

EMBRACING CHANGE

S.L.C.S.C.C.U



SAINT LUCIA CIVIL SERVICE CO-OPERATIVE CREDIT UNION

ANNUAL REPORT

2017

37th Annual General Meeting
Conference Room of the Financial Administrative Center,
Pointe Seraphine, Castries.
Wednesday June 27th 2018 at 5:00pm

NATIONAL ANTHEM

Sons and daughters of St. Lucia
Love the land that gave us birth
Land of beaches, hills and valleys,
Fairest isle of all the earth
Where so ever you may roam
Love, oh love our island home.

Gone the time when nations battled
For this "Helen of the West"!
Gone the days when strife and discord
dimmed her children's toil and rest
dawns at last a brighter day,
Stretches out a glad, new day.

May the Good Lord bless our island,
Guard her sons from woe and harm
May our people live united
Strong in soul and strong in arm
Justice, Truth and Charity
our ideal forever be.

Lyrics: Rev Charles Jesse FMI
Music: Sir Leton Thomas KCMG, SLC, OBE, CBE



PRAYER OF ST. FRANCIS OF ASSISI

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.

STANDING ORDERS

1. (a) A member shall stand and state his name when addressing the chair.
(b) Speeches shall be clear and relevant to the subject before the meeting.
2. A member shall address the meeting when recognized or called upon by the Chairperson to do so, after which, he shall immediately take his seat.
3. No member shall address the meeting except through the Chairperson
4. A member shall not speak twice on the same subject, except:
(a) the mover of a motion who has a right to reply.
(b) the member rises to object to or explain any matter (with the permission of the Chair).
5. No speeches shall be made after the “Question” has been put to the meeting.
6. The Mover of a ‘Procedural Motion’ – (that is a motion for adjournment laid on the table, or 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’.
(a) A member may draw the attention of the Chairperson to a ‘breach of order’.
(b) On no account can a member call the Chairperson ‘to order’.
9. Only one amendment shall be before the meeting at one and the same time.
10. When a motion is withdrawn, an amendment to it fails.
11. The Chairperson shall have the right to a ‘casting vote’.
12. If there is an equality of voting on an amendment, and if the Chairperson does not exercise his casting vote, the amendment is lost.
13. Provision shall be made for protection by the Chairperson for vilification (personal abuse) among members.
14. No member shall impute improper motives against another.

CONTENTS



ATTORNEY AT LAW

Cyril Landers & Associates
Mongiraud Street
Castries

BANKERS

Bank of St. Lucia
Bridge Street,
Castries

1st National Bank
Bridge Street,
Castries.

AUDITOR

BDO
Choc

AFFILIATION

St. Lucia Cooperative League Ltd.
Coral Street
Castries

OUR BRANCHES

CASTRIES VIEUX FORT

Cnr. Jeremie Street and Chaussee Road.
Chitolie Mall, Beanfield
8:00 am to 3:00 pm
8:30 am to 3:00 pm
Phone: (758)4524807/8
Phone: (758) 454-9774
Fax (758) - 451 7725
Fax (758) - 4549778

P.O.Box 1333, Castries, St. Lucia WI.
Email: cscredit@candw.lc
Website: www.cscreditunion.org



Standing Orders



Notice of Meeting



President's Message



Board of Directors'
Report



Treasurer's Report



Supervisory Committee's
Report



Credit Committee 's
Report



Auditor's Reports

NOTICE OF MEETING

NOTICE is hereby given that the 37th Annual General Meeting of the St. Lucia Civil Service Cooperative Credit Union Limited will be held at the Conference Room of the Financial Administrative Centre, Pointe Seraphine Castries on Wednesday, June 27th, 2018 commencing at 5.00 p.m.

AGENDA

OPENING SESSION

1. Call To Order
2. National Anthem
3. Prayers/Invocation
4. Welcome Address – President Junia Emmanuel-Belizaire
5. Greetings from Fraternal Organisations

CLOSED SESSION

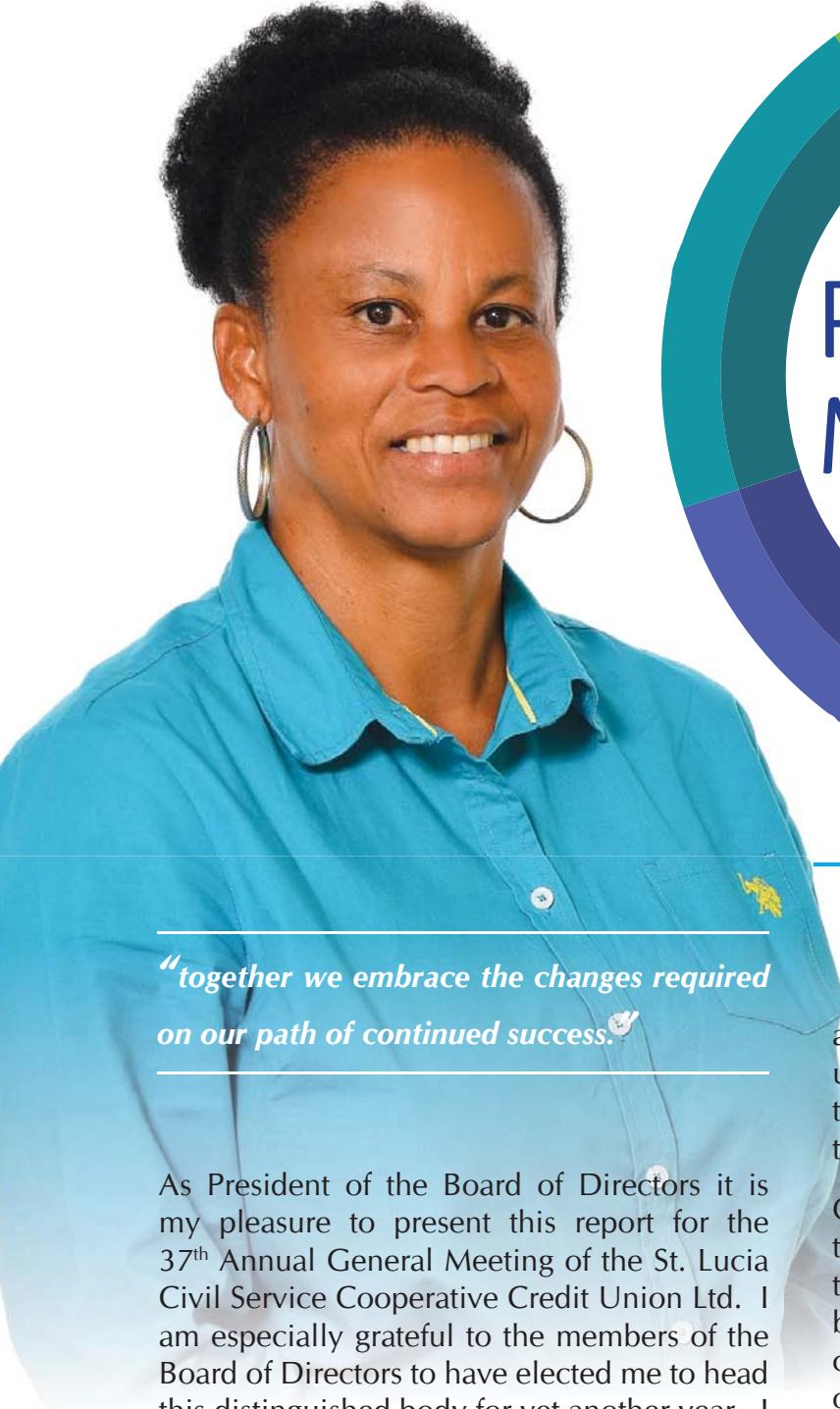
1. Ascertainment of Quorum
2. Apologies for Absence
3. Reading and approval of the Minutes of the 37th Annual General Meeting and any intervening Special General Meeting and discussion of matters arising therefrom.
4. Adoption/Confirmation of Reports:-
 - (i) Board of Directors
 - (ii) Treasurer
 - (iii) Auditor
 - (iv) Credit Committee
 - (v) Supervisory Committee
 - (vi) Any Sub - Committee
 - (a) Nominating
5. Unfinished Business
6. Elections to:
 - (i) Board of Directors
 - (ii) Credit Committee
 - (iii) Supervisory Committee
7. Appointment of Auditors for the ensuing year.
8. New Business
Resolutions i) Declaration of Dividends and Patronage Refund
9. Adjournment

REFRESHMENTS WILL BE PROVIDED

BY ORDER OF THE BOARD



IRENE ST CROIX
SECRETARY



President's MESSAGE

***“together we embrace the changes required
on our path of continued success.”***

As President of the Board of Directors it is my pleasure to present this report for the 37th Annual General Meeting of the St. Lucia Civil Service Cooperative Credit Union Ltd. I am especially grateful to the members of the Board of Directors to have elected me to head this distinguished body for yet another year. I thank them and you for the confidence vested in me as *together we embrace the changes required on our path of continued success.*

The past year has had many challenges and rewards, and your Board, Management and Staff are constantly monitoring changes and developments in the marketplace to design and deliver new products and services to fulfill members' needs. These challenges relate to evolving fiscal and monetary policies,

and their influence on interest rates, growth, uncertainty, and volatility, which could lead to a variety of future economic scenarios and thus provide opportunities for transformation.

One of the biggest challenges in understanding the future of credit unions comes in analyzing the implications of transformation in our lives, businesses and society. We know that our continued success depends upon the efforts of our dedicated employees, and truly thank them for their hard work and commitment in serving the needs of our members. I must also commend the dedicated efforts of those members who continue to work hard, and *“save and borrow with pride”*. They all help to ensure that the St. Lucia Civil Service Cooperative Credit Union Ltd. continues to be a success, a pillar of strength and a source of financial support to themselves and to so many others.

Our Supervisory Committee and Internal

Auditor continue to monitor and ensure our compliance with regulations, further strengthening our institution. Our Credit/Loans Department continues to assist those members who have fallen behind with their loans to regain good standing, or where necessary to pursue recovery of overdue amounts.

