

**LOOKING  
BEYOND 70**  
BUILDING ON A STRONG  
FOUNDATION



**RHAND  
CREDIT UNION**

**ANNUAL REPORT 2017**

The key to continued growth and progress rests in our ability to pass on one generation's knowledge and achievements to the next generation.



## **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



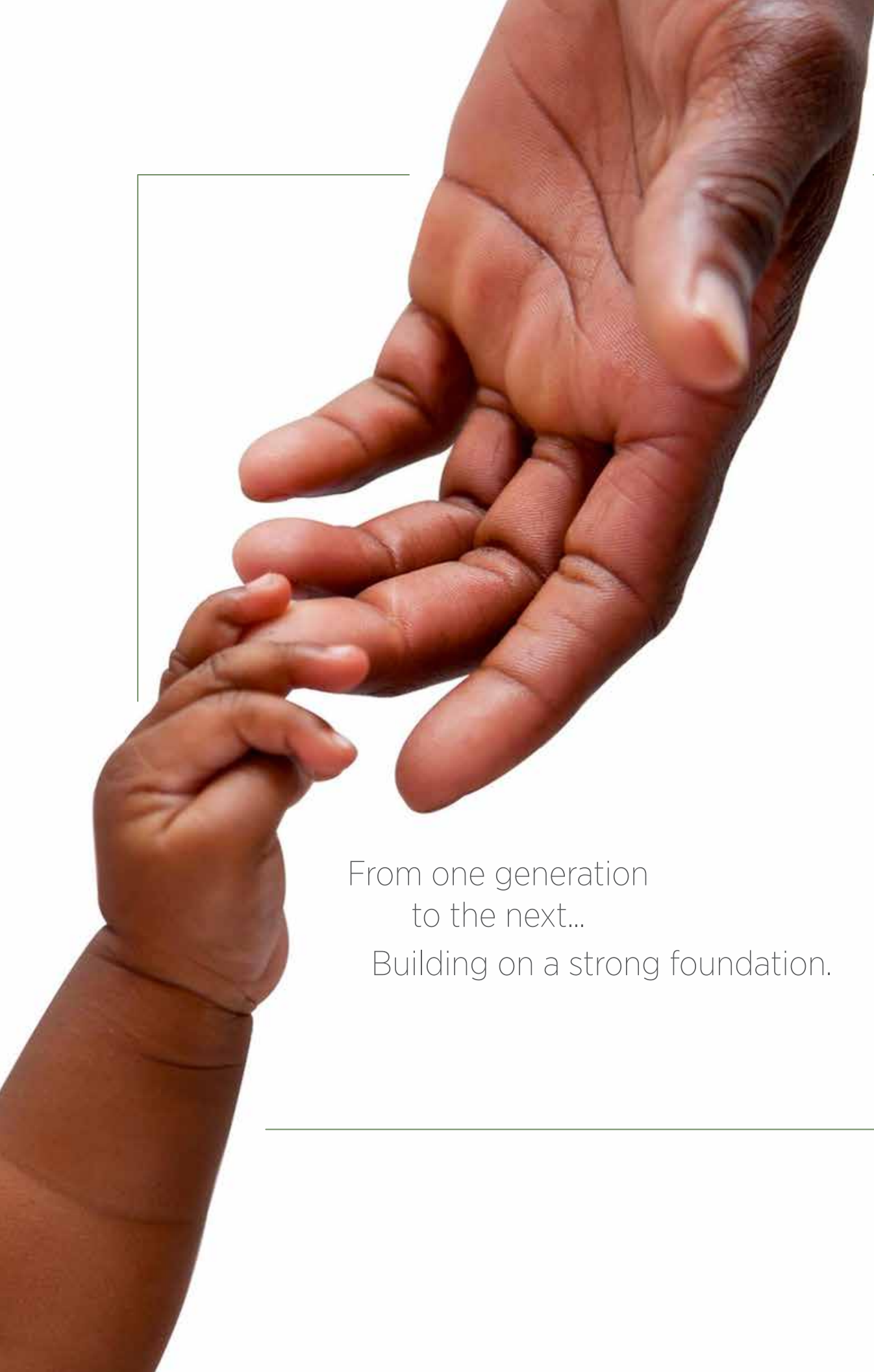
## **THE NATIONAL ANTHEM**

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.



From one generation  
to the next...  
Building on a strong foundation.

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*A message from*  
**THE PRESIDENT**



Dear Member

It is indeed a tremendous privilege and honour for me to present our 70<sup>th</sup> Annual Report and to greet the RHAND family on behalf of the Board of Directors, the Supervisory Committee, the Credit Committee, the Management and the Staff. We all stand with you, hand in hand, united as we celebrate our 70<sup>th</sup> year of operating as a registered Credit Union Co-operative Society Limited.

RHAND was established as a member-owned financial co-operative, democratically controlled by its members, and operated for the purpose of promoting thrift, providing credit at competitive rates, and providing other financial services to its members. As we reflect on this purpose, 70 years as a going concern is no small achievement. It is noted that of the fifty Credit Unions that were registered as at March 1948, RHAND stands among the 11 that are still active.

Our brand, rooted in the Public Service has evolved through the years and today stands strong because of the foundation established by the forefathers. RHAND is positioned head to head with our peers in the sector. Having pioneered several industry firsts, we remain in the forefront with member focused services and benefits.

Notably, as a 'people before profit' organization, our focus on the creation of shareholder value differs from other financial intermediaries. Our Board must create a comparative advantage while mitigating risk and attempting to be value oriented. This juggling act requires as paramount, the protection and retention of the value of our members' funds.

The economic picture at the end of 2017 reflected the continued impact of dampened oil prices on foreign reserve shortages, regular reports of job loss, and rising food prices. It is against this backdrop that the Board and management have had to reevaluate its strategies for long term sustainability. In this regard, the primary focus has been on embracing the recommendations of its Human Resource and Information & Communication Technology Audits.

As a model financial intermediary and attempting to mitigate the future impact on shareholder value, RHAND has prudently commenced its risk mitigation strategies through International Financial Reporting Standard No. 9 (IFRS 9) and Enterprise Risk Management. Loans being RHAND's core business, one anticipated impact of IFRS 9 is increased loan loss provisioning. Such requirements for mounting reserves, providing credit at competitive rates and creating shareholder value through cost saving, constrain RHAND's ability to generate and payout dividends at comparable rates to that of other financial intermediaries.

Looking Beyond 70 - RHAND has been blessed with membership from which talented leaders have emerged who continue to build on our forefathers' achievements. It remains our collective responsibility to aggressively pursue, groom and thrust into leadership, new talent from among our membership to ensure RHAND's survival. Additionally, we must commit to ensuring financial and organizational health, and the four pillars of cooperative governance:

- **'Teaming':** Successfully working together to achieve common purpose.
- **Accountable Empowerment:** Successfully empowering people while at the same time holding them accountable for the power granted.
- **Strategic Leadership:** Successfully articulating the cooperative's direction/purpose and setting the organization up for movement in this direction.
- **Democracy:** Successfully sustaining a culture in which people choose meaningful ways to participate for both individual and common good."



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Martin Minguell  
**President - Board of Directors**



# NOTICE OF THE 70TH ANNUAL GENERAL MEETING

Notice is hereby given that the 70<sup>th</sup> Annual General Meeting of RHAND Credit Union Co-operative Society Limited will be held on Saturday - March 24, 2018 - commencing at 1:00 p.m. at the following two (2) venues simultaneously:

- 1) Trinidad - Centre of Excellence, Macoya
- 2) Tobago - Tobago Nutrition Co-operative Society Limited, Milford Road, Canaan

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

## AGENDA

1. Adoption of the Standing Orders
2. President's Address
3. Minutes of the 69<sup>th</sup> Annual General Meeting of March 25, 2017
4. Minutes of 1<sup>st</sup> Special General Meeting - August 4, 2017
5. Minutes of 2<sup>nd</sup> Special General Meeting - September 2, 2017
6. Matters arising out of the Minutes of the 69<sup>th</sup> Annual General Meeting
7. Reports 2017
  - Board of Directors
  - Credit Committee
  - Supervisory Committee
  - Independent Auditors
  - Financial Statements
  - Nominating Committee
8. Election of Officers for the 2018/2019 Term
9. 2018 Quantitative Objectives, Proposed Capital Expenditure and Financial Projections
10. Review of Bye-Laws of the Society
11. Motions
12. Resolutions
13. Other Business

Dated this 27<sup>th</sup> day of February, 2018

BY ORDER OF THE BOARD,



**Joycelyn Hunte**  
**Secretary – Board of Directors**

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

# STANDING ORDERS

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

# COMPOSITION OF THE BOARD OF DIRECTORS AND STATUTORY COMMITTEES

## 2017 - 2018

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### Board of Directors

Mr. Martin Minguell	-	President
Mr. Martin Gibbs	-	Vice President
Ms. Joycelyn Hunte	-	Secretary
Mrs. Michele Rouff	-	Assistant Secretary
Mr. Reynold Cooper	-	Treasurer
Mr. Emmanuel Walker	-	Director
Mrs. Christine Campbell	-	Director
Ms. Glenda Bruce	-	Director
Mr. Kedron Duke	-	Director
Ms. Marlene Felix	-	Director
Ms. Petal-Dawn Hinkson	-	Director
Mrs. Andrea Borneo-Ragoo	-	Director
Mrs. Myrtle Pilgrim-Edwards	-	1 <sup>st</sup> Substitute
Ms. Charlene Davidson	-	2 <sup>nd</sup> Substitute

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### Supervisory Committee

Ms. Claudette Brown	-	Chairman
Ms. Erica Charles	-	Secretary
Ms. Pamela Ogiste	-	Member
Mr. Desmond Noel	-	Member
Mrs. Patricia Williams	-	Member
Ms. Annalee Brooks	-	1 <sup>st</sup> Substitute
Ms. Nadine Ellis	-	2 <sup>nd</sup> Substitute

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### Credit Committee

Ms. Esmé Forde	-	Chairman
Ms. Patricia E. Harry	-	Secretary
Mr. Lenus Joseph	-	Member
Ms. Jennifer James	-	Member
Mrs. Susan Hinds-Morgan	-	Member
Mr. Joseph Miller	-	1 <sup>st</sup> Substitute
Ms. Donnis Bourne	-	2 <sup>nd</sup> Substitute

MINUTES OF  
**THE 69<sup>TH</sup> ANNUAL  
GENERAL MEETING**

# MINUTES OF THE 69TH ANNUAL GENERAL MEETING

**Held on Saturday-March 25, 2017, simultaneously at the UWI Sport and Physical Education Centre, St. Augustine - Trinidad and the Tobago Nutrition Co-operative Society Limited – Canaan-Tobago, facilitated through the linking of the two venues employing video conferencing technology**

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

- 1.1 The meeting commenced at 1.15 pm, with the Convenor - Mr. Martin Gibbs, welcoming members in attendance. He noted that, through video conference, the meeting was being held at two venues simultaneously, one being at the University of the West Indies Sport and Physical Education Center, St. Augustine, Trinidad (the Trinidad Venue) and the other at Tobago Nutrition Co-operative Society Limited, Canaan, Tobago (the Tobago Venue). He invited those in attendance to stand for the playing of the National Anthem and the recitation of the Credit Union Prayer.
- 1.2 Reverend Clifford Rawlins conducted the invocation and thereafter one minute of silence was observed for those members who departed this life since the date of the last Annual General Meeting.
- 1.3 Thereafter, the Secretary, Ms. Joycelyn Hunte, was invited to read the Notice convening the meeting.

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

- 2.1 The Secretary read the Notice convening the meeting and reported that notice was duly given and that a quorum being present, the meeting was duly constituted and could proceed to business. Three hundred and forty-two (342) members were present at this point.
- 2.2 The Standing Orders were duly adopted by the meeting on a motion of Mr. D. Williams, a Retiree and seconded by Ms. Petal Dawn Hinkson. The motion was put to the vote and carried.
- 2.3 The meeting duly agreed to a proposal for the 2016 Annual Report to be taken as read.

## **3. ADDRESS OF THE PRESIDENT**

- 3.1 The Chairman, Mr. Emmanuel Walker, greeted everyone. In particular, he recognized the Retirees Group and thanked them for their contributions made to the Society over the years. He recognized also other persons including those members attending the AGM for the first time, those from Tobago, those who were youths, the General Manager and his staff, Reverend Rawlins, Mrs. Daphne Moore and her assistants, Mrs. Allison Watson and her assistants and Mr. Avery Peterson of the Election Support Team.
- 3.2 In his address, he discussed, inter alia, the following matters:
  - RHAND was celebrating its 70th year as a registered credit union;
  - The local economy was in economic recession and management has adopted creative mechanisms to treat with the attendant economic shocks.
  - The Society completed its Strategic Plan for 2016 through 2018. Two objectives identified by the above plan were to increase both the asset base and the membership of the Society to \$1.0 billion and 25,000 respectively by the 31<sup>st</sup> December, 2018.

To meet the objectives of the plan, the Society undertook, among other measures, a Human Resource and Information Technology Audit in 2016 (HR & IT Audit). The HR & IT Audit Consultants made certain recommendations for the improvement of the human resource capability of the organization; these included changing the ICT infrastructure, reframing certain managerial responsibilities and improving leadership capabilities. A Committee, he said, has been established to examine the above recommendations in more detail.

*MINUTES OF*

# **THE 69TH ANNUAL GENERAL MEETING**

## **4. CONFIRMATION OF THE MINUTES OF THE 68<sup>TH</sup> ANNUAL GENERAL MEETING**

- 4.1 The minutes of the 68<sup>th</sup> AGM were tabled for the consideration of meeting. The meeting confirmed the above minutes on a motion of Mr. Lenus Joseph, a Retiree and seconded by Ms. Pamela Ogiste without any amendments.

## **5. MATTERS ARISING OUT OF THE MINUTES OF THE 68<sup>TH</sup> ANNUAL GENERAL MEETING**

- 5.1 There were no matters arising out of the Minutes of the above 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 meeting.
- 6.2 The Chairman led the meeting in the discussion of the above Report. Thereafter, the Report was adopted by the meeting on a motion of Ms. Kadajah Antoine of T&TEC and seconded by Ms. Patricia Harry, a Retiree.

### **REPORT OF THE EDUCATION COMMITTEE**

- 6.3 The Report of the Education Committee was tabled for the consideration of the meeting. The Vice President, being the Chairman of the above Committee, was invited to present the said Report and he did so. Thereafter, the Report was adopted by the meeting on a motion of Mr. Dave Williams and seconded by Ms. Joy Dillon of the Industrial Court.

### **REPORT OF THE CREDIT COMMITTEE**

- 6.4 The Report of the Credit Committee was tabled for the consideration of the meeting. Mrs. Esme Forde, the Chairperson of the above Committee, was invited to present the said Report and she did so.
- 6.5 The following correction was made to the Report:
- In line 2 of paragraph 8.1, replace the period, which appears at the end thereof, with a colon.
- 6.6 The following matters were raised and discussed to the satisfaction of members:
- The position regarding delinquency in light of the mandate given to the Board by members at the last AGM to take legal action against delinquent members;
  - Whether the recommenders of delinquent members should be asked to assist in persuading them to honour their commitments with the Society?
- 6.7 The Report of the Credit Committee was adopted on a motion of Mr. James Huggins, a Retiree and seconded by Mr. Martin Minguell of the Ministry of Health. The motion was put to the vote and carried.

### **REPORT OF SUPERVISORY COMMITTEE**

- 6.8 The Report of the Supervisory Committee was tabled for the consideration of the meeting. Ms. Claudette Brown, the Chairperson of the above Committee, was invited to present the said Report and she did so.
- 6.9 The following corrections were made to the Report:
- In line 18 of paragraph 6.7, replace the word “is”, which appears between the words “satisfaction” and “maintained” with the word “are”, and
  - In the caption of paragraph 8, replace the word “DEPARMENT” with the word “DEPARTMENT”.

# MINUTES OF THE 69TH ANNUAL GENERAL MEETING

- 6.10 A member, after ascertaining the definition of non-performing loans as that term was used in paragraph 6.3 of the Committee's Report and noting that such loans were above the PEARLS' benchmark, asked whether they posed a threat to the business of the Society? In response, the Chairperson, Supervisory Committee expressed the view that, despite such observation, the Society's Balance Sheet remained strong and the said loans posed no significant risk to the erosion of capital at this time.
- 6.11 The Report the Supervisory Committee was adopted on a motion of Ms. Angela Preddie, a Retiree, and seconded by Mrs. Loretta Roopnarine, also a Retiree. The motion was put to the vote and carried.

## REPORT OF THE NOMINATING COMMITTEE

- 6.12 The External Auditors not being present at this point, the meeting agreed to vary the Agenda to deal with the above Report at this time. The Report of the Nominating Committee was tabled for the consideration of the meeting. Mrs. M. Knights, the Chairperson of the Committee, was invited to present the said Report and she did so.
- 6.13 The following correction was made to the above Report:
- In the section of the Report containing the photographs and personal statements of the respective candidates for office, replace the words "NOMINATION FOR CREDIT COMMITTEE, which appears immediately above the photograph and personal statement of Ms. Charlene Davidson, with "NOMINATION FOR BOARD OF DIRECTORS".
- 6.14 Thereafter, the meeting adopted the said Report after a motion of Mr. Frank Nestor, a Retiree which was seconded by Mr. Lenus Joseph. The motion was put to the vote and carried.

## REPORT OF THE AUDITORS

- 6.15 The External Auditors were present at this time. Ms. Renee-Lisa Phillip, a Partner of the firm, PKF Chartered Accountants & Business Advisors, was invited by the Chairman to present the Auditors' Report and she did so.
- 6.16 After the presentation of the Report, the meeting duly adopted the same after a motion of Mrs. Umilta Ingrid Roberts-Henry, a Retiree and seconded by Ms. Mary Bruce of the Ministry of Finance. The motion was put to the vote and carried.

## FINANCIAL STATEMENTS

- 6.17 The Financial Statements of the Society for the year ended the 31<sup>st</sup> December, 2016 were tabled for the consideration of the meeting. The General Manager, in a brief Power Point presentation, dealt with the challenges faced by all players in the financial services sector in this jurisdiction; thereafter, he gave an overview of financial performance of the Society for the last financial year and answered questions raised by members.
- 6.18 Questions raised by members dealt with the following matters:
- Whether or not the projection, to grow the Society's asset base to \$1.0 billion by the 31<sup>st</sup> December, 2018, was realistic?
  - In its pursuit business consolidation initiatives with suitable credit unions, did that mean that the Society will absorb other societies in the sector?
  - Diversification of the investment portfolio;
  - Investments in LINCU and the Central Finance Facility;
  - The reason for the proposed increase - from \$113,586 to \$6.6 million - in Capital Expenditure for the 2017 financial year.

