804	\$ 4,744,673

c) Analysis of Loans that are past due but not impaired:

	December 31	
	<u>2015</u>	<u>2014</u>
Up to 3 months	\$ 6,206,182	\$ 11,659,949
More than 3 months but less than 6 months	1,230,298	1,001,350
More than 6 months but less than 9 months	677,805	335,542
More than 9 months but less than 1 year	906,497	403,016
Over 1 year	9,120,671	2,979,728
Total	\$ 18,141,453	\$ 16,379,585

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

9. Long-Term Investments:

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

Available-for-sale

	December 31	
	2015	2014
Quoted Equity		
Investments - Republic Bank Limited	\$ 1,633,506	\$ 1,747,485
- Prestige Holdings Limited	1,836,038	1,737,874
- Grace Kennedy Company Limited	202,500	182,500
- Guardian Holdings Limited	251,750	251,750
- Massy Holdings Limited	971,832	1,079,374
- West Indian Tobacco Company Limited	4,016,022	3,858,294
- One Caribbean Media Limited	792,000	900,000
- Sagicor Financial Corporation	325,500	312,375
- Jamaica Money Market Brokers Limited	125,235	97,911
- Ansa Mc Al Limited	970,799	967,448
- Scotiabank Trinidad and Tobago Limited	966,264	959,712
- Royal Bank of Canada	111,625	838,119
- Trinidad Cement Limited	147,263	92,270
- National Commercial Bank of Jamaica	105,000	57,500
- Angostura Holdings Limited	279,400	270,000
- CLICO Investment Fund	204,750	207,540
- First Citizens Bank Limited	3,813,040	4,037,464
First Citizens Investment Services Limited - Exchange Traded Funds (EFT)	467,511	120,330
KSBM Asset Management Limited - Managed Portfolio	7,663,826	-
Unquoted Equity		
Investments - LINCUI Limited	2,250,001	2,250,001
- The Central Finance Facility Co-operative Society of Trinidad and Tobago Limited	100,000	100,000
Mutual Fund Units		
Trinidad and Tobago Unit Trust Corporation		
- Calypso Macro Index Fund	4,978,850	-
- North American Fund	-	3,634,370
- Growth and Income Fund	48,047,819	47,294,690
Deutsche Bank	569,284	280,896
	80,829,815	71,277,903
Less: provision for impairment losses (see note below)	(2,099,999)	(2,099,999)
Total Available for Sale Investments	<u>78,729,816</u>	<u>69,177,904</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

9. **Long-Term Investments (Cont'd):**

	December 31	
	<u>2015</u>	<u>2014</u>
Total Available for Sale Investments	<u>\$78,729,816</u>	<u>\$69,177,904</u>
<u>Held to maturity</u>		
Bonds - Government of the Republic of Trinidad and Tobago	492,900	492,900
- Government of St. Lucia	457,426	-
- Guardian Holdings Limited	387,000	-
- Housing Development Corporation	189,000	189,000
- National Insurance Property Development Company	1,153,596	1,153,596
- Neal and Massy Holdings Limited	500,000	500,000
- Phoenix Park Gas Processors Limited	<u>262,442</u>	<u>-</u>
	<u>3,442,364</u>	<u>2,335,496</u>
	<u>\$ 82,172,180</u>	<u>\$ 71,513,400</u>

In the financial year 2012, the Board of Directors decided to set up a provision for impairment losses against unquoted equity investments held with LINC Limited and The Central Finance Facility Co-operative Society of Trinidad and Tobago Limited. The provision of **\$2,099,999** was recorded in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

10. Fixed Assets:

	Land	Car Park	Building	Work-in- Progress	Furniture, Fixtures and Fittings
Cost					
Balance as at January 1, 2015	\$15,493,607	\$ 186,868	\$ 9,828,295	\$3,210,658	\$3,141,577
Additions	-	-	-	273,700	80,534
Disposals	-	-	-	-	(3,657)
Reclassification	-	-	314,754	(367,055)	-
Balance as at December 31, 2015	<u>15,493,607</u>	<u>186,868</u>	<u>10,143,049</u>	<u>3,117,303</u>	<u>3,218,454</u>
Accumulated Depreciation					
Balance as at January 1, 2015	-	186,868	4,581,961	-	1,868,848
Charge for the year	-	-	266,896	-	125,223
Disposals	-	-	-	-	(2,033)
Balance as at December 31, 2015	<u>-</u>	<u>186,868</u>	<u>4,848,857</u>	<u>-</u>	<u>1,992,038</u>
Net Book Value					
Balance as at December 31, 2015	<u>\$15,493,607</u>	<u>\$ -</u>	<u>\$ 5,294,192</u>	<u>\$3,117,303</u>	<u>\$ 1,226,416</u>
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>
Cost					
Balance as at January 1, 2014	\$15,493,607	\$ 186,868	\$ 9,765,995	\$3,012,669	\$3,097,342
Additions	-	-	62,300	197,989	62,750
Disposals	-	-	-	-	(18,515)
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>
Accumulated Depreciation					
Balance as at January 1, 2014	-	186,868	4,385,689	-	1,744,639
Charge for the year	-	-	196,272	-	133,595
Disposals	-	-	-	-	(9,386)
Balance as at December 31, 2014	<u>-</u>	<u>186,868</u>	<u>4,581,961</u>	<u>-</u>	<u>1,868,848</u>
Net Book Value					
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>
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>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