Our Credit Committee and loan officers continue to work diligently to process ever-increasing numbers of applications into loans. We are pleased that so many of our members recognize the credit union advantage and choose us rather than dealing with predatory and other lenders. We remind members and the public that those entities take advantage of borrowers and leave them worse off. Our credit union encourages members to continue to save so that, even when they borrow, their assets continue to grow.

As the changing environment dictates, our goal is to provide improved services to our members. In order to do this, we continue to strengthen our institutional capacity. Currently we are undertaking two initiatives for implementation soon. The ATM project, which is long in coming, and a review of our brand, image and service delivery. I am happy to report, that members are part of these important processes and your voices are influencing the final products. Soon we will be moving on to the next phase requiring physical changes to our institution, and psychological changes for members, management and staff, necessitating adjustments to their opinions and expectations of our new brand. To compliment this process, there are expectations of enhancing staff's capacity and knowledge through training initiatives dedicated to improving the way we do business.

Technology continues to reshape the competitive and operating landscape for credit unions. Our strategic view of technological investment is too relaxed in adapting to our changing environment. The greatest challenge for the organization is to understand What is possible. How quickly and in what

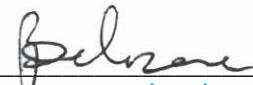
areas we should be investing in innovative approaches. As we navigate our way through this transformation, we are identifying ways to improve management and oversight of risks associated with these enhancements.

The biggest obstacle may be in us. Most of us have an understandably negative reaction to the mounting performance pressure that is already beginning to accompany the transition to new forms of operations. With any disruptive transition, we tend to experience fear and stress, generating an impulse to hold on to what has driven success in the past. We must resist that temptation and use the shifts as an opportunity to achieve more of our potential. Passion can shift people from the fear of change to excitement about the opportunity to learn something new and to have a greater impact. Personal success will largely depend on accelerating learning throughout one's lifetime.

The key to our success is dealing with change, which is essential to our renewal and survival. Our credit union's survival requires on an organization level, that the methods used must change as fast as or faster than the environmental changes that threaten viability. On an individual level, it is our willingness and ability to embrace change, and respond to the demands placed on us with empathy for all those who are involved.

On behalf of the St. Lucia Civil Service Cooperative Credit Union Ltd team, we extend our most sincere gratitude to you, our members. Your membership and commitment to our organization is your ultimate show of support for what we want to achieve.

As always, we remain excited about the opportunities that lie ahead, and look forward to serving you within a strong credit union in 2018 and into the future.



Junia Emmanuel-Belizaire
President



Embracing Change...

IN THINKING

Together we will navigate the winds of change

Board of DIRECTORS



Junia T. Emmanuel- Belizaire

Profession: Management Consultant

Qualification: PG Diploma-Marketing Management, BSc.Management, PMP, Development Educator -CaribDE11, US DE 2016, I-CUDE 2017

Substantive Position: Commerce & Industry Officer

Board Member Since: June 2011- 2015, 2016

Served on: HR Committee, Scholarship & Bursary Committee



Deale A. L. Lee

Profession: Attorney at Law

Qualification: LL.B, LL.M, , Development Educator – CaribDE 25

Substantive Position: Partner, McNamara & Co.

Board Member Since: 2014

Served on: Finance & Investment Committee, Scholarship & Bursary Committee, Legislative & Regulation Committee



Ivor Daniel

Profession: Accountant

Qualification: CloD, C.Dir, MBA, CPA, CGA, , Development Educator – CaribDE 30

Substantive Position: Permanent Secretary

Board Member Since: 2003 -2009

Served on: Chairperson of the Finance & Investment Committee, HR Committee



Irene E. St Croix

Profession: Human Resource Consultant

Qualification: CLOD, CDIR, MSc HR Management & Training, BSc Management & Government , Development Educator – CaribDE 20

Substantive Position: Deputy Permanent Secretary, Office of the Prime Minister

Board Member Since: 2014

Served on: Human Resource Committee



Zepherin E. Francis

Profession: Financial and Management Consultant

Qualification: BSc Accounting, MSc Finance, MBA, , Development Educator – CaribDE 11

Substantive Position: Consultant

Board Member Since: (1989 - 2000),2013

Served on: Finance & Investment Committee, Chairperson of the Building Committee



Egbert Stevens

Profession: Business Management Consultant

Qualification: Masters in Business Administration, , Development Educator -CaribDE24

Substantive Position: Business Development Officer III

Board Member Since: 2015

Served on: Education Committee



Thalassa Cox

Profession: Legal Consultant

Qualification: LLB (Hons) , Development Educator -CaribDE 30

Substantive Position: Legal Consultant , Attorney General's Chambers

Board Member Since: 2017

Served on: Education & Editorial Committees,



Dayne Simone Alexander

Profession: Land Surveyor

Qualification: BSc (Hons) Surveying & Mapping Sciences. , Development Educator – CaribDE 30

Substantive Position: Lands & Survey Officer (LUCELEC)

Board Member Since: 2017

Served on: Scholarship & Bursary Committee, Nominations Committee



O'Brien Richards

Profession: Architect/ Lecturer

Qualification: BA (Hons) Architecture, (Hons) Dip Arch Technology, Development Educator – CaribDE 13

Substantive Position: Lecturer on Architecture & Building, SALCC

Board Member Since: 2017

Served on: Building Committee, Credit Committee



In laying the future for growth and expansion, we are embarking on the following initiatives to better serve you our **VALUED** Customers.

REBRANDING | ONLINE TRANSACTIONS | DEBIT CARDS

Board Report

Overview

Starting 2014, the Board of Directors and Management began laying the foundation for the future growth and expansion of our credit union through the identification of a number of initiatives. Consultations continued through to 2017 where we narrowed our focus and prioritized rebranding, debit cards and online transaction processing as our strategic imperatives

The process of rebranding has not been without its challenges with the major one being the identification of a suitable name and the accessing and introduction of the latest technology for the debit cards. However, the delay in the introduction of the debit cards proved beneficial because it will allow us to access the latest more secure EMV technology for our members. We are moving ahead with the implementation of our plans and we expect that these initiatives will be completed by December 2018.

We are pleased to present our financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). We have opted to become early adopters of the IFRS 9 (which replaces the earlier accounting standard for financial instruments IAS 39) amendment to the provisioning of our loan portfolio both performing and non performing loans. The effective date for the implementation of IFRS 9 is January 1, 2018. Our years of well managed growth and success have made it possible for our External Auditors to restate our financial statements from 2015 making adjustments to our statutory reserves, retained earnings and loan portfolio. You will see the restated pages in this report.

In the coming years we will seek to further deepen our relationship with you our valued members by remaining committed and keeping our focus on our Mission to enhance your life.

Table 1 - Meeting Attendance Record 2017

Board	POLICY			LOANS			SPECIAL			QUARTLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
Junia Emmaneual Belizaire	11	9	2	11	10	1	18	15	3	4	4	--
Sylvester Dickson	5	5	-	5	5	-	7	6	1	1	1	-
Deale lee	11	10	1	11	9	2	18	16	2	4	1	3
Ivor Daniel	11	10	1	11	6	5	18	15	3	4	2	2
Zepherin Francis	11	10	1	11	10	1	18	18	-	4	3	1
Irene St. Croix	11	10	1	11	11	-	18	16	2	4	4	-
Egbert Stevens	11	11	-	11	11	-	18	16	2	4	4	-
Micheal St. Catherine	5	5	-	5	5	-	7	3	4	1	-	1
O'Brien Richards	6	5	1	6	6	-	11	11	-	3	2	1
Dayne Alexander	6	6	-	6	5	1	11	10	1	3	2	1
Thalassa Cox	6	5	1	6	6	-	11	7	4	3	2	1

Table 1.1- Meeting Attendance Record 2017

SUPERVISORY COMMITTEE	ORDINARY MEETINGS			SPECIAL/JOINT			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
Kervyn Tobias	11	9	2	5	4	1	1	-	1
Lyndell St. Ville	21	21	-	12	12	-	4	4	-
Martha Duval	21	20	1	12	11	1	4	3	1
Louenda George	21	17	4	12	9	3	4	2	2
Myrna James	21	20	1	12	11	1	4	3	1
Kaisher Von Wahl	10	8	2	7	5	-	3	3	-

Table 1.2 - Meeting Attendance Record 2017

CREDIT COMMITTEE	ORDINARY MEETING			SPECIAL			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
Lisa Goodman	84	71	13	10	7	3	4	3	1
Ricardo Corsinie	84	67	17	10	7	3	4	3	1
Sherman Sylvester	84	68	16	10	5	5	4	2	2
Venus Alcindor	84	67	17	10	8	2	4	3	1
Cletus Cyril	84	68	6	10	9	1	4	4	-

Table 2 - GENERAL STATISTICS 2008-2017

FINANCIAL FACTORS (\$'000)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assets	121,961	130,613	139,427	149,945	160,384	173,730	187,553	198,723	223,521	245,855
Cash Resources	30,899	33,386	41,494	46,982	44,751	43,456	46,116	48,641	62,860	77,399
Investments	535	701	859	816	826	778	1,539	2,522	2,612	2,893
Loans to Members	84,800	91,466	92,220	97,229	109,958	124,763	134,918	142,735	152,023	160,525
Fixed Assets	4,405	4,290	4,707	4,757	4,671	4,546	4,504	4,452	4,580	4,614
Total Liabilities	7,617	8,272	9,395	10,678	11,445	136,521	146,989	161,963	178,901	193,646
Withdrawable Shares	88,323	94,238	100,496	105,545	112,157	119,696	132,359	145,135	157,502	169,645
Permanent Shares	4,650	5,646	6,535	7,271	8,323	9,431	10,293	11,354	12,737	13,877
Deposits	6,839	7,659	8,426	9,829	10,441	12,439	13,663	15,910	20,266	22,899
Reserves	13,946	15,281	16,404	17,979	19,601	20,735	22,695	22,867	25,929	29,229
Retained Earnings	2,535	2,561	2,517	2,787	2,892	2,946	3,054	2,539	5,953	9,103
Members Equity	114,344	122,340	130,032	139,267	148,937	37,209	40,563	36,760	44,620	52,209
Loans Approved	42,605	38,201	37,268	44,101	55,946	55,659	57,012	60,674	61,859	63,396
Net Income	6,704	6,112	5,429	7,798	7,902	5,662	6,615	6,353	10,924	11,538
Dividend - Withdrawable shares	3,597	3,485	2,804	3,948	4,159	NA	NA	NA	NA	NA
Dividend – Ordinary Shares	408	517	606	670	778	877	984	1,051	593	664
Patronage Refund	884	613	668	1,063	1,084	1,272	1,385	1,416	2,347	2,420
Membership	11,737	12,237	12,614	13,382	13,798	14,401	14,941	15,446	15,913	16,675
No. of Loans	10,288	10,180	9,284	9,619	10,325	10,357	11,223	11,182	10,514	10,995