MINUTES OF

# THE 69TH ANNUAL GENERAL MEETING

- Will the credit union be purchasing shares in First Citizens Bank Limited?
- Bearing in mind bank customers are complaining currently about the various bank charges, did the Society have a marketing strategy to attract such customers?
- Whether or not the Society was comfortable with its investments in Phoenix Park Gas Processors Limited, National Infrastructure Development Company Limited, Housing Development Corporation and Royal Bank of Canada?

6.19 Following upon discussions of the above-mentioned matters to the satisfaction of the membership, the Financial Statements were adopted on a motion of Mr. Frank Nestor and seconded by Mr. Chris Risbrooke, a Retiree. The motion was put to the vote and carried.

## 7. ELECTION OF OFFICERS FOR THE 2017/2018 TERM

7.1 At this juncture, following the adoption of the Report of the Nominating Committee at paragraph 5.14 hereof, the Chairman vacated the chair and the Returning Officer, Mrs. Daphne Moore, took same. The Returning Officer explained the voting process to members, the number of persons for whom one may vote regarding the Board of Directors and the Committees and advised that the ballots will be counted electronically at this meeting. She explained further to members the rules and processes involved in having the ballots processed and counted.

7.2 At this point, the Returning Officer acknowledged the presence of a quorum there being six hundred and thirty-six (636) members present at the Trinidad Venue and one hundred and four (104) at that in Tobago. Ballot papers were distributed and members cast their ballots.

7.3 The following persons were elected to the Board of Directors, the Credit and the Supervisory Committees:

### Board of Directors

Emmanuel Walker	
Michele Rouff	
Glenda Bruce	
Andrea Borneo-Ragoo	
Myrtle Pilgrim-Edwards	First Substitute
Charlene Davidson	Second Substitute

### Credit Committee

Patricia Harry	
Susan Hinds-Morgan	
Esme Forde	
Joseph B. Miller	First Substitute
Donnis Bourne	Second Substitute

### Supervisory Committee

Desmond Noel	
Patricia Williams	
Erica Charles	
Annalee Brooks	First Substitute
Nadine Ellis	Second Substitute



# MINUTES OF THE 69TH ANNUAL GENERAL MEETING

7.4 A motion for the destruction of the ballots, physically and electronically, was moved by Ms. Michele Rouff, a Retiree and seconded by Mr. Martin Minguell. It was put to the vote and carried.

## 8. 2017 QUANTITATIVE OBJECTIVES, PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

8.1 After being tabled, the General Manager led in the discussion of the Financial Projections and Capital Expenditure Budget of the Society for 2017. He discussed, among other things, the projections for income, expenses and surplus for the period. The projected surplus for 2017 was 18.6 million, an increase of 12.77 percent over the actual figure for 2016. He mentioned also the budget assumptions which included the targeting of members with good credit history for loan promotion activities and the diversification of the investment portfolio with a view towards reducing risk.

8.2 Questions raised by members dealt with the following matters:

- Whether or not the projections for growth in the loan portfolio and a decrease in the non-performing loans portfolio by \$31,691,189 or 7.95 percent and \$1,165,113 or 5.13 percent respectively were realistic? Whether or not the policy guidelines for the granting of loans will be compromised in the circumstances?
- Why was the Society not spending the figure budgeted for “Computer Facilities” over the last three years or so?
- Whether or not, bearing in mind the sum of \$6.6 million has been budgeted for an office in Tobago, a building had been identified?
- What items constituted Miscellaneous Income? An explanation was sought for the projected increase in Miscellaneous Income to \$672,000 in 2017, bearing in mind the actual figure in 2016 was \$373,466.
- Is the term “Loan Protection Fund” on page 91 the same as “Loan Protection Expense” on page 98 of the Annual Report?

8.3 With answers to the above matters being satisfactorily provided, a motion for the approval of the Financial Projections and Proposed Capital Expenditure Budget for 2017 was moved by Mr. Melville Ashby, a Retiree and seconded by Ms. Verlia Willock of the Ministry of Finance. The above motion was put to the vote and carried.

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

9.1 The Chairman advised that there was no business to be dealt with under the above head. He stated, however, that certain proposals for amendments to the Bye-laws will be presented at a Special Meeting to be held on a date to be fixed.

## 10. MOTIONS

10.1 The meeting was advised that there was no business to be dealt with under the above head.

## 11. RESOLUTIONS

11.1 The following Resolutions were tabled for the consideration of members:

### APPOINTMENT OF AUDITORS

That the firm of Chartered Accountants & Business Advisors, PKF be appointed as the Auditors of the Society for the financial year ending the 31<sup>st</sup> December, 2017.

A motion for the approval of the above Resolution was moved by Ms. G. Bruce and seconded by Ms. Petal Dawn Hinkson. It was put to the vote and carried.

*MINUTES OF*

# **THE 69TH ANNUAL GENERAL MEETING**

## **BUILDING FUND**

That pursuant to Bye-law 15(h)(ix), the sum of \$750,000.00 be allocated from the surplus for the year ended the 31<sup>st</sup> December, 2016 to the Building Fund.

A motion for the approval of the above Resolution was moved by Ms. G. Bruce and seconded by Mr. Dave Williams. It was put to the vote and carried.

## **DIVIDEND ON SHAREHOLDINGS**

That a dividend of 2.75 per cent on the average monthly share balance held by each member for the year ended the 31<sup>st</sup> December, 2016 be declared for the year ended the 31<sup>st</sup> December, 2016 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 30 and 70 percent respectively of the entitlement for each member.

A motion for the approval of the above Resolution was moved by Ms. G. Bruce and seconded by Mr. Melville Ashby. It was put to the vote and carried.

## **HONORARIA**

That honoraria in the gross sum of \$313.334 (235,000 net of income tax liability) be declared for the year ended the 31<sup>st</sup> December, 2016.

A motion for the approval of the above Resolution was moved by Ms. G. Bruce and seconded by Mr. Lenus Joseph. It was put to the vote and carried.

## **WRITE-OFF OF BAD DEBTS**

That the members agree to the write-off of seventy-seven (77) loans on the books of the Society as at the 31<sup>st</sup> December, 2016 with a total principal value of \$1,529,228.93.

A motion for the approval of the above Resolution was moved by Ms. G. Bruce and seconded by Mr. John Dyette. It was put to the vote and carried.

## **12. OTHER BUSINESS**

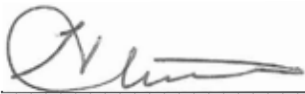
- 12.1 Earlier in the meeting, Mr. James Baptiste, the Manager of the Tobago Branch Office, brought greetings on behalf of those members residing and working in Tobago.
- 12.2 One member raised an issue concerning the completion of the source of Funds Declaration and suggested that the member of staff with whom she dealt needed to demonstrate better interpersonal communication skills. The point was noted by the Chairman.
- 12.3 Another member commented on the lack of young members present at the AGM; she suggested that, going forward, they should be targeted as was done in the past for other groups. She said further that the Society should make an effort to teach them the fundamental credit union principles, especially volunteerism, and they should be offered positions on some Committees. The above points were noted by the Chairman.
- 12.4 One member suggested that the Liaison Officer System should be revived. The point was noted by the Chairman.
- 12.5 One member noted that the dividend pay-out by the Society decreased steadily over the years and she sought reasons for same. The General Manager advised, among other things, that returns on investments in the marketplace were lower than those of the past.

*MINUTES OF*  
**THE 69TH ANNUAL GENERAL MEETING**

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- 12.6 Another member suggested that the credit union should honour and recognize its long-standing members in a more tangible way. The Chairman noted the point; he advised, however, that the Society paid tribute, from time to time, to its long-standing members as evidenced by the Awards Function held recently.
- 12.7 There being no other business, the meeting ended at 6.25 pm

**Respectfully submitted**



**Joycelyn Hunte**  
**Secretary - Board of Directors**

MINUTES OF  
**SPECIAL**  
**MEETINGS**

# MINUTES OF 1<sup>ST</sup> SPECIAL GENERAL MEETING

MINUTES OF A SPECIAL MEETING OF RHAND CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD AT ITS PREMISES AT NOS. 57-61 ABERCROMBY STREET, PORT OF SPAIN ON FRIDAY 4<sup>TH</sup> AUGUST, 2017

## 1. INTRODUCTION

There being a quorum, the meeting commenced at 4.30 pm. Sixty-four members were present at this point. The Chairman, Mr. Martin Minguell, welcomed everyone, especially members of staff and Representatives of the Office of the Commissioner for Co-operative Development.

Members stood for the playing of the National Anthem and the recitation of the Credit Union Prayer.

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

2.1 The Chairman invited the Secretary, Ms. Joycelyn Hunte, to read the Notice of Meeting and she did so.

2.2 The Standing Orders were duly adopted by the meeting on a motion of Mr. Kingsley Hinkson, a Retiree and seconded by Mr. Stanley Davis, also a Retiree.

## 3. CHAIRMAN'S ADDRESS

3.1 The Chairman explained the purpose of the Special Meeting, that is, on the 12<sup>th</sup> May, 2017, the Secretary was in receipt of a written requisition, pursuant to Bye-law No. 15(d)(i), signed by the requisite number of members in good standing (the Petitioners), to treat with the matters contained in same. The Secretary complied with the request and duly published in the Notice an abridged version thereof containing sufficient detail of the main matters to be dealt with at the meeting; it stated, in relevant part, as follows:

"To inquire into whether any decision was taken by the Board of Directors [of the Society] to put in a bid for the purchase of a property [at Oxford Street] contrary to the parameters provided for by the 2017 Capital Budget ... which was approved by the membership in March, 2017".

3.2 He advised that members were presented with an Amended Agenda at the meeting. He advised further that the substantive parts of the request have been copied verbatim in paragraphs 1.3 through 1.6 of the Amended Agenda. He made the following observations in respect of the Amended Agenda and the Notice published in the printed media:

- Paragraph 1.3 is contained in the above Notice;
- Paragraph 1.4 dealt with breach in fiduciary duty;
- Paragraph 1.5 dealt with the fitness and propriety of directors, and
- Paragraph 1.6 dealt with steps to be taken to ensure that the Society observed the highest standard of governance.

3.3 He pointed out that the second, third and fourth bullets of paragraph 3.2 hereof were contingent on the answer given in respect of the first. As such, for purposes of consistency, he moved a motion that the Amended Agenda be adopted and followed at this meeting. The above motion was seconded by Mr. Martin Gibbs, the Vice President of the Society. The motion was put to the vote and carried.

3.4 Thereafter, the Chairman invited the Spokesman for the Petitioners to present his case to the members. Mr. David Maynard, General Manager of the Society, acted as the Spokesperson. Prior to addressing the meeting, he expressed concern regarding the publication of the abridged version of the matters to be addressed in the request, rather than the full document. In addition, he sought information and/or clarification regarding the following matters:

- The source of legal advice received by the Board concerning the matter at hand and the nature of same;
- Whether or not members were properly notified of the Special Meeting in accordance with Bye-law 15(c) of

the Society's Bye-laws? That is, was the Notice stuck up in a conspicuous place in the registered office of the Society?

- The procedure to be followed by the Spokesperson in presenting the case herein.

- 3.5 The Chairman indicated that advice on the procedure to be followed at this meeting was obtained from the Office of the Commissioner for Co-operative Development. In respect of the issue concerning proper notice to members, the Chairman said that it was properly given.
- 3.6 Concerning the procedure to be followed by the Spokesperson for the Petitioners herein, Mrs. Mala Jagmohan-Sookoo of the Commissioner's Office advised that since the members specifically requested the meeting, then it was incumbent upon their Spokesperson to first address their concerns contained in the Amended Agenda. Thereafter, the Board would respond to the said concerns.
- 3.7 In addressing the meeting, the Spokesperson, in respect of paragraph 1.3 of the Amended Agenda dealing with the decision taken to bid for a property, asked whether any such decision was taken. The Chairman said that a decision was taken by the Board on the 26<sup>th</sup> April, 2017 to put in a bid for the property at Oxford Street subject to the evaluation of the Investment Committee and the Society's Attorneys at Law. He said further that the above decision was rescinded the following Wednesday because the matter was not catered for in the budget and it would, therefore, have necessitated the calling of a Special Meeting of the members for sanction. Other questions, to which satisfactory answers were provided by the Chairman, were raised regarding the following:
- How did the purchase of the above property become an *agenda item* for the Board at the said meeting of the 26<sup>th</sup> April? What protocols were observed in putting the matter before the Board for decision?
  - Why did the Board find it necessary, given all the prevailing circumstances, to take a decision of that nature?
  - Having discovered the name of the owner of the property, why did the Board proceed still to bid for it in the circumstances?
- 3.8 In respect of paragraph 1.04 of the Amended Agenda, the Spokesperson spoke of, among others, the following matters:
- Members, at the Annual Meeting held in 2017, approved the sum of \$10.3 million as Capital Expenditure in the budget; yet, within one month of the decision, the Board sought to put in a bid in excess of that sum for a property;
  - Statement of caution that "when friendship trumps good corporate governance, there is cause for concern", and
  - No proper documentation for the bid was placed before the Board for consideration.
- 3.9 Concerning paragraphs 1.5 and 1.6 of the Amended Agenda, the following matters were put forward as well:
- Allegation that the threats to the organization's viability were coming from within and were not externally generated;
  - Allegation that Boards, not only at the Society, feel that they are not accountable to anyone and that this practice must stop;
  - There was adequate information placed before the Board at the said meeting of the 26<sup>th</sup> April, 2017 to indicate that it was making a bad investment decision. For example, objections were made by certain directors and their inputs were not taken into consideration in the decision-making process.
- 3.10 In his response, the Chairman discussed, among other things, the following:
- The process whereby matters become included in the Agenda for a meeting of the Board. A review of the relevant minutes of the meeting of the 26<sup>th</sup> April, 2017, he said, would show that the Agenda for that meeting was varied to address four specific financial issues concerning the Society; one such issue was the bid to purchase the said property.
  - The reasonableness of the belief that the Board has been accountable at all times to the membership and has acted in the best interests of the Society;

MINUTES OF  
**1<sup>ST</sup> SPECIAL GENERAL MEETING**

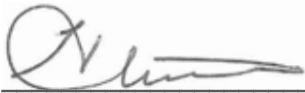
- The Board scrupulously follows the Society's Bye-laws and Code of Ethics in its deliberations. From time to time, he said, mistakes are made, but, immediately upon their discovery, every effort is made to rectify same.

3.11 Members, including those from the Board of Directors, made their own contributions to the discussions and commented also on the above submissions of the parties.

**4. OTHER MATTERS**

4.1 There being no other matters, the meeting ended at 6:48 pm.

**Respectfully submitted**



**Joycelyn Hunte**  
**Secretary - Board of Directors**

MINUTES OF A SPECIAL GENERAL MEETING OF RHAND CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD SIMULTANEOUSLY AT ITS OFFICES AT NOS. 57-61 ABERCROMBY STREET, PORT OF SPAIN AND VIA VIDEO-LINK AT TOBAGO NUTRITION CO-OPERATIVE SOCIETY LIMITED, CANAAN, TOBAGO ON SATURDAY 2<sup>ND</sup> SEPTEMBER, 2017

## **1. INTRODUCTION**

- 1.1 A quorum being present, the meeting commenced at 2.30 pm, and the Vice President and Convenor, Mr. Martin Gibbs, welcomed everyone. Eighty-three members were present at both venues at this point. He noted that, through video-link, the meeting was being held simultaneously at two venues, one at the Society's offices at 57-61 Abercromby Street, Port of Spain, Trinidad (the Trinidad Venue) and the other at Tobago Nutrition Co-operative Society Limited, Canaan, Tobago (the Tobago Venue). He invited those in attendance to stand for the playing of the National Anthem. Thereafter, members recited the Credit Union Prayer.
- 1.2 The Secretary, Ms. Joycelyn Hunte, was invited to read the Notice convening the meeting.

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

- 2.1 The Secretary read the Notice convening the meeting and reported that notice was duly given and that a quorum being present, the meeting was duly constituted and could proceed to business.
- 2.2 The Standing Orders were duly adopted by the meeting on a motion of Mrs. Michele Rouff, a Director and seconded by Mrs. Christine Campbell, also a Director. The motion was put to the vote and carried.

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

- 3.1 The Chairman, Mr. Martin Minguell, greeted everyone. He explained the purpose of the meeting and, in particular, its procedural requirements. For example, he quoted Bye-Law 29 which required all amendments to the Society's Bye-Laws to be approved by resolution passed at a General Meeting by a three-fourths (3/4) majority of the members present and voting. Thereafter, he outlined the Bye-Laws for which proposals for amendment will be introduced for decision; they were:
- Bye-Law No. 12(a)(i) dealing with surplus of the Society at year end. The proposed amendment sought, in keeping pace with the modification of the Co-operative Societies Regulations, to remove the limitation in the Bye-Laws regarding payment of dividends in accordance with same.
  - Bye-Law No. 15(d)(i) dealing with the calling of Special General Meetings. The proposed amendment sought to change, *in the case of a request by members*, the number of persons, taking into consideration the growth of the membership, required to sign the requisition from fifty to two hundred.
  - Bye-Law No. 15(f)(i) dealing with quorum for General Meetings. For purposes of consistency with the proposal contained in the above-mentioned bullet, the quorum requirement is proposed at five percent of the membership or two hundred members whichever is less.
  - Bye-Law No. 15(h)(iii) dealing with the powers and duties of the Annual General Meeting. The proposed amendment sought to clarify the role of elected substitutes when a vacancy occurs on the Board, Credit and Supervisory Committees. It is proposed to replace the existing terms "the substitutes will be required to function as alternate members of the Board of Directors, Credit and Supervisory Committees in the following circumstances" with "the substitutes will be required to take up office when a vacancy occurs on the Board, Credit and Supervisory Committees".
  - Bye-Law No. 15(h)(iii)(a) dealing with approved leave of absence. In light of the above-mentioned amendment, it is proposed that this Bye-law be deleted.



## MINUTES OF 2<sup>ND</sup> SPECIAL GENERAL MEETING

- Bye-Law No. 15(h)(iii)(b) dealing with vacancies on the Board Credit and Supervisory Committees. It is proposed that the paragraph dealing with the absence of elected substitutes to fill vacancies be deleted.
- Bye-Law No. 17(c) dealing with the Nomination Committee. The proposal deals with the power of the Chairman to invite nominations from the floor in situations in which there is a lack of candidates for election to vacant positions at Annual General Meeting. It is proposed that the discretion of the Chairman to invite nominations from the floor to fill such positions be removed, thus making it mandatory in the circumstances.
- Bye-Law No. 22(a) dealing with loans. It is proposed that interest on loans be fixed in accordance with the Society's Credit Policy.
- Bye-Law No. 22(e) dealing with loans to officers. The proposed amendment, to avoid any ambiguity, follows the wording of the Co-operative Societies Regulations.
- Bye-Law No. 22(f) dealing with permissible limits of withdrawals by members while indebted to the Society. This proposal sought to reinforce the Society's policies dealing with the protection of secured funds.
- Bye-Law No. 24(d) dealing with the Supervisory Committee. It is proposed that sub-paragraph (d)(v) be widened to capture also any member who is an employee of another Credit Union.
- Bye-Law No. 29(a) dealing with Amendments. An attempt is made to clarify the existing requirement for the amendment of the Bye-Laws that a three-fourths majority of the members be *present and voting* at the meeting called for the purpose. It is proposed, for purposes of easy management, that the above terms "present and voting" be replaced with the word "present".