Office Equipment	Telephone Facilities	Other Equipment	Motor Vehicles	Computer Facilities	Total
\$ 681,517	\$ 295,399	\$2,295,797	\$ 776,386	\$ 7,876,121	\$ 43,786,225
3,680	15,693	64,663	-	299,627	737,897
-	-	-	(118,809)	(170,919)	(293,385)
-	-	-	-	(5,400)	(57,701)
<u>685,197</u>	<u>311,092</u>	<u>2,360,460</u>	<u>657,577</u>	<u>7,999,429</u>	<u>44,173,036</u>
464,686	216,641	1,413,293	417,113	5,434,300	14,583,710
40,078	23,719	136,803	79,888	461,008	1,133,615
-	-	-	(117,253)	(116,524)	(235,810)
<u>504,764</u>	<u>240,360</u>	<u>1,550,096</u>	<u>379,748</u>	<u>5,778,784</u>	<u>15,481,515</u>
<u>\$ 180,433</u>	<u>\$ 70,732</u>	<u>\$ 810,364</u>	<u>\$ 277,829</u>	<u>\$ 2,220,645</u>	<u>\$ 28,691,521</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>
\$ 688,090	\$ 283,351	\$2,175,253	\$ 479,237	\$7,762,749	\$ 42,945,161
6,600	12,048	126,242	297,149	325,012	1,090,090
(13,173)	-	(5,698)	-	(211,640)	(249,026)
<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>
429,068	188,908	1,275,785	372,153	5,085,766	13,668,876
48,034	27,733	141,998	44,960	512,148	1,104,740
(12,416)	-	(4,490)	-	(163,614)	(189,906)
<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>
<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>
<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>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

11. Accounts Payable and Accruals:

	December 31	
	<u>2015</u>	<u>2014</u>
Death/disability claims payable	\$ 2,741,466	\$ 2,369,806
Non-members' receipts	45,210	93,334
Interest payable on members' time deposits	1,011,649	922,441
Sharon FYFE "Coppers" Account	227	227
Cummings/Fraser Foundation Account	550,000	450,000
Other payables and accruals	4,475,344	3,392,799
Unclaimed members' share savings	24,595	24,595
Unclaimed members' deposit savings	547,730	547,730
	<u>\$ 9,396,221</u>	<u>\$ 7,800,932</u>

12. Provision for Terminal Benefits:

The Memorandum of Agreement (MOA) between the Society and the Banking, Insurance and General Workers Union (BIGWU) for the years 2009 to 2011 provided for the payment of Terminal Benefits to employees at normal retirement at age sixty (60) years. The Credit Union disputed the clause in the MOA on the payment of Terminal Benefits at normal retirement and the matter was referred to the Ministry of Labour and Small and Micro Enterprise Development.

On December 28, 2015, the Credit Union signed an agreement with BIGWU for the removal of this benefit in the new MOA for the years 2012 to 2014. The Credit Union was scheduled to make the required buy-out payments to all eligible employees of the Society in January 2016.

13. Retirement Benefit (Asset)/Obligation:

	December 31	
	<u>2015</u>	<u>2014</u>
a) Change in Present Value of Defined Benefit Obligations		
Opening Present Value of Defined benefit obligation	\$ 11,732,100	\$ 11,862,300
Current service cost	591,100	585,500
Interest cost	579,500	571,500
Plan participant contributions	217,900	212,800
Actuarial (gain)/loss on obligation	1,346,600	164,000
Benefits paid	(1,092,500)	(1,664,000)
Closing Present Value of Defined Benefit Obligation	<u>\$ 13,374,700</u>	<u>\$ 11,732,100</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