Figures in pink are Restated



MANAGEMENT

Emmerlyn Monroe	General Manager
Celestin Laurent	Deputy General Manager
Antonius Dusauzay	Finance Manager
Rita A. Francis	Loans Manager
Melania Bailey Francois	Systems Administrator
Olive St. Ville	Member Services Manager
Vanya Pilgrim-Samuel	Human Resources Manager
Wilton Bleasidle	Internal Auditor



STAFF COMPLEMENT

Staff complement of the Saint Lucia Civil Service for 2017

LINE STAFF

Alin Verneuil	Jerren St. Clair	Miguel Moses
Amarae Arthur	Jerson Charlemagne	Neighman Lascaris
Andrea Remy	Jessica Mc Vane	Olivia Cornielle
Bibiana Etienne	JnMill Augustin	Priscilla Sidonie
Cheryl Joseph	Justina Samuel	Ria Marius
Cleavert Jn. Baptiste	Kirsten Savery	Sandy Mitchel-Adams
Dayci Innocent	Latoya Alphonse	Sarica St. Rose
DeVaughn Charles	Lylius Joseph	Shenel Lionel
Donna Mathurin	Malauge Vitalis	Sheralye Alcindor
Donavon Denis	Marcella Roland	Sylca Philip
Edwin Charlery	Marciana Gabriel	Tanize Stanislaus
Eldon Paul	Marlan Biscette	Tony Abraham
Gina John	Martin Lafeuillee	Warren Leo
Heather James	Marylene Cherry-William	
Jacinta Jn. Charles	Menassia Nelson-Dubois	

STAFF MOVEMENT AND CHANGES

Two (2) new persons joined our staff complement and have been assigned as follows:

MANAGEMENT

Wilton Bleasdille
Internal Auditor

TELLERS

Jerson Charlemagne
Teller

The staff members were once again recognized for excellence. **Mr Neighman Lascaris (1)** was the overall winner for the *"Employee of the Year"* with **Mr Cleavert JnBaptiste (2)** as the runner-up under this category.



Other awardees and categories included:

STAFF AWARDS 2017



CATEGORIES	NAMES
Above and Beyond	Andrea Remy
Best New Comer	Jn Mill Augustin
Team Player of the Year	Donna Mathurin
Corporate Image Award	Jessica Mc Vane
Excellence in Member Services	Jacinta JnCharles
Teller of the Year	Edwin Charlery
Pillar of Performance	Menassia Nelson-Dubois
Pillar of Quality	Martin Lafeuillee
Pillar of Service	Jerren St Clair
Spirit of CSCCU	Debaughn Charles
Star Award (Service, Teamwork, attitude, Reliablity)	Olivia Corneille
Most Improved Employee	Dayci Innocent
Rising Star Award	Amarae Arthur
Supervisor of the Year	Sarica St Rose
Leadership Award	Tony Abraham
Cornelia Mc Donald Award (Productivity)	Heather James
General Manager's Award (Excellence)	Eldon Paul
Employee of the Year 1st Runner Up	Cleavert Jn Baptiste
Employee of the Year 2017	
Neighman Lascaris	



**THE 60TH ANNUAL
INTERNATIONAL CONVENTION**

• CUBA 2017 •

CO-OPERATIVES: RE-SHAPING
CARIBBEAN SUSTAINABLE DEVELOPMENT

JUNE 16 - 21, 2017
MEMORIES VARADERO BEACH & GOLF RESORT

**2017 Caribbean Confederation of Credit
Unions (CCCU) – 60th ANNUAL
INTERNATIONAL CONVENTION & 46th
ANNUAL GENERAL MEETING**

The theme for this year's Convention was "Co-operatives: Reshaping Caribbean Sustainable Development." A delegation of eleven (11) participants attended the Convention held at Memories Varadero Beach Resort, Varadero, Cuba, from June 16-21 2018. The delegation comprised Directors, Committees Members, Management and Staff.

The 2017 Convention Programme provided educational and social opportunities for participants. Some of topics included:

- Building Generational Wellness for Members
- Achieving Sustainability through Digital Financial Services
- Creating Risk Intelligent Credit Unions
- Trends, Issues and Challenges Impacting Credit Unions and solutions
- Embedding Sustainability in Organizational Culture, Lending, Investing and Decision Making.
- Co-operatives: Reshaping Caribbean Sustainable Development.
- Environmental Trends Affecting Regional Credit Unions
- The role Credit Unions in facilitating Health Coverage for Caribbean Citizens
- Strategies for Emerging Credit Union Leaders
- Mitigating the impact of De-risking on Financial Institutions.

SCHOLARSHIPS FOR 2017

The SLCSCCU will continue to provide scholarships and bursaries to children and wards of our members. This year **eight (8)** scholarships were granted to students to attend secondary schools.

The 2017 **Secondary Schools** Scholarship Holders are:

Scholarships

STUDENT'S NAME		PARENTS	SCHOOL ASSIGNED
1	Charles Greenidge	Charles Greenidge	SMC
2	Rhea Barret	Liota Charlemagne-Mason	SJC
3	Cianna A Dalsan	Emmy Mitchel	SJC
4	Nhij Myers	Nichalan Myers	SJC
5	Kiana Mc Donald	Hannah McDonald	SJC
6	Khaedee L St Rose	Malica St Rose	SJC
7	Jae Clery	Jasmine Gaspard	SJC
8	Amara L Biscette	Renny Biscette	SJC

One (1) Staff Scholarship

CHILD	PARENTS	SCHOOL ASSIGNED
1 Jelanie Dusauzay	Antonius Dusauzay	SMC

One (1) Staff Scholarship

CHILD'S NAME	PARENT'S NAME
Petal JnCharles	Jacinta JnCharles

Scholarship holders to the **Sir Arthur Lewis Community College** for 2017 are:

New SALCC Scholarships (4) (4)

	CHILD'S NAME	PARENT'S NAME
1	Jusila M Gittens	Anselm Gittens
2	Mikaela-Shae Casimir	Giselle Casimir
3	Krystal Lacan	Zinita Lacan
4	Kimson Chitolie	Kima Chitolie



MEMBERSHIP DEVELOPMENT

In 2017, the Member Service Department continued our information campaign to keep members updated on our programs and activities. In addition, every month staff from the Department undertook organisational visits to offer our member the opportunity for personal encounters and queries.

The staff continued to implement a strategy directed at the development of our credit union youth and the students in the six (6) twinned schools . (St Mary's College

35
Busaries

A total of thirty-five (35) bursaries were awarded to children of members for both the secondary and tertiary level.

Secondary School, Leon Hess Comprehensive Secondary School, George Charles Secondary School, Grande Riviere Primary School, Millet Primary School & Grande Riviere Combined School)

Membership Statistics

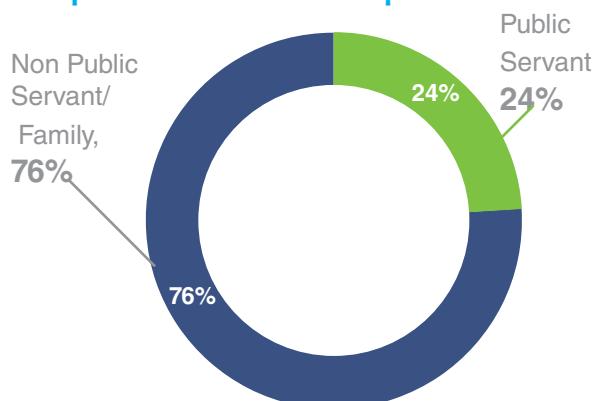
As can be seen from Table 3, there was a significant increase in membership growth for 2017. Membership has almost attained the 17, 000 member mark as at year end from an almost 17% increase in new members.

Table 3 - ACCOUNT AND MEMBERSHIP GROWTH 2013-2017

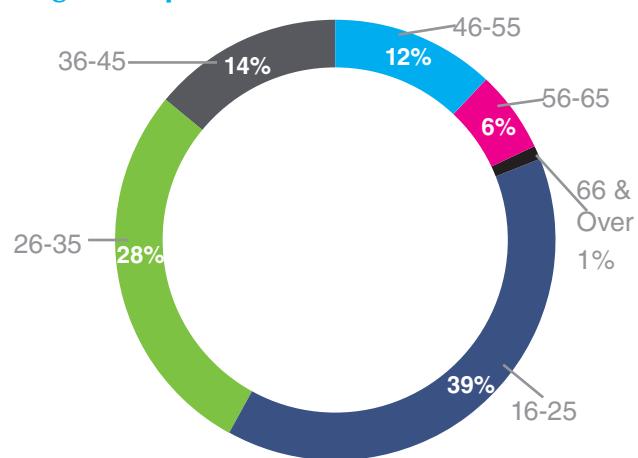
	2013	2014	2015	2016	2017	SOCA				
						2013	2014	2015	2016	2017
Members	14401	14941	15446	15913	16660	2588	2714	2869	2981	3141
Change in Membership	665	688	505	589	747	180	213	235	251	310
% Change over Prior Year	4.6	3%	3.4%	16.6%	26%	18.42	5%	10%	7%	23%
No of Accounts Closed	62	57	26	125	54	77	54	80	115	188

As has been noted in the past the average new member is below the age of 30, a female , who joins through the Castries Branch and is not a member of the Public Service . This trend is expected to continue as significant growth in the number of public servants is not expected.