3.2 The Chairman added that he will deal, procedurally, with the proposed amendments one by one in the order in which they are listed above. He said further that, having read into the record the substantive Bye-Law and the proposed amendment, giving reasons for same, he will seek next a formal Resolution, then permit members make their respective contributions and thereafter put the matter to the vote. There was agreement by members to the above-mentioned course of action as suggested by the Chairman.

#### 4. AMENDMENTS TO BYE-LAWS

4.1 Bye-Law No. 12(a)(i) and its proposed amendment were read and discussed. The Chairman moved a motion for its amendment and it was seconded by Ms. Petal-Dawn Hinkson, a Director. Forty-eight persons were present at this time at the Trinidad venue and forty-five in Tobago. The motion was put to the vote and the outcome was as follows: in favour - 81, against - 2 and abstentions - nil. As such, given the statutory formula contained in Bye-Law 29, the Chairman declared that the Resolution had passed. **[See page 15 et seq].**

After the above vote, Mrs. Rouff explained later that, while the existing law concerning the removal of the cap on dividends had been changed, the Society omitted to bring the requisite amendment to the Bye-Laws to the General Meeting; as such, she wished formally to do so now. As such, she moved that the above Bye-Law, in keeping with the above change to the Co-operative Societies Regulations, be ratified by the meeting. The motion was seconded by Ms. Andrea Borneo Ragoo; it was put to the vote and the outcome was as follows: in favour - 83, against - 1 and abstentions - nil. As such, given the statutory formula contained in Bye-Law 29, the Resolution had passed. **[See page 63 et seq].**

Thereafter, the Office of the Commissioner advised that the Commissioner was not satisfied with the inclusion of the last part of the Bye-Law dealing with the ineligibility of a member who withdraws from membership during a particular financial year to receive a dividend paid for that year. It was recommended that the decision be taken for the amendment to state "a dividend on shares" only. It was suggested further that the treatment of members, concerning the payment of dividends, who withdraw from membership during a financial year be dealt with by the Society as internal policy.

Based on the foregoing, the member agreed to the suggestion of the Commissioner and the amendment is thereby limited to the words “a dividend on shares”.

- 4.2 Bye-Law No. 15(d)(i) and its proposed amendment were read and discussed. The Chairman moved a motion for its amendment and it was seconded by Mrs. Christine Campbell. One hundred and ten members were present at both venues at this point. Before putting the motion to the vote, the Chairman addressed a concern of a member regarding, given the proposal for a larger threshold of members, the position where a meeting is called and there is no quorum. He cited Bye-Law No. 15(f)(ii). The motion was put to the vote and the outcome was as follows: in favour - 84, against - 6 and abstentions - nil. As such, given the statutory formula under Bye-Law 29, the Chairman declared that the Resolution had passed.
- 4.3 Bye-Law No. 15(f)(i) and its proposed amendment were read and discussed. The Chairman moved a motion for its amendment and it was seconded by Mr. Kedron Duke, a Director. The motion was put to the vote and the outcome was as follows: in favour - 88, against - 6 and abstentions - 1. As such, given the statutory formula under Bye-Law 29, the Chairman declared that the Resolution had passed.
- 4.4 Bye-Law No. 15(h)(iii) and its proposed amendment were read and discussed. The Chairman moved a motion for its amendment and it was seconded by Mrs. Glenda Bruce, a Director. One hundred and ten members were present at both venues at this point. Before putting the motion to the vote, the Chairman addressed, among other things, a concern of a member regarding the position regarding the status of a meeting where there is no longer available any appointed substitute. He advised that a meeting can proceed lawfully once there is a quorum. The motion was put to the vote and the outcome was as follows: in favour - 84, against - nil and abstentions - 1. As such, given the statutory formula contained in Bye-Law 29, the Chairman declared that the Resolution had passed.
- 4.5 Bye-Law No. 15(h)(iii)(a) and the proposal that it be deleted were read and discussed. The Chairman moved a motion for its deletion and it was seconded by Ms. Esme Forde of the Credit Committee. The motion was put to the vote and the outcome was as follows: in favour - 84, against - 1 and abstentions - nil. As such, given the statutory formula contained in Bye-Law 29, the Chairman declared that the Resolution had passed.
- 4.6 Bye-Law No. 15(h)(iii)(b) and the proposal that it be deleted were read and discussed. The Chairman moved a motion for its deletion and it was seconded by Ms. Annalee Lewis Brooks. The motion was put to the vote and the outcome was as follows: in favour - 89, against - nil and abstentions - nil. As such, given the statutory formula contained in Bye-Law 29, the Chairman declared that the Resolution had passed.
- 4.7 Bye-Law No. 17(c) and its proposed amendment were read and discussed. Mr. Victor Laptiste was of the view that the name of the Committee should be “Nominations” and not “Nomination”.
- With the permission of the Chairman, he moved a motion for the above-mentioned change of name. Ms Pamela Ogiste sought an amendment to Mr. Laptiste’s motion to have the word “Nomination”, in this context, changed to “Nominations” wherever it appeared in the Bye-Laws. There being agreement, the motion was duly seconded. The motion was put to the vote and the outcome was as follows: in favour - 88, against - 2 and abstentions - 1.
- Concerning Bye-Law No. 17(c), the Chairman moved a motion for its amendment and it was seconded by Ms. Petal-Dawn Hinkson. One hundred and two members were present at both venues at this point. The motion was put to the vote and the outcome was as follows: in favour - 46, against - 40 and abstentions - 3. As such, given the statutory formula contained in Bye-Law 29, the Chairman declared that the Resolution did not carry.
- 4.8 Bye-Law No. 22(a) and its proposed amendment were read and discussed. Mrs. Michele Rouff, a Director, gave the reason why this matter was before the General Meeting and moved a motion to have same approved formally. The above motion was seconded by Ms. Esme Forde. The motion was put to the vote and the outcome was as follows: in favour - 83, against - 1 and abstentions - nil. As such, given the statutory formula contained in

# MINUTES OF 2<sup>ND</sup> SPECIAL GENERAL MEETING

Bye-Law 29, the Resolution was passed.

- 4.9 Bye-Law No. 22(e) and its proposed amendment were read and discussed. Mrs. Rouff, confirming that the proposed amendment follows the exact wording of the Co-operative Societies Regulations, moved a motion for its acceptance. The motion was seconded by Ms. Erica Charles of the Supervisory Committee. The motion was put to the vote and the outcome was as follows: in favour - 79, against - 2 and abstentions - nil. As such, given the statutory formula contained in Bye-Law 29, the Chairman declared... [(?) no result. See pp. 71-72 of verbatim notes].
- 4.10 Bye-Law No. 22(f) and its proposed amendment were read and discussed. The Chairman moved a motion for its amendment and it was seconded by Mrs. Christine Campbell. The motion was put to the vote and the outcome was as follows: in favour - 82, against - 1 and abstentions - nil. As such, given the statutory formula contained in Bye-Law 29, the Chairman declared that the Resolution had passed.
- 4.11 Bye-Law No. 24(d) and its proposed amendment were read and discussed. The Chairman moved a motion for the acceptance of the above amendment and it was seconded by Mrs. Glenda Bruce. Before putting the motion to the vote, the Chairman addressed, among other things, a concern of a member regarding discrimination against the Supervisory Committee; that is, the member said the matter should be handled instead by way of a Confidentiality Agreement. The motion was put to the vote and the outcome was as follows: in favour - 71, against - (?) and abstentions - (?). As such, given the statutory formula contained in Bye-Law 29, the Chairman declared that the Resolution did not pass.

One member challenged the vote count in Tobago.

- 4.12 Bye-Law No. 29(a) and its proposed amendment were read and discussed. The Chairman moved a motion for its amendment and it was seconded by Ms. Esme Forde. The motion was put to the vote and the outcome was as follows: in favour - 79, against - nil and abstentions - 1. As such, given the statutory formula contained in Bye-Law 29, the Chairman declared that the Resolution had passed.

## 5. OTHER BUSINESS

- 5.1 There being no other business, the meeting ended at 5:40 pm. The Chairman thanked everyone for their attendance and contributions and wished them a safe journey home.

**Respectfully submitted**



**Joycelyn Hunte**  
**Secretary - Board of Directors**

REPORT OF  
**THE BOARD OF  
DIRECTORS**

# DIRECTOR



**MR. EMMANUEL WALKER**

Member

**MR. REYNOLD COOPER**

Treasurer

**MRS. CHRISTINE CAMPBELL**

Member

**MR. KEDRON DUKE**

Member

**MRS. ANDREA BORNEO-RAGOO**

Member

**MS. MARLENE FELIX**

Member

**MS. GLENDA BRUCE**

Member

# STORS



**MR. MARTIN MINGUELL**  
President

**MR. MARTIN GIBBS**  
Vice President

**MS. JOYCELYN HUNTE**  
Secretary

**MRS. MYRTLE PILGRIM-EDWARDS**  
1<sup>st</sup> Substitute

**MRS. MICHELE ROUFF**  
Assistant Secretary

**MS. CHARLENE DAVIDSON**  
2<sup>nd</sup> Substitute

**MS. PETAL-DAWN HINKSON**  
Member

# 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, 2017.
- 1.2 The year 2017 saw Trinidad and Tobago facing continued economic and social challenges with regular layoffs, serious crimes and haemorrhaging reserves to name a few. Against this backdrop, RHAND Credit Union's continued success has been attributable to the Board of Directors, the members of the Statutory Committees and the members of staff of the Society collectively placing a focused effort on putting our members financial and non-financial needs first.

## 2. COMPOSITION OF THE BOARD OF DIRECTORS

- 2.1 The following Members were elected to the Board of Directors at the 69<sup>th</sup> Annual General Meeting held on Saturday March 25, 2017.
- Mrs. Andrea Borneo-Ragoo
  - Ms. Glenda Bruce
  - Mrs. Michele Rouff
  - Mr. Emmanuel Walker
- 2.2 Mrs. Myrtle Pilgrim-Edwards was elected as the 1<sup>st</sup> Substitute Member while Ms. Charlene Davidson was elected as the 2<sup>nd</sup> Substitute Member.
- 2.3 The full Board comprised the following Members (listed in alphabetical order):
- Mrs. Andrea Borneo-Ragoo
  - Ms. Glenda Bruce
  - Mrs. Christine Campbell
  - Mr. Reynold Cooper
  - Ms. Charlene Davidson
  - Mr. Kedron Duke
  - Ms. Marlene Felix
  - Mr. Martin Gibbs
  - Ms. Petal-Dawn Hinkson
  - Ms. Joycelyn Hunte
  - Mr. Martin Minguell
  - Mrs. Myrtle Pilgrim-Edwards
  - Mrs. Michele Rouff
  - Mr. Emmanuel Walker
- 2.4 The term of office of Directors - Mrs. Christine Campbell, Ms. Marlene Felix, Ms. Petal-Dawn Hinkson and Mr. Martin Minguell comes to an end at this 70<sup>th</sup> Annual General Meeting.

## 3. EXECUTIVE COMMITTEE

- 3.1 As mandated by the Bye-laws, at the Inaugural Meeting, the Members of the Board elected an Executive Committee. The Executive Committee for the 2017/2018 Term comprised the following:
- Mr. Martin Minguell - President
  - Mr. Martin Gibbs - Vice President
  - Ms. Joycelyn Hunte - Secretary
  - Mrs. Michele Rouff - Assistant Secretary
  - Mr. Reynold Cooper - 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-four (44) meetings.

#### 4. MEETINGS OF THE BOARD OF DIRECTORS

4.1 The Board held fourteen (14) Regular and eighteen (18) Extraordinary meetings during the period January 01, 2017 to December 31, 2017. Attendance of Members at Board Meetings are detailed at **Table 1**.

TABLE 1: **Attendance At Board Meetings**

	REGULAR			SPECIAL			REMARKS
	P	Ex	A	P	Ex	A	
Martin Minguell	14	-	-	18	-	-	
Martin Gibbs	14	-	-	18	-	-	
Joycelyn Hunte	12	2	-	17	1	-	
Michele Rouff	13	1	-	17	1	-	
Reynold Cooper	12	2	-	18	-	-	
Emmanuel Walker	13	1	-	18	-	-	
Christine Campbell	9	5	-	7	11	-	Out of the Country
Glenda Bruce	14	-	-	17	1	-	
Kedron Duke	12	2	-	11	7	-	
Marlene Felix	12	2	-	16	2	-	Out of the Country
Petal-Dawn Hinkson	12	2	-	16	2	-	Out of the Country
Andrea Borneo-Ragoo	14	-	-	18	-	-	
Myrtle Pilgrim-Edwards	7	4	-	5	10	-	Elected as 1 <sup>st</sup> Alternate at 2017 AGM
Charlene Davidson	7	1	3	2	2	11	Elected as 2 <sup>nd</sup> Alternate at 2017 AGM
Theresa Agulia-Joseph	2	1		2	1		End of Term of Office as a Director
Monica Richards	0						End of Term of Office as a Director

#### 5. MEMBERSHIP

5.1 During the year 2017, two hundred and sixty-one (261) adults and fifteen (15) youth applicants were admitted to membership. A total of one hundred and seventy-one (171) members, including eighty-nine (89) who passed away (**Table 2**), ceased membership in 2017. As at December 31, 2017, the total membership complement of RHAND Credit Union stood at nineteen thousand, one hundred and nine (19,109).

TABLE 2: **Members Who Died In 2017**

1	11896	Ann Lee Sam-Hinds	January 01, 2017
2	18046	Lourine Wickham	January 05, 2017
3	1396	Laurel Lashley	January 06, 2017
4	4381	Carlton Lumsden	January 09, 2017
5	8811	Brian Nesbitt	January 12, 2017



# REPORT OF THE BOARD OF DIRECTORS

TABLE 2: **Members Who Died In 2017**

6	5691	Aubrey Cokes	January 22, 2017
7	3501	Angela Harper	January 22, 2017
8	22483	Kester Best	January 25, 2017
9	8204	Veronica Patrick	January 28, 2017
10	12730	Evelyn Ambrose	February 03, 2017
11	9411	Grace Ruiz	February 17, 2017
12	18776	Andre Alexander	February 19, 2017
13	2832	Jaffar Khan	February 22, 2017
14	11613	Lenore Wilson-Ryan	March 09, 2017
15	2936	Merle Rodney-Hernandez	March 10, 2017
16	4750	Olga Maynard	March 19, 2017
17	10390	Violet Herrie-Mendoza	March 22, 2017
18	233	Olga Nurse	March 29, 2017
19	5202	Shirley Dennis	April 01, 2017
20	771	Utrice Johnson	April 06, 2017
21	15079	Denise Lashley	April 09, 2017
22	2865	Kesraj Seegobin	April 09, 2017
23	9495	Grace Daniel	April 12, 2017
24	12115	Sylvester Malco	April 14, 2017
25	22305	Winston Alexander	April 15, 2017
26	20531	Jasmin Phillip	April 20, 2017
27	912	Norma Charles	April 23, 2017
28	535	Joseph Martinez	April 24, 2017
29	11835	Gloria O'Brien-Lawrence	April 27, 2017
30	3252	Sydney Smith	May 02, 2017
31	2388	Juliet John	May 05, 2017
32	21152	James Mathura	May 09, 2017
33	6301	Beulah Joseph	May 20, 2017
34	5448	Theodora Daisley	May 21, 2017
35	1875	Irma Williams	May 22, 2017
36	9252	Ursula Ramcharan	May 25, 2017
37	15251	Ricardo Francis	May 27, 2017
38	6190	Ann Marie Galera	May 28, 2017
39	9888	Halima Mohammed	May 28, 2017
40	3487	Joan Mollineau	June 01, 2017
41	7819	Harnarayan Beharrysingh	June 14, 2017

TABLE 2: **Members Who Died In 2017**

42	8150	Theodora Samuel-Thorne	June 19, 2017
43	24035	Ruskin Cummings	June 20, 2017
44	12431	Lizana Ali-Dial	June 21, 2017
45	11833	Wilfred Dharoo	June 23, 2017
46	1061	Flora Griffith	June 23, 2017
47	9978	Irvin Phillips	June 25, 2017
48	417	Jassodra Lakheeram	June 26, 2017
49	2212	Shirley Belle	July 06, 2017
50	3372	Iona George	July 09, 2017
51	622	Joyce Vidale	July 09, 2017
52	265	Romeo Ramnath	July 22, 2017
53	2405	Vaughn Rogers	July 23, 2017
54	15164	Carol Stewart	July 28, 2017
55	7907	Lilian Irish	August 03, 2017
56	2438	Ian La Roche	August 06, 2017
57	12437	Marva Timothy	August 10, 2017
58	13353	Cecelia Haynes	August 16, 2017
59	456	Dennis Quamina	August 22, 2017
60	14539	Hilda Kent	August 31, 2017
61	13335	Michael Nesbitt	September 08, 2017
62	1782	Sandra Soyer	September 09, 2017
63	21364	Keith Best	September 10, 2017
64	18907	Jason Walker	September 12, 2017
65	3994	Shirley Griffith	September 17, 2017
66	3446	Arthur Ghany	September 23, 2017
67	24161	Aaron Williams	September 28, 2017
68	23699	Wesley Bacchus	October 10, 2017
69	760	Christine Francis	October 10, 2017
70	7641	Hazel Anatol	October 17, 2017
71	2611	Cheryl King	October 17, 2017
72	5963	Terrance Jules	October 26, 2017
73	3463	Shirley Richards	November 07, 2017
74	8014	Pearl Noel-Voisin	November 10, 2017
75	15929	Maria Mendes-Auguste	November 15, 2017
76	5797	Vetia De Landro	November 18, 2017
77	2850	Frank Julien	November 20, 2017

# REPORT OF THE BOARD OF DIRECTORS

TABLE 2: **Members Who Died In 2017**

78	19348	Lincoln Edwards	November 23, 2017
79	24939	Ulric Hinkson	November 25, 2017
80	14329	Sheldon Quinlan	November 29, 2017
81	1015	James Samuel	November 30, 2017
82	3758	John Phillips	December 08, 2017
83	9599	Umilta Solomon-Phillips	December 08, 2017
84	3009	Cherry Watson	December 10, 2017
85	20475	Denise Lindsay	December 13, 2017
86	26176	Jabarry Richards	December 14, 2017
87	112	Angela Hodge	December 16, 2017
88	5449	Margaret Bethelmy	December 17, 2017
89	8867	Theresa Henry-John	December 30, 2017

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

## 6. GLOBAL MACROECONOMIC ENVIRONMENT OVERVIEW

6.1 The WORLD BANK's Global Economic Prospects (<http://www.worldbank.org/en/publication/global-economic-prospects>) projects global growth to accelerate to 2.7 percent to end 2017 and "further strengthen to 2.9 percent in 2018-19, in line with previous projections". However, the world economy continues to face several downside risks which include "increased protectionism, heightened policy uncertainty, the possibility of financial market turbulence, and, over the longer run, weaker potential growth". To mitigate against these abovementioned risks, the Bank suggests that there should be an "urgency for policymakers in emerging market and developing economies to rebuild macroeconomic policy space and implement policies that support investment and trade".