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

	December 31	
	<u>2015</u>	<u>2014</u>
Opening Fair Value of Plan Assets	\$ 11,093,900	\$ 11,572,500
Expected return on Plan assets	547,200	556,400
Actuarial loss on Plan assets	(120,800)	(130,500)
Employer contributions	575,300	561,300
Plan participant contributions	217,900	212,800
Benefits paid and administrative expenses	(1,111,100)	(1,678,600)
Closing Fair Value of Plan Assets	<u>\$ 11,202,400</u>	<u>\$ 11,093,900</u>

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

	December 31	
	<u>2015</u>	<u>2014</u>
Defined benefit obligation	\$ 13,374,700	\$ 11,732,100
Fair value of plan assets	(11,202,400)	(11,093,900)
Net IAS 19 Defined Benefit Obligation/(Asset)	<u>\$ 2,172,300</u>	<u>\$ 638,200</u>

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

	December 31	
	<u>2015</u>	<u>2014</u>
Current service cost	\$ 591,100	\$ 585,500
Interest cost	32,300	15,100
Administrative expenses	18,600	14,600
Expense recognised in Statement of Comprehensive Income	<u>\$ 642,000</u>	<u>\$ 615,200</u>

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

	December 31	
	<u>2015</u>	<u>2014</u>
Opening defined benefit asset	\$ 638,200	\$ 289,800
Net pension cost	642,000	615,200
Actuarial (gain)/loss on obligation	1,467,400	294,500
Company contributions paid	(575,300)	(561,300)
Closing Defined Benefit Obligation	<u>\$ 2,172,300</u>	<u>\$ 638,200</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

f) Actual Return on Plan Assets

	December 31	
	2015	2014
Expected return on Plan assets	\$ 547,200	\$ 556,400
Actuarial loss on Plan assets	(120,800)	(130,500)
Actual Return on Plan Assets	\$ 426,400	\$ 425,900

g) Expected Company Contributions

\$ 668,400	\$ 560,500
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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	100.00%	100.00%
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Sensitivity of Present Value of Defined Benefit Obligation

	1% increase	1% decrease
Discount Rate	(2,411,100)	3,163,000
Salary Growth	1,341,100	(1,164,900)

The Weighted Average Duration of the obligations is 24 years.

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.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015 stands at **\$786,053**.

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.

NOTES TO THE FINANCIAL STATEMENTS

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17. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

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

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

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

	December 31	
	<u>2015</u> \$	<u>2014</u> \$
<u>Assets, Liabilities and Members' Equity</u>		
Loans and other receivables		
Directors, committee members, key management personnel	5,713,682	3,439,199
Due from LINCUI Limited	450,000	450,270
Investment in LINCUI Limited (net)	250,001	250,001
Shares, deposits and other liabilities		
Directors, committee members, key management personnel	6,231,147	2,273,247
Cummings /Fraser Foundation Account	550,000	450,000
Interest and other income		
Directors, committee members, key management personnel	459,680	327,839
Interest and other expenses		
Directors, committee members, key management personnel	154,518	106,416
Key management compensation		
Short-term benefits	2,412,797	1,702,397

DECEMBER 31, 2015

18. Fair Values:

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

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

a) Current assets and liabilities -

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

b) Members' Loans -

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

c) Investments -

The fair values of investments are determined on the basis of market prices available at December 31, 2015.

d) Members' deposits -

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

19. Capital Risk Management:

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

20. **Investment Income (net):**

	December 31	
	<u>2015</u>	<u>2014</u>
Capital market investment income	\$ 1,020,390	\$ 833,730
Money market investment income	1,107,945	1,213,215
Impairment loss on investments	-	(26,374)
Foreign exchange loss on investments	(57,703)	-
Net gain on sale on of investments	675,460	-
	<u>\$ 2,746,092</u>	<u>\$ 2,020,571</u>

21. **Other Income:**

	December 31	
	<u>2015</u>	<u>2014</u>
Cyber Café income	\$ 22,130	\$ 45,662
Rental income	306,600	347,300
CUNA commissions	655,811	554,161
Other commissions	57,806	71,842
Service charges	2,275	3,043
Entrance fees	47,425	52,060
Miscellaneous income	265,579	188,831
	<u>\$ 1,357,626</u>	<u>\$ 1,262,899</u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

22. **Administrative Expenses:**

	December 31	
	<u>2015</u>	<u>2014</u>
Advertising and promotions	\$ 596,470	\$ 219,491
Annual and special general meetings	441,896	437,275
Audit fees	209,300	135,650
Awards ceremony	-	722,872
Bank charges	42,035	87,850
Debit card facility expenses	153,907	138,300
Debt collector's commission	7,737	55,905
Depreciation (net)	1,133,615	1,104,740
Donations	33,905	46,844
Electricity	408,960	401,460
Insurances	285,844	258,221
Legal and professional services	1,085,821	667,214
Loss on disposal of fixed assets	24,175	54,195
Miscellaneous expenses	506,952	432,045
Rates and taxes	17,162	19,975
Property rental	720,000	690,000
Repairs, maintenance and cleaning	1,165,245	1,056,676
Security	224,578	186,332
Stationery, computer supplies, printing and postage	443,266	527,210
Telephone	694,226	714,174
	<u><u>\$ 8,195,094</u></u>	<u><u>\$ 7,956,429</u></u>