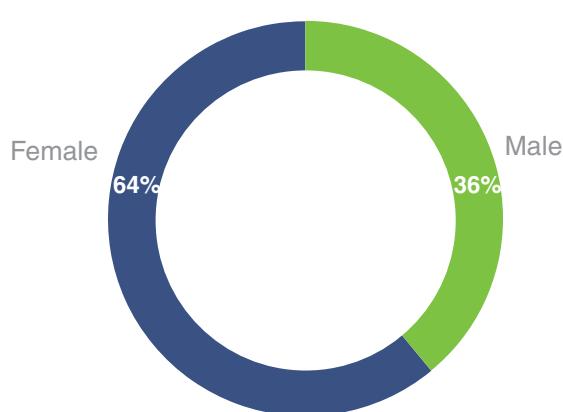
Composition of Membership



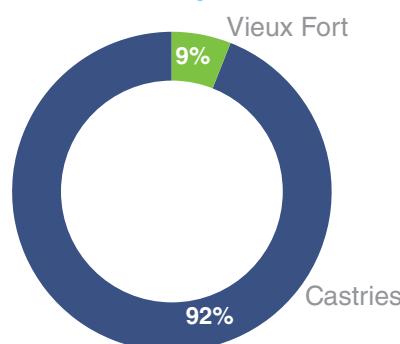
Age Group of New Members



Gender of New Members

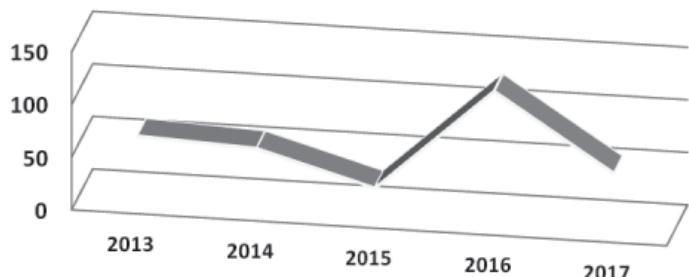


Location of Membership



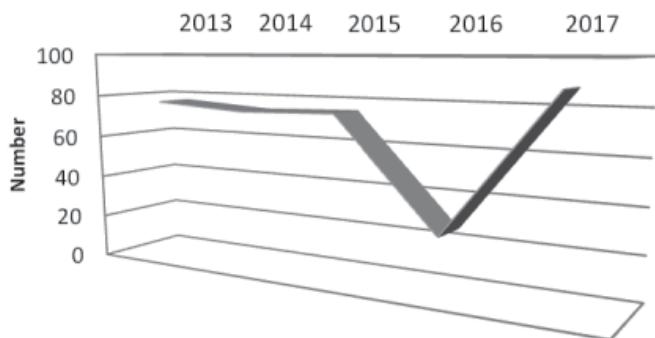
The fifty four (54) Accounts closed in 2017 are below our average rate of 60 accounts reflecting normal attrition levels from member departures and the settlement of death claims.

Closed Accounts 2013-2017



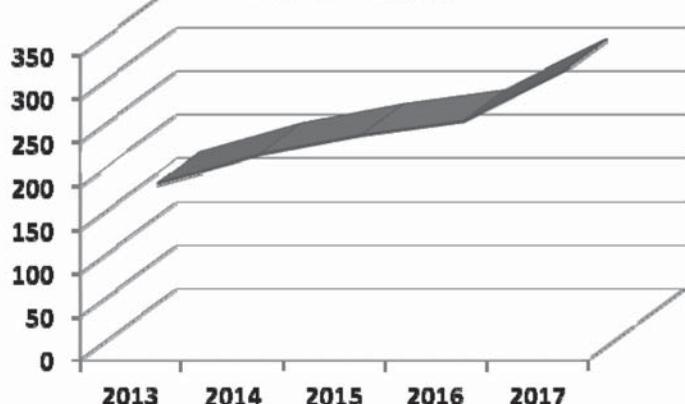
The Credit Union's wish that all junior account holders enjoy full membership benefits once they reach 16. We encourage parents Parents and Guardians not to delay this conversion for their children and wards. If any assistance with the management of the process is required the staff of the Member Service Department are available to advise on possible options.

Trends in Conversion of SOCA (Junior) Accounts to Adult



Our adult members are keen to begin the financial planning process for their young relatives by opening a SOCA (junior) account. This is reflected in the high level of growth in this account. Increasingly there is much interest from parents, grandparents, and other adult relatives into opening accounts for their young relatives and wards. The high levels of growth in the total number of junior accounts year on year reflect this interest. The Member Service staff have also been very keen on encouraging our adult members to begin the financial planning process for their young relatives by opening a SOCA (junior) account.

Growth In SOCA (Junior) Holders 2013 - 2017



SPECIAL SAVINGS SUPPORT SERVICES

In 2017 over 500 members made use of the special savings account facility available at the Credit Union, an increase of over 52% from the previous year. Conversely, the balance of funds held in these accounts reduced by exactly 52% as the members made use of their funds to meet their scheduled commitments. We note movement of over XCD \$0.5 million moving through this account as members finance annual insurance renewal premiums, medical and emergency expenses, share requirements for loans and deposits for student loans. More information can be provided by the Member Service staff, on this product which can be a key component of your financial management plans.

52%
INCREASE

Special Savings account usage

XCD \$0.5
 MILLION
movement in account



Contact a member service staff at your branch to obtain more information on this product.

Phone: (758)4524807/8
Castries

Phone: (758) 454-9774
Vieux-Fort

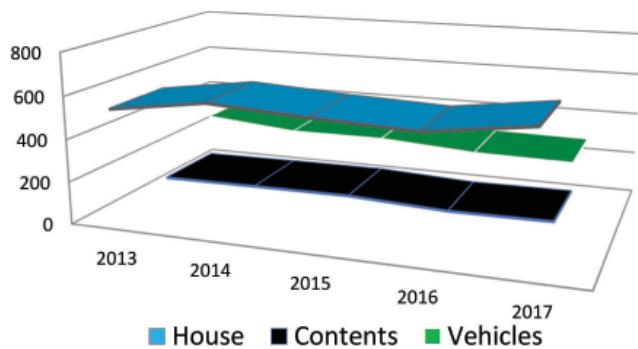


**(Risk Consultants & Insurance Brokers -
Homeowners, Contents, Vehicles and All
Risk Coverage)**

The group insurance plan reflected mixed performances in 2017. Once again, a premium reduction was negotiated for our members through the Brokers. Despite this improvement, we continue to observe members taking on high levels of personal risk by either delaying or non renewal of policies. Particular reference is made to the homeowners coverage where a 14% decline was observed in renewals whilst a 21% increase was seen for new plans

The performance of our Group plan for the past five (5) years is represented below.

**Trends in Group Insurance Membership
2013 -2017**

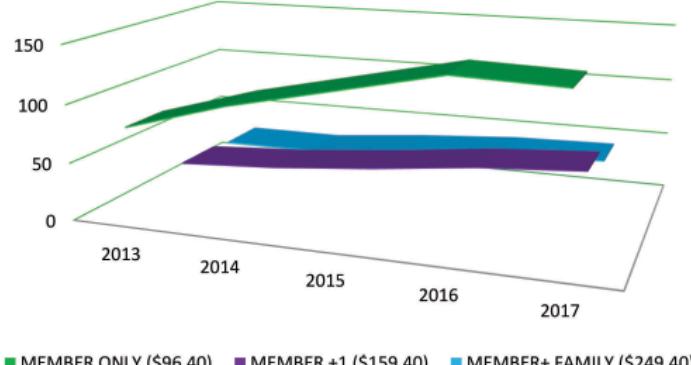


REGULAR PLAN

As with all insurances members are reminded that they must comply with all conditions of the agreement especially that of the timely monthly payments. This movement wide medical plan continues to grow but high levels of attrition are experienced during the year resulting in an extremely slow rate of growth. The plan is administered from the Member Service Department and persons seeking additional information may visit them.

We are pleased to report that the level of claims being processed has increased by almost 50% over that of 2016 whilst the check payments and disbursements have increased by over 60% an indication of higher value of member re-imbursements.

**Trends in Beacon Medical Insurance
Subscriptions for 2013 -2017**



We are pleased to advise senior plan members that if you are a member of our plan before you attain the age of 65, your medical coverage can be continued at a reduced cost with reduced benefits. Medical costs are increasing nationally and having some level of coverage will assist our seniors to access medical care. Interested members should seek information from the MSD staff about their options.

Death **BENEFITS**

In 2017, fifty four (54) members of our Credit Union were able to access financial assistance with the burial costs for their loved ones from the Family Indemnity Plan (FIP) of CUNA Mutual Insurance. These costs have significantly increased in the last few years but over XCD \$730,000 was paid out to members and their families.

There are our (4) plans that are available and upon payment of the monthly premiums and meeting the required stipulations, a payout is almost guaranteed for each family member covered under the plan.. The process is relatively simple once accurate information is provided at inception. Under the Family Indemnity Plan subscribers can access a maximum of XCD\$ 15, 000 towards meeting funeral and burial costs for up to 6 immediate family members

During 2017, we said farewell to members of our Credit Union family identified in the list. On behalf of you the members, the Board of Directors, Committees, Management & Staff take this opportunity to offer heartfelt sympathy to all members who experienced the loss of a loved one this year.



Deceased Members for 2017

MEMBERS NAME		MEMBERS NAME	
1	AARON GREENIDGE	21	GILLIAN CHARLES
2	ALEXANDER MAURICE	22	HELEN HARLOW
3	ALEXIUS ROBEST	23	IRMA POYOTTE
4	ALVIN LEWIS	24	ISALENE ANTOINE
5	ANDREW COX	25	ISMAEL BISCETTE
6	ANTHONY PRESIDENT	26	JANA ESTHER SIMON
7	AUGUSTINE ALEXANDER	27	JAQUELINE LAURENCY
8	BARTHELMY TISSON	28	JOSEPH MITCHEL
9	CAIUS CASSIUS	29	LAURINUS CHARLERY
10	CATHERIN REGIS	30	LEONARD DANIEL
11	CATHERINE AUGUSTE	31	LORNA LEWIS
12	CECILIA COX	32	MATHANA SERIUEX
13	CHESTER DEMILLE	33	NIGEL MITCHEL
14	CHRISTOPHER MONROSE	34	RAYMOND PHILGENCE
15	CLEMENT EDWARD	35	PETER SATNEY
16	CRECENTIUS GASTON	36	ROSEMOND MORTLEY
17	EILEEN ST CYR	37	STANISLAUS GEORGE
18	ELDRENA HOLLANCID	38	STELLA NOEL
19	ELIZABETH AUGIER-DOXILLY	39	VENA EDWARD
20	EUGENIE JOHANNES	40	ZACHARY OCTAVE



WE ARE HERE
In Your Time of Need

There is a plan for YOU!