6.2 International crude oil prices, according to the Central Bank of Trinidad and Tobago (CBTT) Monetary Policy Report for November 2017, strengthened over the first 10 months of 2017, helped by the Organization of Petroleum Exporting Countries' (OPEC) decision in November 2016 to reduce oil production.

## 7. DOMESTIC MACROECONOMIC ENVIRONMENT OVERVIEW

7.1 In contrast to the brightening global picture, the CBTT Monetary Policy Report posited that the Trinidad and Tobago economy remained downbeat in the first half of 2017, reflecting slow activity in both the energy and non-energy sectors. This performance came on the heels of a significant 6 per cent decline in GDP in 2016. However, partial data for the third quarter of 2017 suggest that energy sector activity picked up, buoyed by new output from the Juniper gas project from August 2017. Indicators of non-energy activity monitored by the CBTT, including local sales of cement and sales of new motor vehicles, point to weakness in construction, distribution and manufacturing sectors over the first half of 2017.

7.2 Nonetheless, the CBTT Monetary Policy Announcement of November 2017 projected "a positive spillover effect to the non-energy sector" if the higher energy production is maintained. Inflation has remained well contained through 2017 partly due to the subdued economic conditions. Headline inflation measured 1.2 per cent in September 2017 (year-on-year) with core inflation easing to 1.1 per cent and food inflation measuring 1.8 per cent.

7.3 According to the European publication, Focus Economics (<https://www.focus-economics.com/countries/trinidad-tobago>), in 2018 “GDP growth appears poised to pick up substantially and the economy is expected to exit its years-long recession”.

## **8. DOMESTIC FINANCIAL SYSTEM OVERVIEW OF 2017**

8.1 Our size and regulatory infrastructure does not allow us to be defined as a competitor to the Commercial Banks. However, it is the very Commercial Banks, together with Non-Bank Financial Institutions (such as Courts, Island Finance and ANSA Finance), that aggressively pursue our members. In this regard we must continuously monitor the entire financial services sector.

8.2 The most recent CBTT Economic Bulletin (Volume XIX No. 2 September 2017) highlighted that the growth of consumer credit decelerated over the seven-month period to July 2017. Credit to consumers increased by 4.1 per cent in July 2017, compared with 5.2 per cent in January 2017.

8.3 Data to June 2017 indicate that lending to consumers for the purchase of motor vehicles slowed for the sixth consecutive quarter, as loans for new private cars continued to decelerate. Meanwhile, growth in lending for home improvement and renovation also eased, for the tenth consecutive quarter, to 2.0 per cent. Credit card balances rose at a slower pace (7.3 per cent), while loans for consolidation of debt accelerated (12.5 per cent), which may suggest that some borrowers are rationalizing their loan obligations to take advantage of a lower overall interest rate.

8.4 With positive (though incremental) growth anticipated in 2018, the Credit Union plans to position itself to take advantage of any upticks in the demand for consumer credit.

## **9. REGULATORY DEVELOPMENTS**

9.1 The Ministry of Finance publication, Review of the Economy 2017, highlighted that the CBTT, in carrying out its financial stability mandate, engaged the Caribbean Regional Technical Assistance Centre (CARTAC) to review the Credit Union sector, with a view to assessing the sector’s impact on financial stability and systemic risk and to advise on the best practices and minimum requirements for an appropriate regulatory framework for credit unions in Trinidad and Tobago. CARTAC held consultations with representatives from the following agencies:

- The Ministry of Finance;
- The Ministry of Labour and Small Enterprises inclusive of the Co-operative Development Division and Acting Commissioner for Co-operative Development; and
- Individual credit unions and key representative credit union associations such as the Co-operative Credit Union League, the Association of Co-operative Credit Union Presidents, the Central Finance Facility and the Trinidad and Tobago Credit Union Deposit Insurance Fund.

9.2 The Technical Assistance Mission team was expected to report their findings and recommendations to the CBTT by the end of calendar 2017.

## **10. ASSET BASE GROWTH FOR 2017 AND PROJECTED GROWTH FOR 2018**

10.1 According to the Ministry of Finance (Review of the Economy 2017 publication), the domestic economy is projected to contract by 2.3% for 2017, compared to a 6.0% contraction in 2016. The outlook from the Economic Commission for Latin America and the Caribbean brings hope with 0.5% growth projections for 2018. It is against this backdrop that RHAND Credit Union has been growing at an average rate of 6.63% over the past five (5) years and recorded an increase in its asset base of \$30,522,763 (5.17%) for the year ended December 31, 2017 (**Table 3**).

# REPORT OF THE BOARD OF DIRECTORS

TABLE 3: **Total Assets – 2013 - 2017**

Year	Total Assets (\$)	Increase/(Decrease) (\$) (%)	
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
2016	590,786,432	26,109,241	4.62
2017	621,309,195	30,522,763	5.17

**The projected asset base growth for 2018 is \$40,900,000 (6.58%)**

## 11. LOANS PORTFOLIO

- 11.1 Despite continued 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 2017 to register another year of growth in its loan portfolio, albeit below expectations.
- 11.2 The total loan principal balances on the books of the Credit Union stood at \$409,952,626 as at December 31, 2017, representing an increase of \$11,123,302 (2.79%) when compared with the total loan principal balances of \$398,829,324 as at December 31, 2016 (**Table 4**).

TABLE 4: **Loan Principal Balances Outstanding 2013 – 2017**

Year	Balances Outstanding (\$)	Increase/(Decrease) (\$) (%)	
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
2016	398,829,324	29,081,914	7.87
2017	409,952,626	11,123,302	2.79

- 11.3 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.

## 12. NON-PERFORMING LOANS

- 12.1 During the course of the year 2017, 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.
- 12.2 As at December 31, 2017, the delinquency ratio was 6.27%, compared with a delinquency ratio of 5.69% as at December 31, 2016. Of the 352 non-performing loans with a value of \$25,711,592, on the books of the Society as at December 31, 2017 (**Table 5**), 54 of these loans, with a value of \$3,840,189, were loans which were one (1) month in arrears, as a result of the late salary deductions and standing order payments, thus the true delinquency ratio for 2017 is 5.34% compared to a true delinquency ratio for 2016 of 4.52%.

TABLE 5: **Net Indebtedness, Loan Loss Allowance And Loan Loss Exposure 2013 - 2017**

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) (\$)
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	14,154,526	1,029,131	5,773,804	8,380,722
2016	462	22,691,139	18,276,135	978,808	6,752,612	11,523,523
2017	352	25,711,592	22,715,423	(418,066)	6,334,546	16,380,877

- 12.3 As at December 31, 2017, shares and deposits totaling \$2,996,169 were held against the non-performing loans balances totaling \$25,711,592. This exposure on non-performing loan balances net of savings in the sum of \$22,715,423, exceeds the Allowance for Loan Losses on the books of the Society as at December 31, 2017 in the sum of \$6,334,546 by \$16,308,877.
- 12.4 The Allowance for Loan Losses in the sum of \$6,334,546 however, which provides for a loan portfolio coverage of 1.55% (1.69% - 2016) and a non-performing loans exposure coverage of 24.64% (29.76% - 2016), 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.

### 13. SHARE CAPITAL PORTFOLIO

- 13.1 The total share capital of the Credit Union stood at \$383,553,933 as at December 31, 2017, representing an increase of \$12,250,867 (3.30%), over the total shareholding of \$371,303,066 as at December 31, 2016 (**Table 6**).

TABLE 6: **Share Capital 2013 - 2017**

Year	Share Capital (\$)	Increase (\$) (%)	
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
2016	371,303,066	17,819,107	5.04
2017	383,553,933	12,250,867	3.30

### 14. EARNINGS PERFORMANCE AND OPERATING EFFICIENCY PROFILE

- 14.1 For the financial year ended December 31, 2017, RHAND Credit Union realized an operating surplus of \$20,727,273 (**Table 7**), **which represents a Net Profit Margin of 42.90% for the 2017 financial year, compared to a Net Profit Margin of 43.42% for the year 2016 financial year.** The improvement in the Net Profit Margin for the 2017 financial year is principally due to unrealised operating expenses budgeted but not incurred.

# REPORT OF THE BOARD OF DIRECTORS

TABLE 7: **Operating Surplus And Net Profit Margin 2013 – 2017**

Income/Expenses Captions	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)	2017 (\$)
Interest on loans	34,565,407	37,358,266	36,384,961	38,483,380	41,504,714
Investment income	2,268,880	2,020,571	2,746,092	3,344,483	4,798,086
Other income	1,372,953	1,262,899	1,357,626	1,793,649	1,429,183
<b>Total Income</b>	<b>38,207,240</b>	<b>40,641,736</b>	<b>40,488,679</b>	<b>43,621,512</b>	<b>47,731,983</b>
<b>Total Expenses</b>	<b>27,085,133</b>	<b>26,183,499</b>	<b>28,721,817</b>	<b>27,070,065</b>	<b>27,004,710</b>
<b>Operating Surplus</b>	<b>11,122,107</b>	<b>14,458,237</b>	<b>11,766,862</b>	<b>16,551,446</b>	<b>20,727,273</b>
Net Profit Margin	0.2911	0.3558	0.2906	0.3794	0.4342
Expenses to Income Ratio	0.7089	0.6442	0.7094	0.6206	0.5658
Cents Of Every Earned Dollar Consumed By Expenses	\$0.71	\$0.64	\$0.71	\$0.62	\$0.57

TABLE 8: **Comprehensive Income And Return On Assets 2013 - 2017**

Income /Assets/ Return Captions	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)	2017 (\$)
Operating Surplus	11,122,107	14,458,237	11,766,862	16,551,446	20,727,273
Write(Off)/Back Of Accrued Interest	-	-	-	-	-
Unrealized/Actuarial Gain(Loss)	8,617,033	679,880	(3,119,583)	(796,287)	3,078,101
<b>Comprehensive Income</b>	<b>19,739,140</b>	<b>15,138,117</b>	<b>8,647,279</b>	<b>15,755,209</b>	<b>23,805,374</b>
<b>Average Assets</b>	<b>473,382,250</b>	<b>512,505,418</b>	<b>546,949,467</b>	<b>577,731,819</b>	<b>606,047,814</b>
<b>Return On Assets</b>	<b>4.17%</b>	<b>2.95%</b>	<b>1.58%</b>	<b>2.73%</b>	<b>3.93%</b>

14.2 The costs incurred for the year 2017 under the main cost items of Personnel Costs, Interest on Deposits and Savings and Loan Protection Expense totaled \$14,561,821 compared with \$16,195,080 for 2016 (**Table 9**).

**TABLE 9: Expenses Highlighting Major Cost Items 2013 – 2017**

<b>Expenses Captions</b>	<b>2013 (\$)</b>	<b>2014 (\$)</b>	<b>2015 (\$)</b>	<b>2016 (\$)</b>	<b>2017 (\$)</b>
Personnel costs	12,023,132	10,635,898	12,021,494	12,399,092	11,463,827
Interest on Savings and Time Deposits	2,063,445	2,170,128	2,316,242	2,312,649	2,255,688
Credit life savings insurance expenses	831,883	866,002	854,762	811,226	915,057
Loan protection expense	1,479,799	1,716,236	2,110,565	895,625	1,092,306
Education Committee expenses	995,050	1,636,889	1,305,645	1,125,294	987,081
Loss on investments	-	-	-	-	-
Loan loss expense	2,347,460	129,286	919,012	916,600	1,000,000
Depreciation expense	914,875	1,104,740	1,133,615	1,032,472	996,817
Stationery, supplies and postage expenses	623,365	527,210	443,266	592,572	803,441
Other expenses	5,806,124	7,397,110	7,617,216	6,984,535	7,490,493
<b>Total Expenses</b>	<b>27,085,133</b>	<b>26,183,499</b>	<b>28,721,817</b>	<b>27,070,065</b>	<b>27,004,710</b>

## **15. EFFICIENCY, PROFITABILITY AND FINANCIAL STRENGTH AND SOUNDNESS REVIEW**

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



# REPORT OF THE BOARD OF DIRECTORS

TABLE 10: PEARLS And EFFICIENCY RATIOS

Financial Ratio Equation	RHAND Value 2017 2016		Standard of Excellence Value	COMMENT
<b>1) Institutional Capital Ratio</b>  Fund Undivided <u>Balances + Earnings</u> \$ 83,184,899 =    Total Assets         = \$ 621,309,195	13.39%	11.72%	Minimum of 10.00%	RHAND value more favourable than standard
<b>2) Liquidity Adequacy Ratio</b>  = <u>Cash Resources</u> = \$ 84,292,223 Total Assets         \$ 621,309,195	13.57%	13.49%	Maximum of 20.00%	RHAND value more favourable than standard
<b>3) Asset Quality Ratio</b>  = <u>Total Non-Performing Loans</u> Total Loans  =    \$ 25,711,592 \$ 409,952,626	6.27%	5.69%	Maximum of 5.00%	RHAND value less favourable than standard
<b>4) Overhead Expenses To Average Asset Ratio</b>  = <u>Non-Interest Expenses</u> =    Average Assets =    \$ 24,749,022 \$ 606,047,814	4.08%	4.39%	Maximum of 5.00%	RHAND value more favourable than standard
<b>5) Efficiency Ratio</b>  = <u>Non-Interest Expenses – Loan Loss Expense</u> Net Interest Margin + Other Income  =    \$ 24,749,022 – \$ 1,000,000 \$ 45,476,295	52.22%	59.14%	Maximum of 55.00%	RHAND value marginally more favourable than standard
<b>6) Return On Average Members' Equity</b>  = <u>Comprehensive Income</u> =    Average Members' = \$ 23,805,374 Equity                     \$ 453,665,383	5.25%	3.68%	Minimum of 5.00%	RHAND value more favourable than standard

## 16. WORK ACTIVITIES IN WHICH THE BOARD OF DIRECTORS WAS ENGAGED

### 16.1 POLICY FORMULATION

The Board continued its work of policy review and formulation of new policies for the effective governance of the Credit Union. In this regard we have completed the review of Investment Policy Statement and have commenced the development of new policies governing Procurement, Business Continuity and Enterprise Risk Management. Additionally, the following policies were developed and approved:

- Donation Policy
- Corporate Sponsored Personal Credit Card Policy
- Hall Facilities Management Policy
- Policy Governing Allowances And Other Benefits Due To Elected Officers And Co-Opted Members
- Honararia Policy

16.2 **RETREAT FOR THE BOARD AND COMMITTEES OF RHAND CREDIT UNION**

A retreat exercise was conducted by Behavioural Management Solutions Limited for the members of the Board and Statutory Committees in October 2017. The retreat focused on the following areas:

- i. Reviewing the range of factors affecting current team behaviour and performance
- ii. Clarifying Board governance responsibilities
- iii. Raising appreciation of the benefits of diversity and building relationships that contribute to productive outcomes
- iv. Developing a work plan outlining specific actions and commitments to improve team functioning and performance within the current term of office.

16.3 **INSTITUTIONAL FRAMEWORK STRENGTHENING ACTIVITIES**

The Board was exposed to the following developmental lectures and workshops:

- Caribbean Fraud Conference hosted by Going Global Limited
- Global Women's Leadership Network Meeting hosted by Trinidad and Tobago Sister Society
- International Financial Reporting Standard (IFRS) #9 Breakfast Seminar hosted by CUNA, Eastern & TECU Credit Unions- IFRS 9 and Credit Unions
- Protocol In The Context Of Personal Development And Nation Building hosted by Lenore Dorset
- Technical Anti-Money Laundering Seminar hosted by NEM Leadership Consultants
- The Leadership Conference of the Association of Co-operative Credit Union Presidents of Trinidad and Tobago (ACCUPTT) - Repositioning, Rebranding, Retooling - Upscaling our Response
- Thought Leadership Breakfast Meeting hosted by the CFF- The Role of Credit Unions in Stimulating Product Innovation in Trinidad and Tobago
- Workshop On Information Security Awareness For Credit Unions hosted by ACCUPTT
- Meetings with subject experts on revisiting the balanced scorecard methodology for performance management

17. **RECOGNITION AND BEST WISHES**

- 17.1 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 2017 – 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 2018-2019.**



**Martin Minguell**  
**President – Board of Directors**



**Joycelyn Hunte**  
**Secretary – Board of Directors**



REPORT OF  
**THE EDUCATION  
COMMITTEE**

# EDUCA



**MR. MARTIN GIBBS**  
Member



**MS. CHARLENE DAVIDSON**  
Member

# ATION



**MS. MARLENE FELIX**  
Member

**MRS. MICHELE ROUFF**  
Member

# REPORT OF THE EDUCATION COMMITTEE

1. The Education Committee consists of five persons appointed by the Board of Directors in accordance with Bye-Law 21 (a) and (b). The committee for 2017 was comprised as follows:

Chairman	-	Martin Gibbs – Vice-President
Secretary	-	Michele Rouff – Assistant Secretary, Board of Directors
Member	-	Marlene Felix – Board member
Member	-	Carlene Davidson – Alternate Board Member
Member	-	Haile Caruth – Manager, Marketing and Member Relations Department (MMRD). (Mr. Caruth was replaced by Mrs. Heather Bobb- Wallace in July 2017).

2. **MAIN OBJECTIVE OF THE COMMITTEE**

The Education Committee shall be in charge of publicity and education and shall supply strategic support to the Board of Directors in achieving the objectives of the Society. (Bye-law 21(a)). This bye-law has been interpreted to mean that the Education Committee also executes projects that are not directly related to the education of members of RHAND, hence the activities labelled “Social Events” in its action plan for the year. Also forming part of the plan over the years has been Youth Development.

The Education Committee at the end of 2016 adopted an action plan for 2017, which was agreed to by the Board of Directors, and budgeted for in 2017. The execution of the projects in the plan is carried out by sub-committees of the Education Committee which, co-opted ordinary members as well as members of staff who volunteered to serve, in keeping with Bye-Law 21(b).

The major activities for 2017 fell under the categories, Youth Development, Education of Members and Members’ Children and Social Events.

3. **COMMUNICATION AND OUTREACH**

The Co-operative Division of the Ministry of Labour, Small and Micro-Enterprises has instituted a programme known as Junior Co-operative Entrepreneurship Programme (JCEP) in some secondary schools about three years ago, where several credit unions were asked to sponsor a school in the programme. In 2017, RHAND was approached to be one of the sponsors, and in this regard provided funds to the Commissioner for Co-operative Development to assist with the programme.