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

23. Board and Committees' Expenses:

	December 31	
	2015	2014
Conferences	\$ 79,899	\$ 159,992
Training	107,662	112,070
Meeting	241,044	258,670
Subsistence	196,892	179,928
Entertainment and duty allowance	43,275	38,200
Honoraria	293,668	296,289
Supervisory committee	31,343	19,578
Travelling	5,220	7,904
	<u><u>\$ 999,003</u></u>	<u><u>\$ 1,072,631</u></u>

24. Personnel Costs:

	December 31	
	2015	2014
Salaries and other staff benefits	\$ 11,564,505	\$ 10,331,690
Retirement Benefit Asset - IAS #19 adjustment	66,700	53,900
Training and subsistence	390,289	250,308
	<u><u>\$ 12,021,494</u></u>	<u><u>\$ 10,635,898</u></u>

2016 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

2016 Quantitative Objectives

Key Results Area	Budgeted	Actual	Increase/(Decrease)	
	2016 (\$)	2015 (\$)	(\$)	%
Total income	43,998,635	40,488,679	3,509,956	8.67
Total expenses	30,983,438	28,721,817	2,261,621	7.87
Net surplus	13,015,197	11,766,862	1,248,335	10.61
Share savings portfolio	368,483,959	353,483,959	15,000,000	4.24
Time deposits portfolio	93,166,254	92,166,254	1,000,000	1.08
Deposit savings portfolio	43,402,126	40,102,126	3,300,000	8.23
Loans portfolio	449,627,717	369,747,410	79,880,307	21.60
Non-performing loans	20,233,247	18,141,453	2,091,794	11.50
Money market investments portfolio	85,129,356	82,129,356	3,000,000	3.65
Capital market investments portfolio	87,872,179	84,272,179	3,600,000	4.27

GENERIC STRATEGY OVER THE PERIOD 2016 - 2018

We are committed to strengthening our position in the market and to this end RHAND Credit Union will pursue a Cost Leadership strategy over the period. During this time, it is our intention to aggressively manage our cost structure across every activity of the value chain to the extent that standardization and systemization become drivers of value. Ultimately, we expect members to experience better value for money in all our product and service offerings.

PRIMARY INITIATIVES FOR THE REALISATION OF QUANTITATIVE OBJECTIVES

During the year 2016, the key 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

2016 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

2016 Financial Projections with Budgeted and Actual Results for 2014 and 2015

Project/Item Of Expenditure	Proposed 2015 (\$)	Actual 2015 (\$)	Proposed 2016 (\$)
Buildings	2,715,000	0	450,000
Computer facilities	2,191,165	573,327	2,365,528
Furniture, fixtures and fittings	412,900	80,534	313,600
Office equipment	0	3,680	25,000
Other equipment	560,500	80,356	430,500
Total	5,879,565	737,897	3,584,628

2016 Financial Projections with Budgeted and Actual Results for 2014 and 2015

	2014				2015				2016	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	\$	%	\$	%	\$	%	\$	%	\$	%
INCOME										
Interest on loans	38,894,004	89.5	37,358,266	91.9	40,268,235	92.1	36,384,961	89.9	39,335,870	89.4
Investment income	2,823,192	6.5	2,020,571	5.0	1,945,956	4.4	2,746,092	6.8	3,295,365	7.5
Fees and commissions	720,000	1.7	626,003	1.6	696,000	1.6	713,617	1.8	720,000	1.6
Rental income	360,000	0.8	347,300	0.8	372,000	0.9	306,600	0.7	288,000	0.7
Miscellaneous income	636,000	1.5	289,596	0.7	434,400	1.0	337,409	0.8	359,400	0.8
TOTAL INCOME	43,433,196	100.0	40,641,736	100.0	43,716,591	100.0	40,488,679	100.0	43,998,635	100.0