\$15,000 MAXIMUM
Readily Available

It's relatively simple and payment is almost Guranteed

Contact Us for more info:
Tel: (758) 452-4807/8



For the 4th year the Pre-Common Entrance Stress workshop was held in April 2017 for 38 SOCA holders scheduled to sit the Common Entrance exam in 2017.

The main objective of this workshop was to help the children to develop skills, techniques and strategies to increase their success rates on this exam. Another strategic objective was to allow the students to develop tools that would assist them in reducing the stress levels associated with the exam.

As always , the participants spoke of gaining vital knowledge and skills from the interaction.



Member WORKSHOPS/TRAINING

In 2017 the Member Services Department focused extensively on educating members. To this end at least every quarter New Member Orientation Sessions were organised and delivered by the staff of the Member Service Department with support from the Loans Department. The Board of Directors would like to encourage members to make full use of the opportunity to gain the most from your Credit Union membership, products and services.

The objectives of the member workshops are to provide product specific information and valuable financial education in support of the members' financial planning. The Board continues to encourage members to take full advantage of training opportunities offered by our Credit Union.

WORKSHOP NAME	DATE HELD
New Member Orientation	January
New Member Orientation	March
New Member Orientation	August
New Member Orientation	September
New Member Orientation	November
Personal Safety	March
Personal Safety	October
Safari Volunteer – Planning & Preparation	August
Summer Safari Volunteers Training	August
Safari Volunteer – Post Event Assessment	August
Medical Insurance	November

Assistance was also provided by the Member Service Department to the Education Committee in the delivery of scheduled activities for 2017. Most of these activities were directed at identified groups as can be seen from the table.

ACTIVITY TITLE	DATE HELD
Contact Person Meeting	May
Contact Person Meeting & Training	October
Parent Transition	May
Mandatory Volunteer Orientation (4 sessions)	September

Focused on
Member
Education

Organization
of New Member
Orientation

Provision of
Product Specific
Information

International **CREDIT UNION MONTH**

This year our Credit Union started the celebrations for Credit Union Month from October 1st with a full programme of activities under the theme "Dreams Thrive Here". The celebrations began with the customary Creole breakfast and Church Service. Strategies were implemented to allow our usual venue to accommodate more members. The planned activities offered opportunities for member interaction.

DATE	TIME	ACTIVITY	VENUE
OCTOBER			
Sunday 1st	8:00am	Church Service	Holy trinity Anglican church
	9:30am - 12 Noon	Creole Breakfast	CSA Centre, Sans Souci
Wednesday 4th	5:15pm - 6:30pm	Workshop- Personal Safety	Castries Office
Friday 6th	10am-12:00pm	Thrift Teachers Appreciation	Thrift School
Saturday 7th	7:00pm-10:00pm	Outgoing Volunteers Social	CoalPot Restaurant (*)
Tuesday 10th		Financial Cocktail	Vieux Fort Branch (*)
TBA	8:00am	Christmas Wishmaker Begins	ALL BRANCHES
Thursday 19th	9:00am - 3:00pm	ICU day - Open Day / Volunteers Day	ALL BRANCHES
Tuesday 24th	5:15pm -7:00pm	New Member Orientation	Castries Office
Wednesday 25th	5:00pm - 6:00pm	Financial Cocktail	Castries Office (*)
Friday 27th	9:00am - 3:00pm	Member Appreciation	ALL BRANCHES
DECEMBER			
Saturday 2nd	9:30am - 4:00pm	Senior Appreciation	Morne Fortune

(*) By Invitation Only

The final event, Senior Appreciation was held December 10th and in attendance were 41 seniors.



Vieux Fort **OFFICE UPDATE**

The staff of the Vieux-Fort Branch remains committed to increasing our credit union's visibility and presence in the southern region. In 2017 our portfolio of disbursed loans increased by over sixty percent (60%) from 2016. New membership also climbed by an encouraging seventy seven (77%) from the previous year.

Outreach within the community and the region by extension is always a major focus. Our outreach programme includes but is not limited to membership recruitment and activities which engage the participation of members, member organizations and even non members. In 2017 the Vieux-Fort team accomplished this by hosting three major annual activities among other activities.

In June the branch hosted the third annual "Fun Walk" from Micoud to Vieux-Fort.

Over one hundred and eighty individuals participated, an increase of over fifty from the previous year. The activity culminated with the much anticipated prize giving ceremony, a healthy breakfast, health screenings facilitated by our faithful community nurses and health aides from the Vieux-Fort Health Centre and a presentation on self defence by ASP Gibson Chitolie of Vieux-Fort.

In keeping with the Co-operative Principle of Member Education and Member Development the branch hosted the fourth Financial Cocktail in October. A group of thirty members attended and were treated to an enlightening presentation on topics ranging from retirement preparation, wealth building, investing, debt reduction and budgeting. The facilitators, Mrs Rita Francis (our Loans Manager) and Mr Celestin Laurent (our Deputy General Manager) were very well received.

The month of October also saw the hosting of our first ever health fair, made possible by the auspices of the Office of The Principle Nursing Officer, Community Nursing Department and the Vieux-Fort Health Centre. This was the highlight of our Open Day activities celebrating Credit Union Month. Nurses, Health Aides and Nutritionist offered a range of medical test and screenings on that day. Participants included members and potential members who took the opportunity

Ger Secondary School by participating in their work study programme. In July the branch hosted a class of third grade students from the Augier Combined School during a school trip organized to identify the value of co-operatives in the community. The Anse Ger Secondary and Vieux-Fort Comprehensive Secondary (Campus B) are two schools with whom we have worked closely. As part of Professional Development Day activities, branch Supervisor Marlan Biscette was invited to the Anse Ger



to ask about our organization's products and services at the information desk manned by Mr Dervaughn Charles of the Member Services Department.

Our initiatives also included organizational visits to various government departments and statutory bodies. These visits are part of our regular monthly activities which allow us to sensitize and update members and prospective members about our new products and services. They also provide opportunities for membership recruitment. Such an opportunity was created when the E.D. and E.D. Plus education loan was launched. Schools, government departments and statutory bodies from Micoud to La Ressource Vieux-Fort were visited during the launch campaign. The products proved to be very popular in the South particularly among the younger demographic of our membership.

In May the branch collaborated with the Anse

Secondary School to make a presentation on retirement preparation, budgeting and the importance of saving.

In our continued effort to keep members engaged and involved in all credit union activities, the Vieux-Fort branch not only promotes these activities through flyers, phone calls and organizational visits but also provided transportation to members to and from these activities. In 2017 our members from the South were represented at the Common Entrance Retreat, the A.G.M. and the Senior Treat

The Vieux-Fort Team remains dedicated to sharing with our members and our community the benefits and excellent service that the St. Lucia Civil Service Co-operative Credit Union Ltd is committed to provide. We intend to continue impacting the community and lives of its people in the coming year.



Embracing Change...

IN TECHNOLOGY

**Our World has changed and so must our method of
delivering financial solutions**

Notwithstanding the persistent changes and challenges with the business environment, our credit union remains strong. Our members remain our primary focus and we offer products and services tailored to meet your individual needs.

We commit to introducing new technology that will make it easier, faster and more convenient to perform your daily transactions via multiple delivery channels.

OVERALL PERFORMANCE

2017 was another year of growth for our Credit Union. Net Income increased steadily and assets growth continued its positive trend. It is our intention to continue this performance and more into the future. We survived in a highly competitive financial sector which allows relatively ease of entry of new financial institutions. The financial sector is also faced with high liquidity. The market is saturated with many seemingly attractive financial products, making it very easy for members to gravitate to such offerings. We are severely challenged to maintain a prudential delinquency rate, ensure reasonably good returns on investments and to attract our members to take up our products. IFRS 9 has also contributed to our challenges, requiring us to make adequate provision for loan losses, thereby putting further pressure on our bottom line.

1. ASSETS

In 2017 our total asset continued its growth trend with a 10% increase over the prior year to \$245,855,213. The main driver continuing to be ordinary shares, which increased by 7.7% from \$157,501,700 to \$169,644,688.

CASH AND FINANCIAL INVESTMENTS

Cash continues to grow as excessive liquidity continues to plague the financial service sector locally and regionally. According to the Eastern Caribbean Central Bank (ECCB), the percentage of liquid assets to total assets in Saint Lucia stands at 36.42 at December 31, 2017.

LOANS AND ADVANCES TO MEMBERS

We experienced solid growth in our net loans to members of \$7,502,100. Loan quality remained strong as indicated by a consistently lower delinquency ratio than the prudential standards which is set at 5%.

2. LIABILITIES

Liabilities continue to increase as members' ordinary shares continue to grow as a result of high liquidity in the financial sector.

3. MEMBERS' EQUITY

We strive to provide our members with a financially strong credit union as reflected in Members' *Equity of \$52,209,064 a 17% growth over 2016*. This strength allowed us to set aside funds for the loan loss provision account in preparation for any loan losses in the portfolio as mandated by IFRS 9.

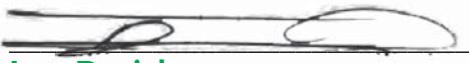
B. STATEMENT OF COMPREHENSIVE INCOME

1. OPERATING INCOME AND EXPENSES

The credit union earned \$18,389,611 in operating revenue during 2017, with Interest on Members' Loans being the largest revenue source. We received from the Judicial Manager for British American Insurance Company the sum of \$2,926,560 and recorded as Other Income.

Our operating expenses for 2017 increased by 13% the main contributors are staff related expenses, advertising and Promotions, Cuna insurance and depreciation.

We will continue to focus on improving productivity and operating efficiencies, while delivering excellent service to our members. The Board of Directors, Management and Staff are committed to ensuring that we remain financially sound.