4. **EDUCATION OF MEMBERS AND MEMBERS’ CHILDREN**

The sub-committees for the Membership Skills Development Programme (MSDP), the Education Assistance Sub-Committee and Social Events Sub-Committee were appointed by the Education Committee and approved by the Board of Directors. For 2017 all activities of the Education Committee were carried out by these working committees with the Marketing and Member Relations Department as the operational arms.

5. **MEMBERSHIP SKILLS DEVELOPMENT PROGRAMME**

The MSDP sub-committee was comprised of the following members:  
Christian Risbrooke (Convenor); Eishah Johnson-Pajotte; and Martin Gibbs.

The programme, which was re-introduced in 2016 with just three courses, was expanded to ten, with one being conducted in Port of Spain as well as at the Arima branch office from September to November 2017.

The planned courses were: Baking and Pastry Arts; Makeup Artistry; Public Speaking; Nail Technology; Gourmet Cooking; Mix it up and Bartending; Tile laying; and Know your car and Tune up; under skills development for recreation and/or income earning enhancement. Business Writing for Success and Writing Effective Proposals under professional development. However, due to low levels of response for these as two separate courses, the tutor re-organised the proposed syllabus to include some elements of each course into one, and all registered participants were asked to attend the revised programme. The course was very well received by the participants

and the attendant report from the tutor is under review as planning for the MSDP in 2018 is being done.

One hundred and four (104) members participated and obtained/enhanced various life skills in the 2017 module of the MSDP and it is hoped that an even better programme will be executed in 2018.

## **6. EDUCATION ASSISTANCE**

The Education Assistance Sub-Committee comprised of the following members:  
Marlene Felix (Convenor); Marie-Ange-Knights; Carlene Green

The Education Assistance Sub-Committee once again successfully executed the selection and distribution of the RHAND SEA and May Cherrie Awards for 2017. Of the 18 SEA scholarships, four went to children of members in Tobago.

The Committee also obtained Board approval to institute one-day seminars in Trinidad and Tobago for Forms 1 and 2 Secondary School children of members, as an analysis of the performance of awardees over the years suggests that some intervention might be necessary to help young persons adjust more adequately to their secondary school life. The provider for this service will be engaged in 2018 and the first two seminars will be conducted in the third term of this academic year.

## **7. SOCIAL EVENTS**

The Social Events Committee comprised the following members:  
Michele Rouff (Convenor); Cpl. Anthony Wallace; Heather Bobb-Wallace(MMRD); Theresa Noel-James; Brenda Corbin; Marva Simon; Delia Bridgewater; Carlene Green; Eishah Johnson-Pajotte; Ashaki Noel; and Rennelle Roach.

This Committee planned and executed the Youth Calypso Competition, with guest artistes Cyril 'Gully' Gulston – a former RHAND adult monarch and the 2016 National Calypso Monarch – Devon Seale followed by the Yard Lime at which Soca artistes Aaron 'Voice' St. Louis – 2016 Soca Monarch, Nadia Batson and Farmer Nappy performed for the patrons present. The competition was keenly contested by the young, budding calypsonians and was eventually won by Desle Julien, with Je'Nae Jones from Tobago winning the Most Promising Youth Calypsonian and People's Choice. The Committee after its review, considered a return to the adult competition for 2018, but this did not materialise due to time constraints and the understaffing in the MMRD. Next up was the "All Fours Friday" a single table competition which was held in July. This event saw over fifty teams registering for the competition which was carded as an after work event.

It should be noted that the staff shortage also contributed to the inability of the Education Committee to carry out its full plan for 2017

## **8. THE CHILDREN'S CHRISTMAS PARTY**

The Committee continued its preparations for the biggest social event hosted by RHAND every year, the Children's Christmas Party in Trinidad and in Tobago. The number of children attending the previous year was 3,300 and hence the committee budgeted for an increase to 3,500. However, 2017 saw a significant drop in registration to 2,221. This, coupled with the change in venue for both parties, proved to be more manageable and was successfully executed. As has been the practice, toys were purchased for the number of children expected to register, and the surplus of toys are being kept for the Christmas party in 2018. Toys remaining in opened storage boxes after the parties were offered for sale to members.

In its efforts to improve on the production of the parties in Trinidad and in Tobago, the committee carried out a survey among the parents attending, and of note in Trinidad was the number of parents who indicated that they were yet to become members of RHAND. Generally respondents are extremely satisfied with the overall execution of the parties.



# REPORT OF THE EDUCATION COMMITTEE

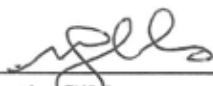
## 9. SEVENTIETH ANNIVERSARY CELEBRATIONS

RHAND commemorated its 70<sup>th</sup> Anniversary Celebrations with a church service in Trinidad and a Family Day in Tobago.

The Table below gives comparative figures for 2016 and 2017:

Project	Budget		Actual		Variance		Revenue		Net Cost	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Yard Lime	120,881	143,400	113,178	128,045	38,023	15,355	6609	18,912	106,569	109,133
SEA Awards	9,650	11,250	10,203	8,189	553	3061	-	-	10,203	8,189
MSDP	58,300	116,650	22,151	71,155	36,149	45,495	10,700	42,600	11,451	28,555
All Fours	38,800	26,000	33,165	13,827	5635	12,173	6,609	4,980	26,556	8,847
Tobago Family Day	-	107,100	-	93,942	-	13,158	-	-	-	93,942
Children's Christmas Party *	480,000	492,112	490,911	418,758	(12,112)	72,152	262,644	224,790	229,468	193,968
Youth Development	10,000	25,000	10,000	25,000	-	-	-	-	10,000	25,000
<b>Total</b>	<b>717,631</b>	<b>921,512</b>	<b>679,608</b>	<b>758,916</b>	<b>68,248</b>	<b>161,394</b>	<b>286,562</b>	<b>291,282</b>	<b>394,247</b>	<b>442,634</b>

\* Attendance at the Children's Christmas Party reversed its trend. Projections were increased from 3,000 in 2016 to 3,500 for 2017, however actual attendees dropped from 3,300 in 2016 to 2,221 in 2017.

  
**Martin Gibbs**  
 Chairman - Education Committee

REPORT OF  
**THE CREDIT  
COMMITTEE**



**MR. LENUS JOSEPH**  
Member



**MRS. SUSAN HINDS-MORGAN**  
Member



**MS. DONNIS BOURNE**  
2<sup>nd</sup> Substitute

# EDIT



**MS. ESME FORDE**  
Chairperson

**MRS. JENNIFER JAMES**  
Member

**MS. PATRICIA E. HARRY**  
Secretary

# REPORT OF THE CREDIT COMMITTEE

## 1. INTRODUCTION

- 1.1 For the financial year ended December 31, 2017, 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 69<sup>th</sup> Annual General Meeting held on Saturday March 25<sup>th</sup>, 2017, the following members were elected to serve on the Credit Committee.

Mrs. Esme Forde	-	Member
Ms. Patricia Harry	-	Member
Mrs. Susan Hinds Morgan	-	Member
Mr. Joseph Miller	-	1st Substitute
Mrs. Donnis Bourne	-	2nd Substitute

Ms. Patricia Harry and Mrs. Susan Hinds Morgan were elected to serve for a period of two (2) years and Mrs. Esme Forde for a period of one year, 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, Mrs. Esme Forde and Ms. Patricia E. Harry were elected Chairman and Secretary respectively.

- 2.3 The full Credit Committee for the 2017/2018 Term comprised the following members:

Mrs. Esme Forde	-	Chairman
Ms. Patricia E. Harry	-	Secretary
Mrs. Susan Hinds Morgan	-	Member
Mr. Lenus Joseph	-	Member
Ms. Jennifer James	-	Member
Mr. Joseph Miller	-	1 <sup>st</sup> Substitute
Mrs. Donnis Bourne	-	2 <sup>nd</sup> Substitute

- 2.4 The term of office of the following three (3) members of the Credit Committee, comes to an end at this 70<sup>th</sup> Annual General Meeting:

Mrs. Esme Forde  
Ms. Jennifer James  
Mr. Lenus Joseph

## 3. ATTENDANCE AT MEETINGS

- 3.1 The members of the Credit Committee attended one hundred and one (101) Regular and ten (10) Joint Management Committee Meetings. The attendance of members of the Credit Committee at Meetings is detailed at **Table 13**.

TABLE 13: Attendance At Credit Committee Meetings

	Regular			Special			REMARKS
	P	Ex	A	P	Ex	A	
<b>Esme Forde</b>	100	1	-	9	1	-	Ill
<b>Patricia E. Harry</b>	101	-	-	9	1	-	
<b>Lenus Joseph</b>	100	1	-	10	-	-	Out of the country
<b>Jennifer James</b>	91	10	-	9	1	-	Ill; Out of the country
<b>Susan Hinds Morgan</b>	84	17	-	10	-	-	Job related; Out of the country

#### 4. CREDIT SUPERVISION

- 4.1 One hundred and seven (107) loan applications were processed by the Credit Committee and all were approved. Seventy-five (75) members, including one in Tobago, were interviewed in order to conclude processing of the applications. No properties were visited during the period under review.
- 4.2 Forty-four (44) interviews were conducted in connection with applications for Share Savings withdrawals from members with loans above the value of their shares.
- 4.3 Of the one hundred and seven (107) applications approved by the Credit Committee, seven (7) needed sanctioning by the Executive Committee of the Board of Directors, as the total sums were not fully secured.
- 4.4 Twenty-seven (27) loan application requests recommended by the Internal Risk Review Committee were approved.
- 4.5 Generally, files were monitored, with the relevant notes outlining the concerns of the Credit Committee being affixed thereon.
- 4.6 For the financial year, five thousand and nine (5009) 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 Clerks and Clerks I. When added to those approved by the Credit committee, the total number of loans granted to members in 2017 was five thousand one hundred and sixteen (5116).
- 4.7 **Table 14** captures the levels at which loan approvals were granted, while **Tables 15, 16a and 16b** profile the classification of loans approved and disbursed.
- 4.8 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 14: **Approving Authority For Loans Granted**

Authority	Number of Loans	(%) of Loans	Approval Limit (\$)
Credit Committee	107	2.09	1,000,000
General Manager	37	0.72	500,000
Manager – Credit Administration	1016	19.86	500,000
Manager – Tobago Branch	383	7.49	200,000
Operations Officer - Arima Branch	531	10.38	200,000
Supervisor II	680	13.29	200,000
Credit Officer - Tobago Branch	415	8.11	100,000
Supervisor I	433	8.47	100,000
Senior Clerk	1078	21.07	75,000
Clerk I	436	8.52	50,000
<b>Total</b>	<b>5116</b>	<b>100</b>	

TABLE 15: **Particulars Of All Loans Approved And Disbursed By Credit Union**

Class of Loan	2017		2016	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	3,216	46,708,927	4,031	58,867,313
RHAND Retirees Cruise Financing	5	66,500	9	106,992
Debt Consolidation Loans	166	6,421,264	118	5,381,720
Education and Training Financing	340	4,917,939	249	4,353,612
Home Improvement	910	32,599,836	656	28,047,822
SME & Entrepreneurial Venture	19	1,083,047	8	257,000
Financial Assets (Investment) Financing	25	816,225	19	613,600
Medical Expenses Financing	215	2,929,533	165	2,510,447
Motor Vehicle Financing	162	16,558,765	227	22,285,121
Real Estate Financing	58	16,954,393	5	12,520,080
<b>Total</b>	<b>5116</b>	<b>129,056,429</b>	<b>5,523</b>	<b>134,943,707</b>

TABLE 16a: **Particulars Of Loans Disbursed By Tobago Branch Office**

Class of Loan	2017		2016	
	Number of Loans	\$ Value	Number of Loans	\$ Value
Consumer Loans	532	8,207,882	825	18,099,986
RHAND Retirees Cruise Financing	0	0	0	0
Debt Consolidation Loans	44	1,485,999	1	34,900
Education and Training Financing	44	831,951	0	0
Home Improvement	164	7,023,971	1	130,201
Enterprise/Business Financing	3	66,400	1	30,000
Financial Assets (Investment) Financing	4	42,000	0	0
Medical Expenses Financing	19	367,350	1	17,900
Motor Vehicle Financing	27	2,248,493	11	1,018,304
Real Estate Financing	8	2,257,870	3	1,680,000
<b>Total</b>	<b>845</b>	<b>22,531,916</b>	<b>843</b>	<b>21,011,351</b>

TABLE 16b: **Particulars Of Loans Disbursed By Arima Branch Office**

Class of Loan	2017	
	Number of Loans	\$ Value
Consumer Loans	530	5,587,030
RHAND Retirees Cruise Financing	0	0
Debit Consolidation Loans	96	2,879,298
Education and Training Financing	79	853,334
Home Improvement	295	9,897,929
Enterprise/Business Financing	3	25,400
Financial Assets(Investment)Financing	13	450,298
Medical Expenses Financing	87	969,108
Motor Vehicle Financing	71	5,407,537
	4	614,774
<b>Total</b>	<b>1178</b>	<b>26,684,708</b>



# REPORT OF THE CREDIT COMMITTEE

## 5. NON-PERFORMING LOANS

5.1 There were three hundred and fifty-two (352) non-performing loans, with a value of \$25,711,592 on the books of the Society as at December 31, 2017 - resulting in a delinquency ratio of 6.27 %. Of these 352 non-performing loans, 54 loans (totaling \$3,840,189) were loans which were one (1) month in arrears as a result of the late remittance of December 2017 salary deductions and standing order payments. The true delinquency ratio for 2017 therefore is 5.34 %; higher than the 2016 comparative of 4.52 %.

## 6. ADMINISTRATION OF LOAN PROTECTION BENEFITS

6.1 The Credit Committee advised the Board of Directors on the settlement of thirty-eight (38) Death Benefit Claims with a dollar value of \$783,750.10.

6.2 There were two (2) Disability Benefit Claims in 2017 with a dollar value of \$80,739.65.

## 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:

- Annual General Meeting Planning Committee
- Annual General Meeting Brochure Committee

## 8. TRAINING

8.1 During the period under review, members of the Credit Committee also participated in the following workshops:

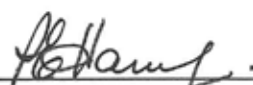
Effective Credit Management  
Anti-Money Laundering/Counter Financing of Terrorism  
Understanding the Flex Programme  
International Financial Reporting Standards

## 9. CONCLUDING REMARKS

9.1 The Credit Committee is concerned with the number of request for share withdrawals especially from members with loans above the value of their Share Savings. Members are reminded that their share savings form part of the collateral held when qualifying for a loan.

9.2 The Credit Committee wishes to thank you, our valued members, for giving us the opportunity to serve. We also wish to thank the other members of the Joint Management Committee and the members of staff at RHAND for their tremendous support and excellent stewardship during the past year. We extend best wishes for a God-blessed prosperous 2018/2019.

  
\_\_\_\_\_  
**Esme Forde**  
**Chairman - Credit Committee**

  
\_\_\_\_\_  
**Patricia E. Harry**  
**Secretary - Credit Committee**

REPORT OF  
**THE SUPERVISORY  
COMMITTEE**

# SUPERHERO



**MR. DESMOND NOEL**  
Member



**MS. CLAUDETTE BROWN**  
Chairperson



**MS. ANNALEE BROOKS**  
1<sup>st</sup> Substitute

# VISORY



**MS. PATRICIA WILLIAMS**  
Member



**MS. PAMELA OGISTE**  
Member



**MS. NADINE ELLIS**  
2<sup>nd</sup> Substitute

# REPORT OF THE SUPERVISORY COMMITTEE

## 1. INTRODUCTION

- 1.1 This presentation of our report for the administrative period of March 2017 to March 2018 and for the financial year January 01, 2017 to December 31, 2017 gives an account of the performance of the Committee to you our valued members.

## 2. COMPOSITION OF THE SUPERVISORY COMMITTEE

- 2.1 At the 69<sup>th</sup> Annual General Meeting held on March 25, 2017, the following members were elected to serve on the Supervisory Committee:
- Mr. Desmond Noel
  - Mrs. Patricia Williams
  - Ms. Erica Charles (1 year remaining in term of office due to resignation of Mr. Dave Williams)
- 2.2 Mrs. Annalee Brooks and Ms. Nadine Ellis were elected as 1<sup>st</sup> Substitute and 2<sup>nd</sup> Substitute, respectively.
- 2.3 In accordance with Bye-Law 24(c) at the first meeting of the Committee held on March 28, 2017, the Chairperson and Secretary were elected.
- 2.4 The five (5) following members comprised the Supervisory Committee for the 2017/2018 Term:
- |                          |   |             |
|--------------------------|---|-------------|
| • Ms. Claudette Brown    | - | Chairperson |
| • Ms. Erica Charles      | - | Secretary   |
| • Mr. Desmond Noel       | - | Member      |
| • Ms. Pamela Ogiste      | - | Member      |
| • Mrs. Patricia Williams | - | Member      |
- 2.5 At this 70<sup>th</sup> Annual General Meeting the term of office of the following members comes to an end:
- Ms. Claudette Brown
  - Ms. Pamela Ogiste
  - Ms. Erica Charles

## 3. THE AUTHORITY OF THE SUPERVISORY COMMITTEE

- 3.1 Bye-Law 24 (a) states that the Supervisory Committee is the Statutory Internal Auditors of the Credit Union and as such has the following powers and duties:
- To 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.
  - To make an annual report of its audit and submit same to the Annual General Meeting of the members.
  - To attest (at least one (1) member) the monthly statement prepared by the General Manager of the Society.

## 4. MEETINGS AND ATTENDANCES AT MEETINGS

### 4.1 Regular and Special Meetings

The Supervisory Committee held nine (9) Statutory Meetings and four (4) Special meetings up to the time of reporting.

A record of attendance is as follows:

# REPORT OF THE SUPERVISORY COMMITTEE

Name of Member	Regular				Special				Remarks
	P	V	Ex	Ab	P	V	Ex	Ab	
Claudette Brown	9				4				
Erica Charles	8	1			4				
Pamela Ogiste	9				4				
Desmond Noel	9				4				
Patricia Williams	7		2		4				
Annalee Brooks	9				4				
Nadine Ellis	8			1	3		1		

#### 4.2 Macro Committee Meetings

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

- The Quarterly Financial Statements
- The Investments Portfolio
- The 2018 Budget
- Organization Structure, Staffing & Supporting Infrastructure Project

#### 4.3 Other Meetings

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

- AGM Planning Committee
- AGM Brochure Committee

### 5. WORK PROGRAMME OF THE COMMITTEE FOR THE PERIOD MARCH 2017 TO DECEMBER 2017

5.1 For the period under review the following key areas of the operations of the Credit Union were undertaken:

- Attestation of the monthly Financial Statements
- Credit Administration Review
- Review of Delinquency Portfolio
- Review of Automated Clearing House (ACH) Facility
- Review of the Minutes of the Meetings of the Board of Directors
- Conduct of Cash Counts
- Review of Branch Operations at Arima and Tobago
- Review of the activities of the Education Committee
- Review of Insurance Over Cash
- Examination of Fixed Assets

### 6. OBSERVATIONS ON AREAS OF EXAMINATION

#### 6.1 Attestation of Monthly Financial Statements

The financial statements were attested to on a monthly basis to ensure compliance with the relevant Accounting Standards. The Committee is satisfied that the Financial Statements were presented in accordance with International Accounting Standards. Observations arising out of the attestation were discussed with the Manager - Finance and Accounting. Recommendations were made and reports submitted to the Board of Directors.