2016 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

2016 Financial Projections with Budgeted and Actual Results for 2014 and 2015 (Cont'd)

	2014				2015				2016	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	\$	%	\$	%	\$	%	\$	%	\$	%
EXPENSES										
Advertising and promotion	480,000	1.7	219,491	0.8	450,000	1.6	596,470	2.1	990,000	3.2
Annual General Meeting expenses	400,000	1.4	437,275	1.7	450,000	1.6	441,896	1.5	450,000	1.5
Audit fees	114,000	0.4	135,650	0.5	127,200	0.5	209,300	0.7	216,000	0.7
Bank charges and interest	60,000	0.2	87,850	0.3	80,400	0.3	42,035	0.1	60,000	0.2
Business Continuity Planning expenses	30,000	0.1	1,255	0.0	12,000	0.1	-	-	12,000	0.0
Committees' expenses	656,400	2.3	616,350	2.4	601,200	2.2	625,436	2.2	607,200	1.9
Conferences and meetings	60,000	0.2	159,992	0.6	150,000	0.5	79,899	0.3	150,000	0.5
Life savings insurance	960,000	3.3	866,002	3.3	876,000	3.1	854,762	3.0	876,000	2.8
Loan protection expense	1,680,000	5.8	1,716,236	6.6	1,680,000	6.0	2,110,565	7.4	1,680,000	5.4
Debt collectors' commission	60,000	0.2	117,517	0.5	120,000	0.4	7,737	0.0	120,000	0.4
Depreciation	952,500	3.3	1,104,740	4.2	1,188,000	4.3	1,133,615	4.0	1,188,000	3.8
Donations	60,000	0.2	46,844	0.2	60,000	0.2	33,905	0.1	48,000	0.2
Member education, training and development expenses	1,218,000	4.2	1,636,889	6.3	1,400,000	5.0	1,305,645	4.6	1,600,000	5.2
Electricity	420,000	1.5	401,460	1.5	420,000	1.5	408,960	1.4	420,000	1.4
Honoraria	300,000	1.0	296,290	1.1	310,000	1.1	293,668	1.0	310,000	1.0
Insurances	266,400	0.9	258,221	1.0	363,600	1.3	285,844	1.0	318,000	1.0
Interest on members' savings deposits	329,465	1.1	306,672	1.2	361,427	1.3	345,527	1.2	208,108	0.7
Interest on members' time deposits	1,770,379	6.1	1,863,456	7.1	1,840,230	6.6	1,970,715	6.9	1,852,530	6.0
Legal and professional services	600,000	2.1	665,959	2.6	420,000	1.5	1,085,821	3.8	420,000	1.4
Loan loss expense	720,000	2.5	129,286	0.5	1,000,000	3.6	919,012	3.2	1,000,000	3.2
Loss on disposal of assets	12,000	0.1	54,195	0.2	24,000	0.1	24,175	0.1	24,000	0.1
Loss on disposal of investments	-	-	-	-	12,000	0.1	-	-	6,000	0.0
Miscellaneous expenses	396,000	1.4	1,223,301	4.7	420,000	1.5	660,859	2.3	450,000	1.5
Rates and taxes	16,800	0.1	19,975	0.1	18,000	0.1	17,162	0.0	18,000	0.0
Rental expense	540,000	1.9	690,000	2.6	720,000	2.6	720,000	2.5	720,000	2.3
Repairs, maintenance and cleaning	1,140,000	3.9	1,056,679	4.0	1,140,000	4.1	1,165,245	4.1	1,080,000	3.5
Personnel costs	14,066,800	48.5	10,635,898	40.6	12,088,000	43.4	12,021,494	41.7	14,442,400	46.6
Security expenses	180,000	0.6	186,332	0.7	180,000	0.6	224,578	0.8	180,000	0.6
Special General Meeting expenses	24,000	0.1	-	-	12,000	0.1	-	-	12,000	0.0
Stationery, computer supplies, printing and postage	600,000	2.0	535,510	2.0	486,000	1.7	443,266	1.6	805,200	2.6
Telephone expenses	840,000	2.9	714,174	2.7	840,000	3.0	694,226	2.4	720,000	2.3
TOTAL EXPENSES	28,952,744	100.0	26,183,499	100.0	27,850,057	100.0	28,721,817	100.0	30,983,438	100.0
NET SURPLUS	14,480,452	33.3	14,458,237	35.6	15,866,534	36.3	11,766,862	29.1	13,015,197	29.6

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, 2016.

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, 2015 to the Building Fund.

3. DIVIDEND ON SHAREHOLDINGS

Be it resolved, that a dividend of 2.5% on the average monthly share balance held by each member for the year ended December 31, 2015 be declared for the year ended December 31, 2015 and that the proceeds of this dividend distribution be credited to the Share Savings and Savings Deposit accounts of each member by way of equal credits of 50.0% of the entitlement for each member.

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, 2015.



RHOND
CREDIT UNION