Ivor Daniel
Treasurer

10%
Increase Growth
in
Total Assets to
\$245,855,213.

17%
Growth in
Equity
\$52,209,064.

\$18,389,611.
in
operating revenue

SAINT LUCIA CIVIL SERVICE CO-OPERATIVE CREDIT UNION LIMITED

P-E-A-R-L-S
CREDIT UNION PERFORMANCE RATINGS

		2017		2016		STANDARD
		ACTUAL	RATING	ACTUAL	RATING	
PROTECTION						
1	Provision for Loan Losses/Loan Delinquent > 12 Months	100%	1	100%	1	100%
1	2 Provision for Loan Losses/Loan Delinquent < 12 Months	297%	1	316%	1	35%
3	Solvency (Net Value of Assets/Total Shares & Deposits	117%	1	119%	1	> 111%
EFFECTIVE FINANCIAL STRUCTURE						
1	Net Loans/Total Assets	65%	2	68%	2	70-80%
2	2 Savings Deposits/Total Assets	78%	1	80%	1	70-80%
3	Member Shares Capital/Total Assets	6%	2	6%	2	Less than or equal to 20%
4	Institutional Capital/Total Assets	16%	1	14%	1	Greater than 10%
ASSET QUALITY						
3	Total Delinquency/Gross Loan Portfolio	4%	1	4%	1	Less than or equal to 5%
	Non-Earning Assets/Total Assets	2%	1	2%	1	Less than or equal to 5%
RATE OF RETURN AND COST						
1	Operating Expenses/Average Assets	3%	1	3%	1	Maintain 5%
4	2 Net Income/Average Assets	5%	1	5%	1	E4 = 10%
3	Fin. Cost : Member Shares	5%	1	5%	1	Market Rate
						Market Rate > Inflation
LIQUIDITY						
5	1 Liquid Reserves/Total Savings Deposit	24%	1	24%	1	Minimum 15%
	2 Non-Earning Liquid Assets/Total Assets	0.28%	1	0.24%	1	Less than or equal to 1%
SIGNS OF GROWTH						
1	Asset	10%	1	12%	1	Greater than inflation rate
6	2 Member Shares	9%	2	12%	2	To achieve goal in E3
3	Loans	5%	2	5%	2	To achieve goal in E1
4	Membership	5%	1	3%	2	Minimum 5%
5	Institutional Capital	20%	1	25%	1	To achieve goal in E4

INTERPRETATION OF GRADES

GRADE 1 CREDIT UNION IS DOING WELL.

GRADE 2 CREDIT UNION IS DOING WELL BUT EXPERIENCING MINOR INTERNAL PROBLEMS

GRADE 3 CREDIT UNION IS ON THE WATCH LIST

GRADE 4 CREDIT UNION IS IN SERIOUS TROUBLE

GRADE 5 CREDIT UNION IS ON THE WAY OUT WITH THE POSSIBILITY OF LIQUIDATING OR MERGING WITHIN SIX (6) MONTHS

Analysis of Financial Statements

INDICATORS	2017 \$	2016 \$	INCREASE/(DECREASE)	
			\$	%
Assets	245,855,213	223,521,195	22,334,018	9.99%
Net Loans	160,524,980	153,022,880	7,502,100	4.90%
Members' Withdrawable shares	169,644,688	157,501,700	12,142,988	7.71%
Members' Deposits	22,898,874	20,265,745	2,633,129	12.99%
Shares	13,877,478	12,736,592	1,140,886	8.96%
Members' Equity	52,209,064	44,619,886	7,589,178	17.01%
Interest Income	17,370,271	16,709,077	661,194	3.96%
Operating and Administrative Expenses	6,235,739	5,498,693	737,046	13.40%
Net Operating Surplus	11,751,975.00	11,388,453.00	363,522	4.14%



Supervisory Committee **REPORT**



Supervisory Committee members during the reporting period were as follows:

Mrs. Louenda George - Chairperson
Ms. Kearl Duval
Ms. Myrna James
Dr. Lyndell St. Ville
Ms. Kaisher von Wahl

The Supervisory Committee during the reporting period January to December 2017 was tasked with the responsibility of overseeing both the internal and external audit functions of the Saint Lucia Civil Service Co-operative Credit Union (SLCSCU), to ensure compliance with the Credit Union's By-Laws and the Cooperative Society Act Chapter 12.06 of the Laws of Saint Lucia. We ensure that the Board of Directors and Management of the SLCSCU meet the required financial reporting objectives and standards, and establish practices and procedures sufficient to safeguard the financial resources of the Credit Union and to protect the interest of its members. We also ensure that operations are conducted in accordance with governing

rules and regulations, and assets are properly administered. In addition we ensure that management and the Board of Directors comply with their developed policies and plans. Therefore we are pleased to present this 2017 report.

During the reporting period we welcomed Ms Kaisher von Wahl as a new Committee member and bade farewell to Mr. Kervyn Tobias, who reached the end of his tenure after having served two consecutive terms. Dr. Lyndell St. Ville was successfully re-elected to serve for another three-year term, having reached the end of his first three-year term and opting to pursue another term. We embraced the Committee's new make-up and proceeded exuberantly towards bringing Ms. von Wahl up to speed and continuing with our work programme. As required, Ms. von Wahl successfully completed the orientation training offered to new volunteers.

On average, the Committee met twice a month to monitor the operations and

financial sustainability of the Credit Union. This included supervising the work of the Internal Auditor as well as carrying out our own reviews. We met periodically with the management of the Credit Union to review the quality of all financial reports and responses to internal audits conducted, thereby ensuring the accuracy and strength of internal controls and assuring operational continuity. In addition, as a Committee we undertook the additional responsibility of ensuring that the necessary corrective actions were taken by management in a timely manner.

Internal audits supervised by the Committee during the year included reviewing and testing of operations vis-à-vis the established policies and procedures and also ensuring that internal controls and safe practices were being adhered to.

INTERNAL AUDIT AND CONTROLS

The Committee welcomed the new Internal Auditor, Mr. Wilton Bleasdale in June 2017, and looks forward to working with him. Mr Bleasdale has a wealth of experience in the auditing and accounting field and has redefined the role of the Internal Audit function at the Credit Union, in dealing with the new regulations and the current environment of standards and compliance within which the Credit Union must operate.

The IA presented his approach and risk-based methodology in support of his work plan for the year. The following audits were undertaken, and the necessary findings and recommendations presented to Management for the required action:

- ◆ Risk Register
- ◆ Review of the Strategic Plan
- ◆ Accounting & Financial Controls
- ◆ Business Continuity Plan
- ◆ International Financial Reporting Standards (IFRS9)

The Committee is satisfied with the completed and submitted audits. The reports were appropriately and sufficiently supported as per International Auditing Standards (IAS). Further, continuous mechanisms for monitoring report recommendations and implementation timelines, have been established.

FINANCIAL AFFAIRS ATTESTATION

The Committee reviewed all monthly management accounts for the year in keeping with Section 81(5) of the By-Laws. The Supervisory Committee along with the Finance Manager agreed to a revision of the template of the monthly management accounts. This was undertaken with a view to adding value and creating greater efficiencies to the users of these statements. Thus aiding in improved accountability, transparency, and the timeliness of decision making.

The Credit Union's delinquency continues to be challenging. Although our delinquency rate of 4.3% is within the PEARLS standard, any level of delinquency is of concern to the Board, Committees, and staff of the Credit Union. Therefore the Supervisory Committee encourages any member experiencing difficulties with loans to speak with the Credit Union officers to find some resolution.

CORPORATE GOVERNANCE

The Committee monitored and reviewed the activities of the Board and Management, which included the review of Board Minutes to ascertain whether relevant plans, policies and control procedures established were properly administered in accordance with the Credit Union's guiding principles.

The daily operations of the Credit Union were also under constant review as matters brought to our attention by members were taken up with the Board and Management. A review was also done of Personnel files and it was found that adequate internal controls existed to protect members and no policy violations

were noted. In the opinion of the Committee, the Credit Union maintained a system of internal accounting and administrative controls in compliance with international standards. The Supervisory Committee continues to be guided by the industry KPI PEARLS, our controls, oversight, systems and processes, in support of maintaining and continuing the strengthening of our Credit Unions' financial safety and soundness. We remain vigilant in the representation of our members' interests, ensuring continued safety and soundness for your money as the Credit Union strives to provide you and your family with excellent member service.

CONVENIENCE SERVICES

During 2017 the Credit Union continued working towards the establishment of convenience services such as ATM cards and online account access. The Committee is encouraged by the Credit Union's plan to optimize and strengthen operations and convenience services to its members and employees through card and internet-based services. It is anticipated that the implementation of card services will be finalized in 2018 and the Committee looks forward to this facility being enjoyed by members.

CONCLUSION

As members' representatives, we sincerely appreciate the support extended to us by Management and Staff of the Credit Union. We wish to record our warmest and sincere thanks to the Credit Union for all courtesies extended to us and for the commitment and dedication throughout the year. The Supervisory Committee values and pays very close attention to the contributions and feedback of members on whose behalf we serve. We follow-up on all concerns and suggestions brought to our attention especially those raised at Annual General Meetings.

I wish to thank the members of the Supervisory Committee for their hard work, dedication and support over the last year. We may not all be professional auditors, but all share the invaluable passion, commitment, and conviction to ensure that our Credit Union principles are upheld, members' investments are secure, and our Credit Union performs at a satisfactory level and it continues to grow and meet our financial needs in better ways. We are honoured that members have placed such confidence in us and we look forward to continued service to you.

Mrs. Louenda George.....

Ms. Kearl Duval.....

Ms. Myrna James.....

Dr. Lyndell St. Ville.....

Ms. Kaisher von Wahl.....



Credit Committee **REPORT**

With the adoption of the new Loans Policy, our focus for 2017 was to ensure that the needs of all our members receive priority attention in a timely and efficient manner. And as such, we have allowed this to guide our decision making throughout the year.

"When we are able to help members achieve their goal it is a great feeling. We know we are making a difference in the lives of the members we serve."

The Credit Committee is delighted to present to you, the members of the St. Lucia Civil Service Co-operative Credit Union Ltd., its report for the period January to December 2017.