# REPORT OF THE SUPERVISORY COMMITTEE

## 6.2 Credit Administration Review

A review of loans was conducted during the period. The objectives were to ensure that:

- There was adherence to the Co-operative Societies Act and its supporting Regulations, RHAND's Bye-Laws and the Credit Administration Policy Manual.
- Securities held for Mortgage Loans were valid and adequate.

### Methodology

A random sample of approved loans was selected. The loans selected were examined to ensure compliance with the provisions of Bye-Law 24(b) and the Programme of Work of the Supervisory Committee.

### Observation

There was satisfactory compliance to the guidelines as stipulated in the RHAND's Bye-Laws and Credit Administration Policy Manual for the granting and disbursement of loans. Findings were brought to the attention of Management.

## 6.3 Review of Delinquency Portfolio

As at December 31, 2017 there were 352 non-performing loans with a value of \$25,711,592.00 on the books of RHAND Credit Union. This represents a Delinquency Ratio of 6.27% which is above the PEARLS Ratio of 5%. The corresponding period of 2016 showed a figure of 462 non-performing loans with a value of \$22,691,139.00 and a Delinquency Ratio of 5.69%. The Committee notes that this is an increase of 0.58% over last year's delinquency ratio and will continue to closely monitor this Portfolio.

## 6.4 Review of Automated Clearing House (ACH) Facility

A review of the ACH facility was conducted to examine the internal controls of its operations.

Recommendations were submitted to the Board of Directors for action and this facility will continue to be monitored by the Committee.

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

Minutes of meetings held by the Board of Directors were reviewed up to September 2017 for the purposes of:

- Extracting significant decisions taken
- Ascertaining whether policy decisions taken were implemented within a reasonable time frame
- Ensuring that decisions taken were consistent with the Bye-Laws, policies and procedures of RHAND and other regulatory requirements.

Based on the exercise undertaken, all major decisions were either implemented or in progress. In our opinion, decisions taken appear to be consistent with the Bye-Laws of the Society and other regulatory requirements.

## 6.6 Conduct of Cash Counts

As the Internal Auditors of the Society, the Committee conducted its end of the year Statutory Cash Counts simultaneously at the close of business on December 29, 2017 at Head Office, and the Branch Offices at Arima and Tobago. Additionally during the year cash counts were carried out mainly to review the system of internal controls over the accuracy and handling of cash.

The Committee is pleased to report that during the conduct of these exercises, no excesses or shortages of cash were discovered.

## 6.7 Audit of Branch Operations

### 6.7.1 Arima Branch

During the period under review several audits were conducted with a focus on Cash and Credit Administration.

#### 6.7.2 **Tobago Branch**

Despite two major challenges of inadequate office space and parking facilities at this Branch, the Committee was still able to conduct several audits in the areas of Credit Administration, Non-Performing Loans, Cash and Fixed Assets.

##### **Conclusion**

In our opinion the operations at both Branch offices were found to be satisfactory and in keeping with policies and procedures of the Society.

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

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

“This Committee shall be in charge of publicity and education and shall supply strategic support to the Board of Directors in achieving the objectives of the Society ...”

Listed hereunder are the activities that were executed:

- Carnival Yard Lime
- SEA and MAY Cherrie Awards
- All-Fours Competition
- Members Skills Development Programme (MSDP) Classes
- 70th Anniversary Sports and Family Day
- Credit Union Month Celebrations
- Annual Children's Christmas Party
- Publication of the annual RHAND Calendar

The Marketing and Member Relations Department continued to support the Education Committee with the planning and execution of activities.

During the period under review the Committee received minutes and reports from the Education Committee.

Activities for 2017 centered on the continuous development of the membership and the celebration of the 70th Anniversary of RHAND. We are indeed pleased that despite the challenging economic times of our country, planned activities were supported by the membership and the cost in managing these events and activities were kept within budget.

#### 6.9 **Review of Insurance Over Cash**

The Committee examined Daily Cash Balances for the months of March 2017 and June 2017 at Head Office and the Branches.

The objective was to ensure that cash held at the end of each day was in keeping with the amounts as stipulated in the Insurance Policies.

Ongoing discussions continue with respect to increasing the Insurance Coverage on the amount of cash held at RHAND offices.

#### 6.10 **Examination of Fixed Assets**

A Fixed Asset review of RHAND was started and is expected to be completed in the new term.

### **7. TRAINING**

7.1 Members of the Committee attended the following areas of Training:



# REPORT OF THE SUPERVISORY COMMITTEE

- Office 365 – facilitated by staff of the Information Technology Department of RHAND
- Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT)– facilitated by Petra Mahabalsingh-Maharaj
- Enterprise Risk-Management – facilitated by Ernest and Young
- Caribbean Fraud Conference- facilitated by the Caribbean Forensics Institute
- Credit Administration Training Programme – facilitated by the Manager, Credit Administration

It is the opinion of the Committee that the amount expended in Training and Development will redound to the benefit of the operations of the Credit Union.

## 8. INTERNAL AUDIT DEPARTMENT

- 8.1 Interactions with the officers of the Internal Audit Department were both amenable and fruitful for both parties. Agreements reached when fully integrated into the work programmes, would see the affairs of RHAND being more comprehensively monitored and augmented by the findings and recommendations that would result from the implementation of this unified strategy.

## 9. APPRECIATION

- 9.1 The Management of our organization, RHAND Credit Union has embarked upon the use of technology more extensively with the upgrading of JUICE and the implementation of Office 365. It is anticipated that this would result in savings through reduction in the use of - stationery, computer supplies, among other things. In this challenged economic climate, a greener image is truly the way forward.

The members of the Supervisory Committee extend our gratitude to you the Membership, the Board of Directors, Credit Committee, Management and staff for their continuous support, guidance and confidence during our term in office.

Three scores and ten - that's an expected life time - RHAND continues to be steadfast in its commitment to stakeholders.

**“Thank you all for journeying with us.”**



**Claudette Brown**  
Chairman – Supervisory Committee



**Erica Charles**  
Secretary – Supervisory Committee

# **FINANCIAL STATEMENTS**

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# RHAND

## Credit Union Co-operative Society Limited

Email: [info@rhand.org.tt](mailto:info@rhand.org.tt) | Website: [www.rhand.org.tt](http://www.rhand.org.tt) | Registered No. 38 on 27<sup>th</sup>, March 1947

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Fax # (868) 660-7452, (868) 635-0120

### Statement of Management Responsibilities

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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.

Ainsley Andrews  
Acting General Manager

Date: February 09, 2018

Deborah Reid  
Acting Manager – Finance and Accounting

Date: February 09, 2018

M. MINGUELL  
President

M. GIBBS  
Vice President

J. HUNTE  
Secretary

M. ROUFF  
Asst. Secretary

R. COOPER  
Treasurer



Chartered Accountants  
& Business Advisors

## INDEPENDENT AUDITORS' REPORT

**The Members**  
**RHAND Credit Union Co-operative Society Limited**

### Opinion

We have audited the financial statements of Rhand Credit Union Co-operative Society Limited, which comprise the statement of financial position as at December 31, 2017, the statements of comprehensive income, appropriated funds and undivided earnings and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rhand Credit Union Co-operative Society Limited as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Rhand Credit Union Co-operative Society Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information included in the Credit Union's 2017 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we concluded that there is a material misstatement of this other information, we are required to communicate the matter to the Board of Directors.

**PKF Chartered Accountants and Business Advisors (Trinidad) is a member of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.**

**Telephone: (868) 235-5063**  
**Address: 111 Eleventh Street Barataria Trinidad West Indies**  
**Mailing Address: PO Box 10205 Eastern Main Road San Juan**

**Partners: Renée-Lisa Philip Mark K. Superville**

## INDEPENDENT AUDITORS' REPORT (Cont'd)

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Barataria  
TRINIDAD**

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	Notes	December 31	
		2017 (\$)	2016 (\$)
<b>Cash Resources:</b>			
Cash in hand and at bank	5	4,765,344	3,973,788
Short-term investments	6	<u>79,526,879</u>	<u>75,764,608</u>
Total Cash Resources		84,292,223	79,738,396
<b>Other Assets:</b>			
Accounts receivable and prepayments	7	4,308,048	3,110,940
Net loans to members	8	403,618,081	392,076,712
Long-term investments	9	100,333,370	87,035,059
Fixed assets	10	<u>28,757,473</u>	<u>28,825,325</u>
<b>Total Assets</b>		<b><u>621,309,195</u></b>	<b><u>590,786,432</u></b>
<b>Liabilities:</b>			
Accounts payable and accruals	11	8,850,620	8,295,917
Members' deposit savings		51,567,347	48,235,110
Members' time deposits		93,027,896	92,356,671
Retirement benefit obligation	12	1,124,500	1,306,800
Members' share savings	13	<u>383,553,933</u>	<u>371,303,065</u>
Total Liabilities		<u>538,124,296</u>	<u>521,497,563</u>
<b>Institutional Capital:</b>			
Reserve fund		27,855,499	25,714,337
Education fund		2,720,785	1,641,909
Loan protection fund	14	2,460,874	1,487,223
Building fund		14,500,000	13,750,000
Investment re-measurement reserve	15	16,547,278	13,401,477
Undivided earnings		<u>19,100,463</u>	<u>13,293,923</u>
Total Institutional Capital		<u>83,184,899</u>	<u>69,288,869</u>
<b>Total Liabilities and Institutional Capital</b>		<b><u>621,309,195</u></b>	<b><u>590,786,432</u></b>

These financial statements were approved by the Board of Directors and authorised for issue on 2018 and signed on their behalf by:

 President
  Treasurer
  Member,  
Supervisory Committee

(The accompanying notes form part of these financial statements)

# STATEMENT OF COMPREHENSIVE INCOME

*For the year ended December 31*

	Notes	December 31	
		2017 (\$)	2016 (\$)
<b>Income:</b>			
Interest on loans		41,504,714	38,483,380
Investment income (net)	19	4,798,086	3,586,648
Other income	20	<u>1,429,183</u>	<u>1,551,483</u>
<b>Total Income</b>		<b><u>47,731,983</u></b>	<b><u>43,621,511</u></b>
<b>Expenditure:</b>			
Administrative expenses	21	8,221,777	7,805,533
Board and committees' expenses	22	1,071,837	804,046
Life savings insurance expense		915,057	811,226
Loan protection expense		1,092,306	895,625
Loan loss expense		1,000,000	916,600
70 <sup>th</sup> Anniversary expenses		247,137	-
Interest on members' deposits		2,255,688	2,312,649
Member education, training and development expenses		987,081	1,125,294
Salaries and benefits	23	<u>11,213,827</u>	<u>12,399,092</u>
<b>Total Expenditure</b>		<b><u>27,004,710</u></b>	<b><u>27,070,065</u></b>
<b>Net surplus for the year</b>		<b><u>20,727,273</u></b>	<b><u>16,551,446</u></b>
<b>Other Comprehensive Income:</b>			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Unrealised gain/(loss) on available-for-sale financial assets		3,145,801	(212,737)
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Net actuarial loss on retirement benefit obligation		<u>(67,700)</u>	<u>(583,500)</u>
		<u>3,078,101</u>	<u>(796,237)</u>
<b>Total Comprehensive Income for the year</b>		<b><u>23,805,374</u></b>	<b><u>15,755,209</u></b>

**(The accompanying notes form part of these financial statements)**



# STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED EARNINGS

*For the year ended December 31, 2017*

	Reserve Fund (\$)	Education Fund (\$)	Loan Protection Fund (\$)	Building Fund (\$)	Investment Re-measurement Reserve (\$)	Undivided Earnings (\$)
<b>Balance as at January 1, 2017</b>	<b>25,714,337</b>	<b>1,641,909</b>	<b>1,487,223</b>	<b>13,750,000</b>	<b>13,401,477</b>	<b>13,293,923</b>
Total comprehensive income for the year					3,145,801	20,659,573
Appropriation for the year:						
(i) 10.0% to the Reserve Fund	2,065,957	-	-	-	-	2,065,957
(ii) 10.0% to the Education Fund	-	2,065,957	-	-	-	2,065,957
(iii) 10.0% to the Loan Protection Fund	-	-	2,065,957	-	-	2,065,957
	<u>27,780,294</u>	<u>3,707,866</u>	<u>3,553,180</u>	<u>13,750,000</u>	<u>16,547,278</u>	<u>27,755,625</u>
Add/(less) adjustments as follows:						
(i) Dividends (2016)	-	-	-	-	-	(9,909,344)
(ii) Entrance fees	75,205	-	-	-	-	(75,205)
(iii) Member education, training and development expenses	-	(987,081)	-	-	-	987,081
(iv) Transfer to Building Fund	-	-	-	750,000	-	(750,000)
(v) Loan protection expense	-	-	(1,092,306)	-	-	1,092,306
<b>Balance as at December 31, 2017</b>	<b><u>27,855,499</u></b>	<b><u>2,720,785</u></b>	<b><u>2,460,874</u></b>	<b><u>14,500,000</u></b>	<b><u>16,547,278</u></b>	<b><u>19,100,463</u></b>
<b>Balance as at January 1, 2016</b>	<b>24,069,792</b>	<b>1,170,408</b>	<b>786,053</b>	<b>13,000,000</b>	<b>13,614,214</b>	<b>9,412,684</b>
Total comprehensive income for the year					(212,737)	15,967,946
Appropriation of net surplus for the year:						
(i) 10.0% to the Reserve Fund	1,596,795	-	-	-	-	(1,596,795)
(ii) 10.0% to the Education Fund	-	1,596,795	-	-	-	(1,596,795)
(iii) 10.0% to the Loan Protection Fund	-	-	1,596,795	-	-	(1,596,795)
Add/(less) adjustments as follows:	25,666,587	2,767,203	2,382,848	13,000,000	13,401,477	20,590,245
(i) Dividends (2015)	-	-	-	-	-	-
(ii) Entrance fees	47,750	-	-	-	-	(47,750)
(iii) Member education, training and development expenses	-	(1,125,294)	-	-	-	1,125,294
(iv) Transfer to Building Fund	-	-	-	750,000	-	(750,000)
(v) Loan protection expense	-	-	(895,625)	-	-	895,625
<b>Balance as at December 31, 2016</b>	<b><u>25,714,337</u></b>	<b><u>1,641,909</u></b>	<b><u>1,487,223</u></b>	<b><u>13,750,000</u></b>	<b><u>13,401,477</u></b>	<b><u>13,293,923</u></b>

**(The accompanying notes form part of these financial statements)**

# STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	December 31	
	2017 (\$)	2016 (\$)
<b>Cash Flows from Operating Activities:</b>		
Net surplus for the year	20,727,273	16,551,446
Adjustments:		
Depreciation	996,817	1,032,472
Increase in provision for loan losses	1,000,000	916,600
Loss on disposal of fixed assets	13,930	12,864
Non-performing loans written off	-	62,804
Retirement Benefit Asset – IAS 19 adjustment	(250,000)	(1,449,000)
	<u>22,488,020</u>	<u>17,127,186</u>
Net change in accounts receivable and prepayments	(1,197,108)	(50,735)
Net change in loans to members	(12,541,369)	(29,082,510)
Net change in members' deposit savings	3,332,237	8,132,984
Net change in members' time deposits	671,225	190,417
Net change in accounts payable and accruals	554,703	(1,100,305)
Net change in members' share savings	12,250,868	17,819,107
Net change in Terminal benefits	-	(5,303,180)
	<u>25,558,576</u>	<u>7,732,964</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from disposal of fixed assets	74,175	-
Net change in long-term investments	(10,152,510)	(5,075,617)
Net changes in fixed assets	(1,017,070)	(1,179,140)
	<u>(11,095,405)</u>	<u>(6,254,757)</u>
<b>Cash Flows from Financing Activities:</b>		
Dividends distribution	(9,909,344)	(8,519,491)
	<u>(9,909,344)</u>	<u>(8,519,491)</u>
Net change in cash resources for the year	4,553,827	(7,041,284)
Cash resources, beginning of year	<u>79,738,396</u>	<u>86,779,680</u>
Cash resources, end of year	<b><u>84,292,223</u></b>	<b><u>79,738,396</u></b>
<b>Represented by:</b>		
Cash in hand and at bank	4,765,344	3,973,788
Short-term investments	<u>79,526,879</u>	<u>75,764,608</u>
	<b><u>84,292,223</u></b>	<b><u>79,738,396</u></b>

(The accompanying notes form part of these financial statements)

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

## 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 -**

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 1 First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 2 Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 4 Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
- IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017).
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).

December 31, 2017

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

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

- IFRS 17 Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).
- 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).
- IAS 28 Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
- IAS 40 Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

The Society has not applied IFRS 9 which has been issued but is not yet effective. Although its effect is likely to be significant, the impact cannot be determined with any degree of certainty, particularly with regard to twelve month and life-time expected credit loss.

**d) Fixed Assets -**

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

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

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

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

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

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

**e) Investments -**

The Society has classified all investments into the following categories:

Available-for-sale

These securities are intended to be held for an indefinite period of time but may be sold in response to the needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition,

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

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

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.

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

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

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

**Impairment of financial assets (cont'd)**

group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Society or national or economic conditions that correlate with defaults on assets in the Society.

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

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

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

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

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

**ii) Financial assets measured at cost**

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

**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.

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

### f) Financial instruments (cont'd) - Financial liabilities (cont'd)

#### Loans to members

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

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

#### Accounts payable

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

#### Members' deposits

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

#### Members' shares

Members' shares are stated at fair value.

### g) Revenue recognition -

#### Loan Interest

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

### 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 - Events After the Reporting Period.

### 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

*December 31, 2017*

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

**i) Foreign currency (cont'd) -**

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 the Pan-American Life Insurance Company Limited.

**l) Comparative figures -**

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

**3. Financial Risk Management:**

**Financial risk factors**

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

**Financial instruments**

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



# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

Financial Assets	2017	
	Carrying Value (\$)	Fair Value (\$)
Cash in hand and at bank	4,765,344	4,765,344
Short-term investments	79,526,879	79,526,879
Long-term investments	83,786,090	100,333,370
Investment interest receivable	1,234,302	1,234,302
Other accounts receivable	3,073,746	3,073,746
Loans to members	403,618,081	403,618,081
<b>Financial Liabilities</b>		
Members' savings and time deposits	144,596,243	144,596,243
Members' shares	383,553,933	383,553,933
Accrued interest payable	1,043,536	1,043,536
Other accounts payable	7,807,084	7,807,084

Financial Assets	2016	
	Carrying Value (\$)	Fair Value (\$)
Cash in hand and at bank	3,973,788	3,973,788
Short-term investments	75,764,608	75,764,608
Long-term investments	73,633,580	87,035,059
Investment interest receivable	557,556	557,556
Other accounts receivable	2,553,384	2,553,384
Loans to members	392,076,712	392,076,712
<b>Financial Liabilities</b>		
Members' savings and time deposits	140,591,781	140,591,781
Members' shares	371,303,065	371,303,065
Accrued interest payable	1,034,202	1,034,202
Other accounts payable	7,261,715	7,261,715

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.

*December 31, 2017*

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

**Financial instruments (cont'd)**

**a) Interest rate risk (cont'd) -**

(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 exposures arise principally in lending activities that lead to loans. Credit risk relates to the 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. All lending activities are conducted with various counter parties and it is in pursuing these activities that the Society becomes exposed to credit risk.

It is expected that this area of business will continue to be the principal one for the Society in the future and with loans currently comprising a significant portion of the Society's assets and being responsible for a substantial portion of the revenue generated, it is anticipated that the Society will continue to be exposed to credit risk well into the future. The management of credit risk is therefore of utmost importance to the Society and an appropriate organizational structure has been put in place to ensure that this function is effectively discharged; management therefore carefully manages its exposure to credit risk. Exposure to credit risk is managed through appropriate credit policies, procedures, practices and audit functions, together with approved limits. Exposure is also managed by obtaining tangible collateral.

(i) **Credit risk management**

In its management of credit risks, the Society has established an organizational structure which supports its lending philosophy. This structure comprises the Board of Directors, the Credit Committee, the Internal Risk Review Committee (IRRC), the General Manager, the Credit Administration Department, the Internal Audit Department, and the Supervisory Committee. The Board of Directors maintains general oversight to ensure that policies and procedures are consistent with the strategic direction and credit philosophy of the Society and that they serve to bring the required level of protection over assets that are exposed to credit risks. The Board also sanctions amendments to credit policies, delegation of lending authority to senior management and credit requests exceeding the authority of management. The Credit Committee, the statutory body appointed by the membership to approve loans and to provide oversight of the loan portfolio, has delegated authority for specific areas to the General Manager, with an appropriate reporting system, to facilitate day to day decision making and timely implementation of decisions. The IRRC reviews all credit requests exceeding the authority of the General Manager. The major focus of the Manager, Credit Administration Department is to formulate credit policies, monitor compliance with them and on a continuous basis to assess their relevance to the changing business environment. Most of these policies and procedures are established and communicated through the Society's written Credit Policy Manual and Credit Procedures & Guidelines Manual. These documents set out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Major areas of focus are general credit criteria and controls risk mitigants over the Credit

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

### **Financial instruments (cont'd)**

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

##### **(i) Credit risk management (cont'd)**

Portfolio among others. The Internal Audit Department monitors the effectiveness of credit procedures and policies and may recommend changes to strategies to improve the effectiveness of policies.

##### **(ii) Credit risk management**

As part of the on-going process of prudent risk management, the Society's policy is to perform Credit Bureau credit checks at the time of approval in addition to a preset ranking (Credit Classification System). The ranking is guided by a model developed for the Society for this purpose. The model utilizes a scale incorporating ratings of 0 to 15 with 0 being too new to rate. These have been consolidated into five (5) rating bands which have been set in relation to the total credit portfolio. The rating process is exercised at the discretion of the Delinquency Control Unit of the Credit Administration Department.

##### **(iii) Credit classification system**

The Society's Credit Classification System is outlined as follows:

<b>Classification</b>	<b>Description</b>	<b>Rating</b>
Pass	Standard/Pass	1, 2, 3
SM	Special mention	0, 4, 5, 6, 12
SS	Substandard	7, 8, 13, 14
D	Doubtful	9, 10
L	Loss	11, 15

##### **(iv) Risk limit control and mitigation policy**

The Society structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. The Society monitors its concentration of credit exposure so that no single borrower default will have a material impact on the Society. These limits are implemented and monitored by the Manager, Credit Administration via the stipulations of the Society's Credit Policy Manual. In instances where it is strategically beneficial and adequately documented, the Society would seek approval on an exception basis for variation to its standard approved limits from the Board of Directors.

#### *Collateral*

The principal collateral types for loans and advances are:

- Cash deposits,
- Cash equivalents such as cash surrender values of life insurance policies and shares listed on the TTSE,
- Mortgage Bills of Sale over motor vehicles, and
- Mortgages over residential properties.

The Society does not take a second or inferior collateral position to any other lender on advances outside the lending value calculated as per the Society's stipulated guidelines. The Society recognizes that the value of items held as collateral may diminish over time resulting in loans being less protected than initially intended. To mitigate the effect of this, margins are applied to security items in evaluating coverage. The Society assesses the collateral value of credits at the point of inception and monitors the market value of collateral during periodic review of loan accounts in arrears as per the Credit Policy.

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

#### **Financial instruments (cont'd)**

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

##### (v) **Impairment and provisioning policies**

The Society's impairment provision policy is covered in detail in Note 2(j).

The Society's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the year end on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment, and statistical techniques.

##### (vi) **Maximum exposure to credit risk before collateral held or other credit enhancement**

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.

	2017 (\$)	2016 (\$)
Due from banks and other financial institutions	184,625,593	166,773,456
Accounts receivable	4,308,048	3,110,940
Loans to members	409,952,627	398,829,323
	<u>598,886,268</u>	<u>568,713,719</u>

The above table represents a worst-case scenario of credit risk exposure to the Group without taking account of any collateral held or other credit enhancements attached.

##### (vii) **Loans to members and other financial assets**

	2017 (\$)	2016 (\$)
Cash held in reputable financial institutions	4,765,344	3,973,788
Short-term investments with no default anticipated	79,526,879	75,764,608
Long-term investments with no default anticipated	100,333,370	87,035,059
Accounts receivable with full repayment expected	4,308,048	3,110,940
Loans to members	384,241,034	376,138,185
	<u>573,174,675</u>	<u>546,022,580</u>

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

### Financial instruments (cont'd)

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

##### (vii) Loans to members and other financial assets (cont'd)

##### (a) Neither past due nor impaired

The credit quality of the portfolio of loans to members that were neither past nor impaired on an individual basis can be assessed by reference to the internal rating system adopted by the Society.

December 31	2017 \$	2016 \$
Standard	384,241,034	376,138,185
Special mention	5,076,674	6,681,928
	<u>389,317,708</u>	<u>382,820,113</u>

The composition of the portfolio of loans to members that were neither past due nor impaired on an individual basis is illustrated below by loan type and borrower categorization. All facilities are exclusive of unearned interest.

December 31	2017 \$	2016 \$
Instalment loans	270,659,440	242,017,391
Motor vehicles	38,758,312	43,196,964
Mortgages	74,823,282	90,923,830
Loans to members	<u>384,241,034</u>	<u>376,138,185</u>

##### (b) Past due but not impaired

Loans to members less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans to customers and other financial assets that were past due but not impaired on an individual basis are as follows:

December 31, 2017	Up to 31 days \$	32 to 61 days \$	62 to 90 days \$	Total \$
Instalment loans	1,206,655	525,831	2,819,120	4,551,606
Motor vehicles	752,401	182,381	-	934,782
Mortgages	1,881,134	528,272	-	2,409,406
Sub-Total	<u>3,840,190</u>	<u>1,236,484</u>	<u>2,819,120</u>	<u>7,895,794</u>
<b>Fair value of collateral</b>	<u>7,036,296</u>	<u>3,482,007</u>	<u>186,509</u>	<u>10,704,812</u>

December 31, 2016	Up to 31 days \$	32 to 61 days \$	62 to 90 days \$	Total \$
Instalment loans	2,713,511	1,283,354	317,441	4,314,306
Motor vehicles	927,914	295,508	177,385	1,400,807
Mortgages	1,013,003	448,638	557,717	2,019,358
Sub-Total	<u>4,654,428</u>	<u>2,027,500</u>	<u>1,052,543</u>	<u>7,734,471</u>
<b>Fair value of collateral</b>	<u>8,775,751</u>	<u>3,026,483</u>	<u>1,798,813</u>	<u>13,601,047</u>

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

(c) *Individually impaired*

December 31, 2017	Instalment Loans \$	Motor Vehicles \$	Mortgages \$	Total \$
Loans to members	6,933,350	1,296,023	12,365,790	20,595,163
Fair value of collateral	1,112,957	1,047,696	13,020,507	15,181,160
Impairment allowance	(4,856,002)	(514,993)	(296,579)	(5,626,140)

December 31, 2016	Instalment Loans \$	Motor Vehicles \$	Mortgages \$	Total \$
Loans to members	5,907,597	1,565,901	8,535,713	16,009,211
Fair value of collateral	963,121	1,666,812	11,820,634	4,450,567
Impairment allowance	(4,512,835)	(205,799)	(366,556)	(5,085,191)

Upon initial recognition of loans to customers, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In the subsequent periods the fair values are referenced by: market values for cash and cash equivalents; insurance renewal certificates for motor vehicles; and marginalized market value as outlined in the Credit Policy for real property.

(d) *Loans to customers restructured*

Restructuring activities include extended payment arrangements and modification of payment. Restructuring policies and practices are based on indicators or criteria that, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to installment loans. In some cases, restructuring results in the assets continuing to be impaired but in most cases restructuring is geared to facilitate a correction of the root cause of impairment which eventually improves collectability of the assets.

	2017	2016
Number of loans restructured	27	71
Value of restructured	\$2,127,503	\$4,788,107

(viii) **Repossessed collateral**

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. The Society does not assume title of these assets, and as a result, they are not included in the consolidated statement of financial position.

Real and personal properties valued at **\$6,728,000** which were held as collateral, were repossessed during 2017 and efforts are ongoing to liquidate for value by mortgagee sale.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

#### **Financial instruments (cont'd)**

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

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.

##### 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.

	2017			
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Total (\$)
<b>Financial Assets</b>				
Cash in hand and at bank	4,765,344	-	-	4,765,344
Short-term investments	79,526,879	-	-	79,526,879
Long-term investments	81,277,123	1,115,263	17,940,984	100,333,370
Investment interest receivable	1,234,302	-	-	1,234,302
Loans to members	90,939,520	259,625,168	59,387,939	409,952,627
<b>Financial Liabilities</b>				
Members' savings and time deposits	144,596,243	-	-	144,596,243
Members' shares	383,553,933	-	-	383,553,933
Accrued interest payable	1,043,536	-	-	1,043,536

	2016			
	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Total (\$)
<b>Financial Assets</b>				
Cash in hand and at bank	3,973,788	-	-	3,973,788
Short-term investments	75,764,608	-	-	75,764,608
Long-term investments	67,978,812	1,115,263	17,940,984	87,035,059
Investment interest receivable	557,556	-	-	557,556
Loans to members	93,653,128	236,497,684	68,678,512	398,829,324
<b>Financial Liabilities</b>				
Members' savings and time deposits	140,591,781	-	-	140,591,781
Members' shares	371,303,065	-	-	371,303,065
Accrued interest payable	1,034,202	-	-	1,034,202

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

**Financial instruments (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.

**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:

- Whether investments are classified as held-to-maturity investments, available-for-sale or loans and receivables.
- Whether leases are classified as operating leases or finance leases.
- 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:



# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

## 4. **Critical Accounting Estimates and Judgments (cont'd):**

### 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.

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

	December 31	
	2017 (\$)	2016 (\$)
Cash in hand	606,931	352,867
Cheques in hand	389,977	543,908
Current account	3,768,436	3,077,013
	<b>4,765,344</b>	<b>3,973,788</b>

## 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	
	2017 (\$)	2016 (\$)
Home Mortgage Bank	-	4,575,114
First Citizens Investment Services Limited		
- Abercrombie Fund	10,710,501	18,655,089
- TSTT Bridge Loan	-	240,000
- Medium Term Fixed Rate Notes	8,500,000	-
RBC Trust (Trinidad and Tobago) Limited -		
ROYTRIN Money Market Fund	37,815	36,255
ANSA Merchant Bank Limited	4,416,116	4,416,116
Trinidad and Tobago Unit Trust Corporation		
- TT Dollar Income Fund	580,625	573,702
Guardian Asset Management and Investment Services Limited	5,000,000	-
Guardian Group Trust Limited	790,685	3,739,679
KSBM Asset Management Limited	426,836	416,528
Public Service Credit Union Co-operative Society Limited	2,500,000	5,000,000
Bourse Securities Limited - Repurchase Agreement	26,007,587	25,729,898
KCL Capital Market Brokers Limited	14,323,380	6,330,446
Firstline Securities Limited	6,233,334	6,051,781
	<b>79,526,879</b>	<b>75,764,608</b>

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

## 7. Accounts Receivable and Prepayments:

	December 31	
	2017 (\$)	2016 (\$)
Interest receivable on investments	1,234,302	557,556
Staff members' loans	283,904	288,023
Other receivables and prepayments	<u>2,789,842</u>	<u>2,265,361</u>
	<b><u>4,308,048</u></b>	<b><u>3,110,940</u></b>

## 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	
	2017 (\$)	2016 (\$)
Loans to members	409,952,627	398,829,324
Less: Allowance for loan losses	<u>(6,334,546)</u>	<u>(6,752,612)</u>
	<b><u>403,618,081</u></b>	<b><u>392,076,712</u></b>

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

Balance, beginning of year	6,752,612	5,773,804
Non-performing loans recovered	107,567	62,208
Non-performing loans write-offs	(1,525,633)	-
Provision for the year	<u>1,000,000</u>	<u>916,600</u>
Balance, end of year	<b><u>6,334,546</u></b>	<b><u>6,752,612</u></b>

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

Up to 3 months	7,734,471
More than 3 months but less than 6 months	1,350,263
More than 6 months but less than 9 months	1,426,690
More than 9 months but less than 1 year	1,630,513
Over 1 year	<u>10,549,202</u>
	<b><u>22,691,139</u></b>

## 9. Long-Term Investments:

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

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

## 9. Long-Term Investments (cont'd):

Available-for-sale

	December 31	
	2017 (\$)	2016 (\$)
<b>Quoted Equity Investments</b>		
- Republic Bank Limited	1,481,437	1,582,573
- Prestige Holdings Limited	1,945,111	1,999,646
- Grace Kennedy Company Limited	450,000	400,500
- Guardian Holdings Limited	323,570	240,350
- Massy Holdings Limited	759,437	822,380
- West Indian Tobacco Company Limited	2,330,000	4,036,692
- One Caribbean Media Limited	470,160	716,400
- Sagicor Financial Corporation	411,075	405,825
- Jamaica Money Market Brokers Limited	375,705	204,930
- Ansa Mc Al Limited	917,765	968,905
- Scotiabank Trinidad and Tobago Limited	937,560	917,904
- Royal Bank of Canada	174,218	148,267
- Trinidad Cement Limited	-	162,395
- National Commercial Bank of Jamaica	313,500	150,000
- Angostura Holdings Limited	301,000	300,000
- CLICO Investment Fund	493,500	203,580
- First Citizens Bank Limited	9,126,208	3,810,862
- Trinidad and Tobago NGL Limited	2,199,633	-
First Citizens Investment Services Limited - Exchange Traded Funds (EFT)	2,755,542	639,382
KSBM Asset Management Limited - Managed Portfolio	15,373,681	12,039,521
<b>Unquoted Equity Investments</b>		
- LINCUI Limited	2,250,001	2,250,001
- The Central Finance Facility Co-operative Society of Trinidad and Tobago Limited	100,000	100,000
<b>Mutual Fund Units</b>		
Trinidad and Tobago Unit Trust Corporation	4,261,896	4,359,481
- Calypso Macro Index Fund	50,573,180	48,822,579
- Growth and Income Fund	241,787	241,453
Deutsche Bank	98,565,966	85,523,626
Less: provision for impairment losses (see note below)	(2,099,999)	(2,099,999)
<b>Total Available for Sale Investments</b>	<b>96,465,967</b>	<b>83,423,627</b>

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

## 9. Long-Term Investments (cont'd):

	December 31	
	2017 (\$)	2016 (\$)
Held to maturity	96,465,967	83,423,627
Bonds - Government of the Republic of Trinidad and Tobago	811,100	492,900
- Government of St. Lucia	362,948	457,426
- Guardian Holdings Limited	-	387,000
- Housing Development Corporation	189,000	189,000
- National Insurance Property Development Company	1,153,595	1,153,595
- Neal and Massy Holdings Limited	500,000	500,000
- National Infrastructure Development Company Limited	183,837	192,928
- Phoenix Park Gas Processors Limited	169,423	238,583
- Trinidad and Tobago Mortgage Finance Company Limited	497,500	-
Total Held to Maturity Investments	<u>3,867,403</u>	<u>3,611,432</u>
Total Long-Term Investments	<u><b>100,333,370</b></u>	<u><b>87,035,059</b></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 LINCU 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, 2017

## 10. Fixed Assets:

Cost	Land	Car Park	Building	Work-in-Progress	Furniture, Fixtures and Fittings
Balance as at January 1, 2017	\$ 15,493,607	\$ 186,868	\$ 10,143,049	\$ 3,230,889	\$ 3,333,116
Additions	-	-	-	549,431	44,891
Disposals	-	-	-	-	(3,324)
Balance as at December 31, 2017	<u>15,493,607</u>	<u>186,868</u>	<u>10,143,049</u>	<u>3,780,320</u>	<u>3,374,683</u>
<b>Accumulated Depreciation</b>					
Balance as at January 1, 2017	-	186,868	5,051,718	-	2,115,399
Charge for the year	-	-	202,861	-	118,189
Disposals	-	-	-	-	(2,491)
Balance as at December 31, 2017	-	<u>186,868</u>	<u>5,254,579</u>	-	<u>2,231,097</u>
<b>Net Book Value</b>					
Balance as at December 31, 2017	<u>\$ 15,493,607</u>	<u>\$ -</u>	<u>\$ 4,888,470</u>	<u>\$ 3,780,320</u>	<u>\$ 1,143,586</u>
Balance as at December 31, 2016	<u>\$ 15,493,607</u>	<u>\$ -</u>	<u>\$ 5,091,331</u>	<u>\$ 3,230,889</u>	<u>\$ 1,217,717</u>
<b>Cost</b>					
Balance as at January 1, 2016	\$ 15,493,607	\$ 186,868	\$ 10,143,049	\$ 3,117,303	\$ 3,218,454
Additions	-	-	-	126,064	114,662
Disposals	-	-	-	-	-
Reclassification	-	-	-	(12,478)	-
Balance as at December 31, 2016	<u>15,493,607</u>	<u>186,868</u>	<u>10,143,049</u>	<u>3,230,889</u>	<u>3,333,116</u>
<b>Accumulated Depreciation</b>					
Balance as at January 1, 2016	-	186,868	4,848,857	-	1,992,038
Charge for the year	-	-	202,861	-	123,361
Disposals	-	-	-	-	-
Balance as at December 31, 2016	-	<u>186,868</u>	<u>5,051,718</u>	-	<u>2,115,399</u>
<b>Net Book Value</b>					
Balance as at December 31, 2016	<u>\$ 15,493,607</u>	<u>\$ -</u>	<u>\$ 5,091,331</u>	<u>\$ 3,230,889</u>	<u>\$ 1,217,717</u>
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>