COMPOSITION OF THE CREDIT COMMITTEE

For the year under review, the Credit Committee was made up of the following members

1. Ms Lisa Goodman	Chairman
2. Ms Venus Alcindor	Secretary
3. Mr. Ricardo Corsinie	Member
4. Mr. Sherman Sylvester	Member
5. Mr. Cletus Cyril	Member

At all times our objective is to consider each loan on its own merits and to give each application due consideration. The primary factor that we take into consideration is the member's ability to repay the loan and it is vitally important that we have a full financial picture of our member's ability to repay. We try to balance our members overall level of debt with their immediate need for access to credit and seek to ensure that all decisions are made in the best interest of both our members and that of our Credit Union. Our mandate is enshrined in the statute and by-laws of this Credit Union.

The Committee at the 37th Annual General Meeting (AGM) of the Lucia Civil Service Co-operative Credit Union Ltd. held on Tuesday

13th June 2017 welcomed back, Ms Lisa Goodman, who was re-elected unopposed for her second three (3) year term. A phenomena we hope that will not occur again, as there are many of you who will be willing to give of your time serving on the Credit Committee.

For the past year, our focus was to ensure that your needs received priority attention in an efficient manner. Consequently, your Credit Committee continued to meet on a bi-weekly basis to review and consider loan applications. In that regard the members of the Committee must be applauded for remaining dedicated and resolute as they provided support and service.

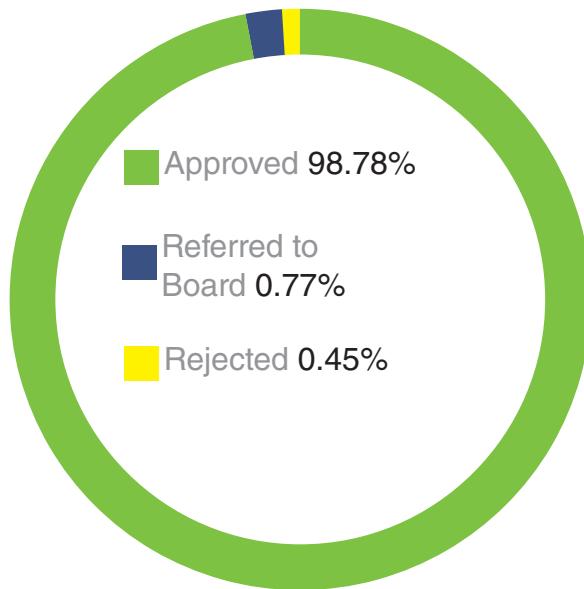
During our meetings we were engaged in the following;

1. Review of new and add-on loan applications;
2. Review of deferred loans;
3. Interviewing of members when required;
4. Listening to members when an audience is requested by the member;
5. Ratification of over-the-counter loans;
6. Review and Ratification of Management approved loans;
7. Reviewing of Credit Union monthly delinquency summary reports;
8. Preparing of referral reports to the Board;
9. Providing a level of financial counselling to members;
10. Providing recommendations to the Joint Committee for loans.

ANALYSIS OF LOANS

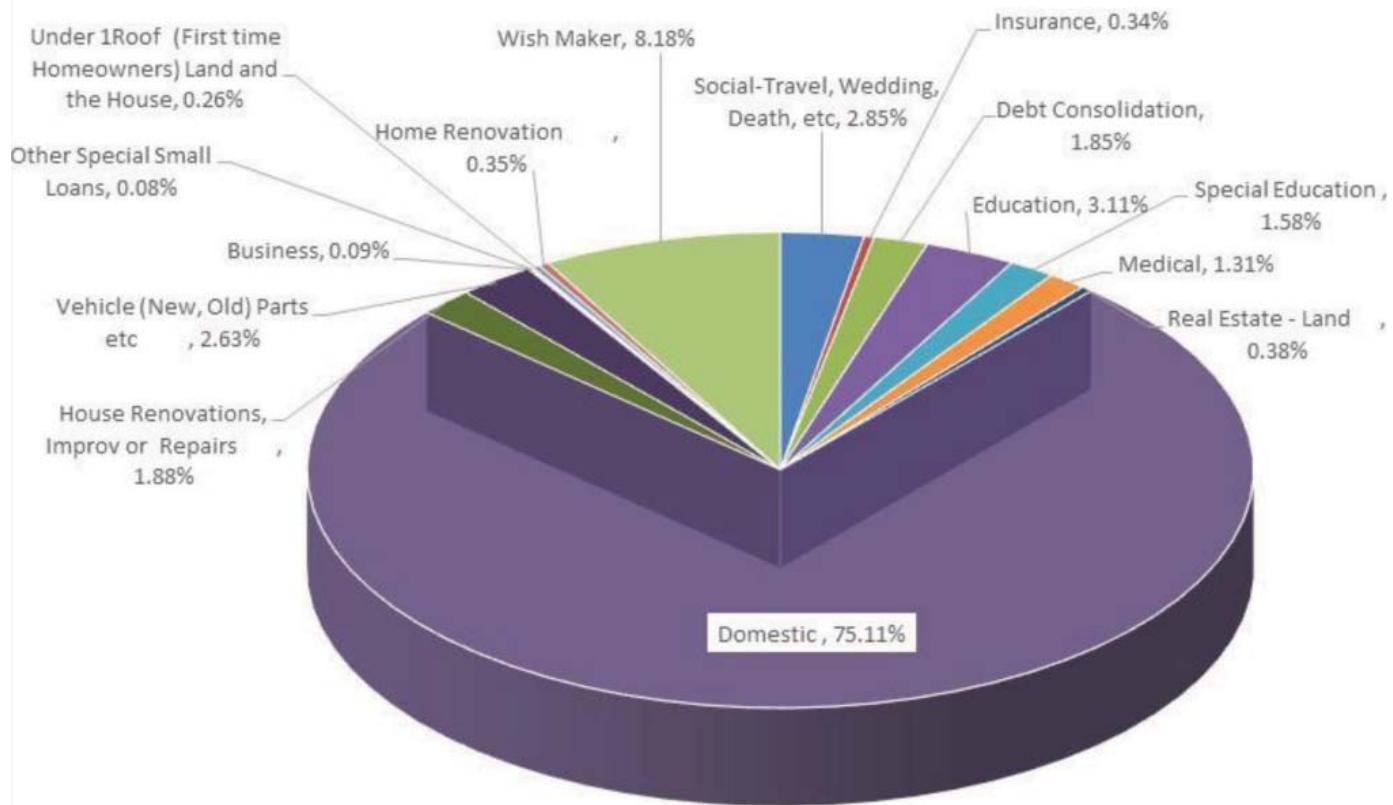
Our stewardship during 2017 resulted in the approval of 10, 931 loans representing a 4% increase in number approved and a 3% increase in total value over the preceding year. The charts and tables below illustrate the growth in a number of loan categories which can be credited to the hard working Loans Team.

Figure 1 Loans considered for 2017



Domestic loans continue to be the largest section of our loan portfolio. This was followed by loans for educational purposes and social purposes. In 2016, the total value of new loans was \$58.5 mil, compared with a total value of \$60.5 mil in 2017. The increase in the total number of loans can be attributed to our four major categories of loans namely, domestic, educational, social and house renovations/improvements. The charts and tables below depicts the values of the various categories of loans disbursed for 2017 compared to 2016.

Loan Categories Considered in 2017



ITEM	TYPE OF LOAN	NUMBER APPROVED 2016	AMOUNT APPROVED 2016	NUMBER APPROVED 2017	AMOUNT APPROVED 2017
1	Social-Travel, Wedding, Death Etc.	321	\$1,954,137.11	311	\$2,202,255.42
2	Insurance	47	\$147,079.28	37	\$96,234.39
3	Debt Consolidation	256	\$3,110,462.87	202	\$3,284,549.02
4	Education	322	\$2,157,762.29	340	\$2,755,467.56
	Special Education	27	\$137,327.50	173	\$1,660,348.33
5	Medical	192	\$828,982.31	143	\$605,736.37
6	Real Estate - Land	55	\$7,706,602.67	42	\$5,834,491.18
8	Domestic	8085	\$23,151,737.14	8210	\$25,669,893.61
9	House Renovations, Improvements or House Repair	163	\$1,889,485.26	206	\$2,401,500.00
10	Agriculture	4	\$13,600.00	4	\$65,394.11
11	Vehicle (New, Old) Parts etc	292	\$6,434,908.58	288	\$6,643,348.77
12	Business	13	\$251,046.00	10	\$345,256.10
1R	Under 1 Roof (First time Homeowners) Land and the House	50	\$5,432,333.49	28	\$2,270,487.11
RF	Special Refinancing	3	\$66,284.20	1	\$28,279.36
HR	Home Renovation	30	\$733,072.00	38	\$989,190.33
LI	Special Investment			4	\$17,000.00
XM	Wish Maker	602	\$4,506,617.26	894	\$5,631,006.46
TOTALS		10462	\$58,521,437.96	10931	\$60,500,438.12

The Committee recognizes that there continues to be a drop in loans for the purpose of debt consolidation and hope that members are not allowing the other financial institutions offering quick money at high interest rates to entice them.

The Committee conducted a number of interviews with members and as always, these sessions provided the information necessary for the committee to make a more informed decision on the loan being applied for. The committee reiterates its admonition to members for financial restraint and a continued passion for self-improvement and saving. We continue to encourage our members to save and borrow with pride.

We take this opportunity once again to remind our members that the staff of the Credit Union are able to provide you with debt counselling and budget advice. Members who are experiencing difficulties with a debt burden or feel they would benefit from assistance with budgeting should contact the Credit Union. The staff in the loans section are always happy to assist you in a courteous, professional and above all, confident manner.

The committee strives always to be fair and provide the help and assistance needed to all members; however, we sometimes have to decline a loan. This occurs in very rare circumstances as you can see from the chart in Figure 1 less than 1% of all applications were declined this year. The most common reasons for a loan to be declined are, a member's overall indebtedness, the performance of a member's overall debts or uncertainty regarding a member's ability to repay the loan. If a member's loan has been denied and they feel that there are additional factors, information or explanation which is relevant to their application they should provide such information and make an appeal to the Board of Directors. It is therefore important that when applying for a loan that all the relevant information is provided to the Loans Officer at all times.