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Office Equipment	Telephone Facilities	Other Equipment	Motor Vehicles	Computer Facilities	Total
\$ 734,622	\$ 331,281	\$ 2,632,973	\$ 657,577	\$ 8,557,704	\$ 45,301,686
79,844	-	88,999	-	253,905	1,017,070
(61,238)	-	(15,519)	(189,950)	(84,557)	(354,588)
<u>753,228</u>	<u>331,281</u>	<u>2,706,453</u>	<u>467,627</u>	<u>8,727,052</u>	<u>45,964,168</u>
534,452	264,064	1,675,413	441,774	6,206,673	16,476,361
38,783	19,280	133,545	45,271	438,888	996,817
(45,683)	-	(13,002)	(153,949)	(51,358)	(266,483)
<u>527,552</u>	<u>283,344</u>	<u>1,795,956</u>	<u>333,096</u>	<u>6,594,203</u>	<u>17,206,695</u>
<b><u>\$ 225,676</u></b>	<b><u>\$ 47,937</u></b>	<b><u>\$ 910,497</u></b>	<b><u>\$ 134,531</u></b>	<b><u>\$ 2,132,849</u></b>	<b><u>\$ 28,757,473</u></b>
<b><u>\$ 200,170</u></b>	<b><u>\$ 67,217</u></b>	<b><u>\$ 957,560</u></b>	<b><u>\$ 215,803</u></b>	<b><u>\$ 2,351,031</u></b>	<b><u>\$ 28,825,325</u></b>
\$ 685,197	\$ 311,092	\$ 2,360,460	\$ 657,577	\$ 7,999,429	\$ 44,173,036
55,744	20,189	272,513	-	602,447	1,191,619
(6,319)	-	-	-	(44,172)	(50,491)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,478)</u>
<u>734,622</u>	<u>331,281</u>	<u>2,632,973</u>	<u>657,577</u>	<u>8,557,704</u>	<u>45,301,686</u>
504,764	240,360	1,550,096	379,748	5,778,784	15,481,515
34,963	23,704	125,317	62,026	460,240	1,032,472
(5,275)	-	-	-	(32,351)	(37,626)
<u>534,452</u>	<u>264,064</u>	<u>1,675,413</u>	<u>441,774</u>	<u>6,206,673</u>	<u>16,476,361</u>
<b><u>\$ 200,170</u></b>	<b><u>\$ 67,217</u></b>	<b><u>\$ 957,560</u></b>	<b><u>\$ 215,803</u></b>	<b><u>\$ 2,351,031</u></b>	<b><u>\$ 28,825,325</u></b>
<b><u>\$ 180,433</u></b>	<b><u>\$ 70,732</u></b>	<b><u>\$ 810,364</u></b>	<b><u>\$ 277,829</u></b>	<b><u>\$ 2,220,645</u></b>	<b><u>\$ 28,691,521</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

## 11. Accounts Payable and Accruals:

	December 31	
	2017 (\$)	2016 (\$)
Death/disability claims payable	3,627,357	3,473,465
Non-members' receipts	42,360	41,623
Interest payable on members' time deposits	1,043,536	1,034,202
Sharon FYFE "Coppers" Account	227	227
Cummings/Fraser Foundation Account	750,000	650,000
Other payables and accruals	2,814,815	2,524,075
Unclaimed members' share savings	24,595	24,595
Unclaimed members' deposit savings	547,730	547,730
	<u>8,850,620</u>	<u>8,295,917</u>

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

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

	December 31	
	2017 (\$)	2016 (\$)
Opening Present Value of Defined benefit obligation	15,456,300	13,374,700
Current service cost	719,800	692,700
Interest cost	821,400	256,400
Plan participant contributions	254,500	692,200
Actuarial (gain)/loss on obligation	(82,300)	451,000
Benefits paid	(7,000)	(10,700)
<b>Closing Present Value of Defined Benefit Obligation</b>	<u><b>17,162,700</b></u>	<u><b>15,456,300</b></u>

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

	December 31	
	2017 (\$)	2016 (\$)
Opening Fair Value of Plan Assets	14,149,500	11,202,400
Expected return on Plan assets	739,900	621,600
Actuarial loss on Plan assets	(150,000)	(132,500)
Employer contributions	1,075,500	2,276,700
Plan participant contributions	254,500	256,400
Benefits paid and administrative expenses	(31,200)	(75,100)
<b>Closing Fair Value of Plan Assets</b>	<u><b>16,038,200</b></u>	<u><b>14,149,500</b></u>

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

Defined benefit obligation	17,162,700	15,456,300
Fair value of plan assets	(16,038,200)	(14,149,500)
<b>Net IAS 19 Defined Benefit Obligation/(Asset)</b>	<u><b>1,124,500</b></u>	<u><b>1,306,800</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

Current service cost	719,800	692,700
Interest cost	81,500	70,600
Administrative expenses	24,200	64,400
<b>Expense recognised in Statement of Comprehensive Income</b>	<b>825,500</b>	<b>827,700</b>

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

Opening defined benefit asset	1,306,800	2,172,300
Net pension cost	825,500	827,700
Actuarial (gain)/loss on obligation	67,700	583,500
Company contributions paid	(1,075,500)	(2,276,700)
<b>Closing Defined Benefit Obligation</b>	<b>1,124,500</b>	<b>1,306,800</b>

## f) Actual Return on Plan Assets

	December 31	
	2017 (\$)	2016 (\$)
Expected return on Plan assets	739,900	621,600
Actuarial loss on Plan assets	(150,000)	(132,500)
<b>Actual Return on Plan Assets</b>	<b>589,900</b>	<b>489,100</b>

## g) Expected Company Contributions

**1,066,900**                      **1,076,400**

## 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

Should the discount rate increase by 1%, the obligation will decrease by **\$2,917,100** and should the rate decrease by 1%, the obligation will increase by **\$3,807,600**.

Should there be a 1% increase in expected salary growth, the obligation will increase by **\$1,494,100** and should there be a 1% decrease, the obligation will decrease by **\$1,289,000**.

The Weighted Average Duration of the obligations is 22 years (2016: 25 years).

## 13. 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, 2017

## 14. **Loan Protection Fund:**

The Loan Protection Fund provides loan protection coverage for our members, which allows the loan balance, up to a maximum of **\$100,000**, to be liquidated in the event of death of the member before his/her indebtedness to the credit union has been repaid. For 2017, **\$1,092,306** were expensed and **\$2,065,957** were added to the fund. As at December 31, 2017, the balance stood at **\$2,460,874** (2016: **\$1,487,223**).

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

In accordance with IAS 39 - Financial Instruments: Recognition and Measurement, the Board of Directors created an investment re-measurement reserve for the accumulation of unrealised gains/losses on available-for-sale investments.

## 16. **Related Party Transactions:**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party 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	
	2017 (\$)	2016 (\$)
<b>Assets, Liabilities and Members' Equity</b>		
<b>Loans and other receivables</b>		
Directors, committee members, key management personnel	4,347,161	4,456,960
Due from LINCUI Limited	450,000	450,000
Investment in LINCUI Limited (net)	250,001	250,001
<b>Shares, deposits and other liabilities</b>		
Directors, committee members, key management personnel	4,859,693	4,910,477
Cummings /Fraser Foundation Account	750,000	650,000
<b>Interest and other income</b>		
Directors, committee members, key management personnel	391,265	623,500
<b>Interest and other expenses</b>		
Directors, committee members, key management personnel	98,665	92,212
<b>Key management compensation</b>		
Short-term benefits	2,538,388	2,266,827

## 17. **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

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

## 17. **Fair Values (cont'd):**

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, 2017.

### 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.

## 18. **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.

## 19. **Investment Income (net):**

	December 31	
	2017 (\$)	2016 (\$)
Capital market investment income	1,720,695	1,798,892
Money market investment income	1,916,123	1,545,590
Foreign exchange loss on investments	343,116	108,804
Net gain on sale on of investments	818,152	133,362
	<b>4,798,086</b>	<b>3,586,648</b>

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

## 20. Other Income:

	December 31	
	2017 (\$)	2016 (\$)
Cyber Café income	1,428	23,719
Rental income	303,100	320,000
CUNA commissions	556,756	715,402
Other commissions	67,136	68,121
Service charges	5,585	3,025
Entrance fees	75,205	47,750
Miscellaneous income	419,973	373,466
	<u>1,429,183</u>	<u>1,551,483</u>

## 21. Administrative Expenses:

	December 31	
	2017 (\$)	2016 (\$)
Advertising and promotions	447,031	447,289
Annual and special general meetings	617,442	434,035
Bank charges	271,904	152,863
Debt collector's commission	4,125	7,639
Depreciation	996,817	1,032,472
Donations	49,092	25,480
Electricity	391,778	382,270
Insurances	247,439	275,342
Legal and professional services	887,905	1,125,317
LINCU Debit Card expenses	131,928	221,019
Loss on disposal of fixed assets	13,930	12,865
Miscellaneous expenses	301,591	394,028
Rates and taxes	20,593	27,395
Property rental	720,000	720,000
Repairs, maintenance and cleaning	1,453,848	1,248,875
Security	228,417	214,155
Stationery, computer supplies, printing and postage	803,441	592,572
Telephone	634,496	491,917
	<u>8,221,777</u>	<u>7,805,533</u>

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

## 22. Board and Committees' Expenses:

	December 31	
	2017 (\$)	2016 (\$)
Conferences	88,297	62,909
Training	190,763	35,575
Meeting	165,461	111,348
Subsistence	301,764	266,395
Entertainment and duty allowance	33,600	36,800
Honoraria	262,705	271,056
Supervisory committee	29,247	15,043
Travelling	-	4,920
	<u>1,071,837</u>	<u>804,046</u>

## 23. Salaries and Benefits:

	December 31	
	2017 (\$)	2016 (\$)
Salaries and other staff benefits	11,218,680	12,122,158
Retirement Benefit Asset - IAS 19 adjustment	-	19,000
Training and subsistence	245,147	257,934
	<u>11,463,827</u>	<u>12,399,092</u>

## PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

### 2018 Quantitative Objectives

Key Results Area	Budgeted 2018 (\$)	Actual 2017 (\$)	Increase/(Decrease)	
			(\$)	%
Total income	49,381,794	47,731,983	1,649,811	3.46
Total expenses	30,778,365	27,254,710	3,523,655	12.93
Net surplus	18,603,431	20,477,273	(1,873,842)	(9.15)
Share savings portfolio	414,432,759	383,553,933	30,878,826	8.05
Time deposits portfolio	94,300,000	93,027,896	1,272,104	1.37
Deposit savings portfolio	51,891,301	51,567,347	323,954	0.63
Loans portfolio	445,204,734	409,952,627	35,252,107	8.60
Non-performing loans	22,610,237	25,711,592	(3,101,355)	(12.06)
Money market investments portfolio	83,836,957	79,526,879	4,310,078	5.42
Capital market investments portfolio	105,248,567	100,333,370	4,915,197	4.90

### PRIMARY INITIATIVES FOR THE REALISATION OF QUANTITATIVE OBJECTIVES

During the year 2018, the key initiatives for the Credit Union will be:-

- attractive share savings promotions
- attractive loan promotions focused on debt consolidation and other consumer needs while targeting members who are good credit risks
- increasing member awareness on personal budgeting/financial management through targeted publications
- refocus on direct member outreach initiatives inclusive of a revamped liaison officer system
- operational restructuring and upgrading of performance management systems
- the active pursuit of replacement and more member friendly branch locations

### 2018 Proposed Capital Expenditure With Proposed And Actual Expenditure For The Year 2017

Project/Item Of Expenditure	Proposed 2017 (\$)	Actual 2017 (\$)	Proposed 2018 (\$)
Land Improvement Works	280,000	274,004	-
Buildings	6,610,811	79,200	17,203,100
Computer facilities	2,478,386	439,892	2,197,677
Furniture, fixtures and fittings	244,920	44,891	665,450
Office equipment	85,000	79,844	59,000
Other equipment	680,826	88,999	614,500
<b>Total</b>	<b>10,379,943</b>	<b>1,006,830</b>	<b>20,739,728</b>

*2018 Quantitative Objectives,*  
**PROPOSED CAPITAL EXPENDITURE  
AND FINANCIAL PROJECTIONS**

**2018 Financial Projections with Budgeted and Actual Results for 2016 and 2017**

INCOME	2016				2017				2018	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	\$	%	\$	%	\$	%	\$	%	\$	%
Interest on loans	39,335,870	89.4	38,483,380	88.2	40,792,445	83.5	41,504,714	86.9	43,659,183	87.87
Investment income	3,295,365	7.5	3,586,648	8.2	6,251,649	12.8	4,798,086	10.05	4,071,554	8.19
Fees and commissions	720,000	1.6	783,523	1.8	810,000	1.6	704,682	1.47	760,000	1.53
Rental income	288,000	0.7	320,000	0.8	330,000	0.7	303,100	0.63	480,000	0.97
Miscellaneous income	359,400	0.8	447,960	1.0	672,000	1.4	419,973	0.88	715,000	1.44
<b>TOTAL INCOME</b>	<b>43,998,635</b>	<b>100.0</b>	<b>43,621,511</b>	<b>100.0</b>	<b>48,856,094</b>	<b>100.0</b>	<b>47,731,983</b>	<b>100.0</b>	<b>49,685,737</b>	<b>100.0</b>

2018 Quantitative Objectives,

# PROPOSED CAPITAL EXPENDITURE AND FINANCIAL PROJECTIONS

## 2018 Financial Projections with Budgeted and Actual Results for 2016 and 2017

EXPENSES	2016				2017				2018	
	BUDGETED		ACTUAL		BUDGETED		ACTUAL		BUDGETED	
	\$	%	\$	%	\$	%	\$	%	\$	%
Advertising and promotion	990,000	3.2	447,289	1.7	360,000	1.2	447,031	1.6	600,000	1.9
Annual General Meeting expenses	450,000	1.5	434,035	1.6	450,000	1.5	554,722	2.0	500,000	1.6
Audit fees	216,000	0.7	216,000	0.8	222,000	0.7	224,703	0.8	222,000	0.7
Bank charges and interest	60,000	0.2	152,863	0.6	96,000	0.3	271,904	1.0	96,000	0.3
Business Continuity Planning expenses	12,000	0.0	156	0.0	50,000	0.2	-	0.0	12,000	0.1
Committees' expenses	607,200	1.9	470,080	1.7	591,600	2.0	555,374	2.0	704,000	2.3
Conferences and meetings	150,000	0.5	62,909	0.2	144,000	0.5	253,758	0.9	144,000	0.5
Life savings insurance	876,000	2.8	811,226	3.0	918,000	3.0	915,057	3.4	1,080,000	3.5
Loan protection expense	1,680,000	5.4	895,625	3.3	1,680,000	5.6	1,092,306	4.0	1,200,000	3.9
Debt collectors' commission	120,000	0.4	90,300	0.3	120,000	0.4	4,125	0.0	120,000	0.4
Depreciation	1,188,000	3.8	1,032,472	3.8	1,256,000	4.2	996,817	3.7	1,128,000	3.7
Donations	48,000	0.2	25,480	0.1	42,000	0.1	49,092	0.2	50,000	0.2
Member education, training and development expenses	1,600,000	5.2	1,125,294	4.2	1,200,000	4.0	987,081	3.6	1,000,000	3.2
Electricity	420,000	1.4	382,270	1.4	420,000	1.4	391,778	1.4	420,000	1.4
Honoraria	310,000	1.0	271,056	1.0	300,000	1.0	262,705	0.9	300,000	0.9
Insurances	318,000	1.0	275,342	1.0	330,000	1.1	247,439	0.9	108,000	0.4
Interest on members' savings deposits	208,108	0.7	293,902	1.1	263,279	0.9	248,182	0.9	259,455	0.8
Interest on members' time deposits	1,852,530	6.0	2,018,747	7.5	1,856,350	6.1	2,007,506	7.4	1,869,210	6.1
Legal and professional services	420,000	1.4	909,161	3.4	300,000	1.0	887,905	3.3	600,000	1.9
Loan loss expense	1,000,000	3.2	916,600	3.4	1,000,000	3.3	1,000,000	3.7	1,000,000	3.2
Loss on disposal of assets	24,000	0.1	12,864	0.0	24,000	0.1	13,930	0.1	24,000	0.1
Loss on disposal of investments	6,000	0.0	-	-	6,000	0.0	-	-	6,000	0.0
Miscellaneous expenses	450,000	1.5	532,388	2.0	768,000	2.5	301,591	1.1	216,000	0.7
Rates and taxes	18,000	0.0	27,395	0.1	36,000	0.1	20,593	0.1	36,000	0.2
Rental expense	720,000	2.3	720,000	2.6	720,000	2.4	720,000	2.6	720,000	2.3
Repairs, maintenance and cleaning	1,080,000	3.5	1,248,875	4.6	1,248,000	4.1	1,453,848	5.3	756,000	2.5
Personnel costs	14,442,400	46.6	12,399,092	45.8	14,033,400	46.5	11,463,827	42.1	14,473,700	47.0
Security expenses	180,000	0.6	214,155	0.8	216,000	0.7	228,417	0.8	216,000	0.7
Special General Meeting expenses	12,000	0.0	-	0.0	12,000	0.0	62,719	0.2	50,000	0.2
Stationery, computer supplies, printing and postage	805,200	2.6	592,572	2.2	808,600	2.7	803,441	2.9	864,000	2.8
Telephone expenses	720,000	2.3	491,917	1.8	720,000	2.4	634,496	2.3	720,000	2.3
<b>TOTAL EXPENSES</b>	<b>30,983,438</b>	<b>100.0</b>	<b>27,070,065</b>	<b>100.0</b>	<b>30,191,229</b>	<b>100.0</b>	<b>27,004,710</b>	<b>100.0</b>	<b>30,778,365</b>	<b>100.0</b>
<b>NET SURPLUS</b>	<b>13,015,197</b>	<b>29.6</b>	<b>16,551,446</b>	<b>37.9</b>	<b>18,664,865</b>	<b>38.2</b>	<b>20,727,273</b>	<b>42.9</b>	<b>18,907,373</b>	<b>38.1</b>

# RESOLUTIONS

## 1) APPOINTMENT OF AUDITORS

Be it resolved, that the firm of Chartered Accountants – KPMG, be appointed as the Auditors of the Society for the financial year ending December 31, 2018.

## 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, 2017 to the Building Fund.

## 3) DIVIDEND ON SHAREHOLDINGS

Be it resolved, that a dividend of 2.75% on the average monthly share balance held by each member for the year ended December 31, 2017 be declared for the year ended December 31, 2017 and that the proceeds of this dividend distribution be credited to the Share Savings and Savings Deposit Accounts of each member by way of credits of 30.0% and 70.0% respectively 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, 2017.



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