DELINQUENT LOANS

The Credit Committee continues to work alongside Management and the Board of Directors in addressing the level of delinquency. We continue to keep a watchful eye on the debt service ratios and the levels of debt of members. We again urge members to keep their commitments with the Credit Union and to come in and dialogue whenever financial difficulty arises. Members are therefore encouraged to continue to make regular payments towards their loans and savings. The Committee is committed to its work and will continue to work together with Management and the Board in the containment of delinquency. Loans are granted upon the members request and as such each member should be committed to repaying.

TIME PERIOD	TOTAL DELINQUENT LOAN PORTFOLIO 2016	TOTAL DELINQUENT LOAN PORTFOLIO 2017
1 - 30 days	21	20
31 - 60 days	16	21
61 - 90 days	11	4
91 - 179 days	44	30
180 - 269 days	24	19
365 days & over	18	21
Over 12 Months	373	170
TOTAL	507	285

Members, you are very important to us and it is with this in mind we share the following with you.

Members are reminded

1. of the importance of full disclosure on all loan applications as failure to supply the required information could result in delays in the processing of loan applications;
2. to seek 'Financial Counselling' before embarking upon any major or important

financial undertaking;

3. to be more serious about budgeting at least on a monthly basis;
4. to take advantage of Member Education Opportunities especially of a financial nature;
5. to save more by increasing your contribution to shares;
6. to reduce frivolous consumer spending. This will yield greater positive long term benefits;
7. to refrain from withdrawal of your shares;
8. to talk to your Credit Union before going to the other micro lenders;
9. to present your most recent salary slip and other relevant documents when applying for a loan;
10. to always monitor your debt-service ratio;
11. to be honest and open during your loan interview. Your loans officer is there to help you.

We wish to reiterate that a loan from your Credit Union offers the following benefits:

- ✓ A fixed interest rate
- ✓ The interest due is calculated on the daily reducing balance
- ✓ There is no penalty for early repayment nor is there any loan fees or charges
- ✓ All loans are insured in the event of death of a member at no extra direct charge
- ✓ Your savings continue to grow attracting interest while you repay the loan.
- ✓ Your savings are also insured against death at no direct cost to you.
- ✓ Each year a patronage refund of approximately 10% of the interest paid is credited to your account.

CONCLUSION

As always, our heartfelt thanks to our Credit Union's superb professional staff for their level of professionalism that makes the Credit Committee's work so much easier. Their daily efforts help keep our Credit Union a strong, productive and an inviting place to

conduct our financial affairs. Special mention must be made of those who continually ensure that we have the tools, nutrition and support necessary for the execution of our duties every meeting day.

The Credit Committee would like to extend gratitude to the Loans Manager and Team for the remarkable work done by them during 2017. Our heartfelt thanks also to the Management Team and Board Members for your input and support during the year. Thank you for your continued confidence in us. Together we continue to make our Credit Union the best member focused organization. It was indeed a pleasure for me to have served as your Chairperson for the year 2017. I am very fortunate to work with an exceptional team who are committed to improving the lives of our members.

I take this opportunity to thank my fellow committee members for their hard work, commitment and attendance during the past year as I look forward to another successful year of credit committee meetings.

The Credit Committee takes this opportunity to thank all members for their continued support and co-operation during 2017 as we look forward to serving you and your family with excellent service during 2018. Thank you for continuing to bank with your trusted financial institution – The St. Lucia Civil Service Cooperative Credit Union.

Lisa Goodman..... 

Venus Alcindor..... 

Ricardo Corsinie..... 

Sherman Sylvester..... 

Cletus Cyril..... 



Embracing Change...

IN SERVICES

Our Family is Growing and so are our needs

Over the past 10 years our membership has increased over 50% along with changes to our member demographics. The demand for additional products and services is driving the need to revisit how we deliver our services. Our strategic direction includes the development of a new brand/logo along with the introduction of more convenient services



**St. Lucia Civil Service
Co-operative Credit Union Ltd.
Financial Statements
Year Ended December 31, 2017
(Expressed in Eastern Caribbean Dollars)**



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INDEPENDENT AUDITORS' REPORT

To the Members of St. Lucia Civil Service Co-operative Credit Union Ltd.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of St. Lucia Civil Service Co-operative Credit Union Ltd. (the Credit Union), which comprise the statement of financial position as at December 31, 2017, and the statements of changes in members equity, comprehensive income 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 financial statements present fairly, in all material respects, the financial position of the Credit Union 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 (IFRS).

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' Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in St. Lucia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Other Information Included in the Co-operative's 2017 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO

Chartered Accountants

Castries, St. Lucia

May 28, 2018

St. Lucia Civil Service Co-operative
Credit Union Ltd.

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Statement of Financial Position

As at December 31, 2017

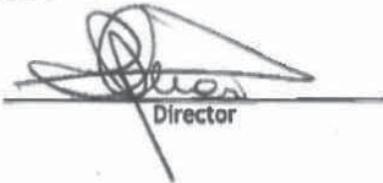
(Expressed in Eastern Caribbean Dollars)

	Notes	2017	Restated 2016	Restated 2015
		\$	\$	\$
ASSETS				
Cash	7	32,181,072	19,371,817	13,994,843
Financial investments:				
- Loans and receivables	8	46,398,571	44,669,108	35,737,468
- Available -for-sale	8	1,712,750	1,431,581	1,430,346
Other receivables	9	424,018	445,704	371,879
Loans and advances to members	10	160,524,980	153,022,880	142,735,304
Property, plant and equipment	11	4,613,822	4,580,105	4,452,909
TOTAL ASSETS		245,855,213	223,521,195	198,722,749
LIABILITIES AND MEMBERS' EQUITY				
Liabilities				
Other payables	12	1,102,587	1,133,864	917,860
Deposits from members	13	22,898,874	20,265,745	15,909,736
Withdrawable shares	14	169,644,688	157,501,700	145,135,408
		193,646,149	178,901,309	161,963,004
Members' Equity				
Share capital	16	13,877,478	12,736,592	11,353,517
Statutory reserve	17	27,064,801	23,734,353	20,649,049
Education reserve	18	500,000	500,000	500,000
Development fund	19	538,156	538,156	538,156
Disaster fund		230,112	230,112	240,112
Funeral and burial benefits scheme	20	865,885	878,695	892,695
Revaluation reserve	21	29,843	48,674	47,439
Retained earnings		9,102,789	5,953,304	2,538,777
		52,209,064	44,619,886	36,759,745
TOTAL LIABILITIES AND MEMBERS' EQUITY		245,855,213	223,521,195	198,722,749

The accompanying notes form an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD:-


Director


Director

St. Lucia Civil Service Co-operative Credit Union Ltd.
 Statement of Changes in Members' Equity
 For the Year Ended December 31, 2017
 (Expressed in Eastern Caribbean Dollars)

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	Notes	Share Capital \$	Statutory Reserve \$	Education Reserve \$	Development Fund \$	Disaster Fund \$	Burial Benefits Scheme \$	Revaluation Reserve \$	Retained Earnings \$	Total \$
Balance as at December 31, 2015 (Restated)		11,353,517	20,649,049	500,000	538,156	240,112	892,695	47,439	2,538,777	36,759,745
New shares issued	16	1,746,748	-	-	-	-	-	-	-	1,746,748
Shares withdrawn	16	(363,673)	-	-	-	-	-	-	-	(363,673)
Total comprehensive income for the year										
Allocation for - Statutory reserve	17	-	2,730,961	-	-	-	-	-	1,235	10,923,843
- Increase in allocation	17	-	348,483	-	-	(10,000)	-	-	(2,730,961)	10,925,078
- Education reserve	18	-	-	440,610	-	-	-	-	(338,483)	-
- Benefits paid	20	-	-	-	-	-	(14,000)	-	(440,610)	-
Entrance fees	17	-	5,860	-	-	-	-	-	14,000	-
Dividends	15	-	-	-	-	-	-	-	-	5,860
Patronage refund	15	-	-	-	-	-	-	-	(2,994,008)	(2,994,008)
Members' training expenses	18	-	-	(440,610)	-	-	-	-	(1,459,864)	(1,459,864)
Balance as at December 31, 2016 (Restated)		12,736,592	23,734,353	500,000	538,156	230,112	878,695	48,674	5,953,304	44,619,886
New shares issued	16	1,218,651	-	-	-	-	-	-	-	1,218,651
Shares withdrawn	16	(77,765)	-	-	-	-	-	-	-	(77,765)
Total comprehensive income for the year										
Allocation for - Statutory reserve	17	-	2,884,595	-	-	-	-	(18,831)	11,538,380	11,519,549
- Increase in allocation	17	-	438,803	-	-	-	-	-	(2,884,595)	-
- Education reserve	18	-	-	200,785	-	-	-	-	(438,803)	(200,785)
- Benefits paid	20	-	-	-	-	(12,810)	-	-	12,810	-
Entrance fees	17	-	7,050	-	-	-	-	-	-	7,050
Dividends	15	-	-	-	-	-	-	-	(2,733,810)	(2,733,810)
Patronage refund	15	-	-	-	-	-	-	-	(2,344,497)	(2,344,497)
Members' training expenses	18	-	-	(200,785)	-	-	-	-	200,785	-
Balance as at December 31, 2017		13,877,478	27,064,801	500,000	538,156	230,112	865,885	29,843	9,102,789	52,209,064

The accompanying notes form an integral part of these financial statements.

St. Lucia Civil Service Co-operative
Credit Union Ltd.

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Statement of Comprehensive Income
For the Year Ended December 31, 2017
(Expressed in Eastern Caribbean Dollars)

		Restated	
		2017	2016
	Notes	\$	\$
Income			
Interest income on members' loans		17,370,271	16,709,077
Less: interest expense		3,608,442	3,274,779
Net Interest Income		<u>13,761,829</u>	<u>13,434,298</u>
Other Income			
Investment income	22	1,443,147	1,469,954
Other operating income	23	3,184,635	197,932
		<u>4,627,782</u>	<u>1,667,886</u>
Operating Income		<u>18,389,611</u>	<u>15,102,184</u>
General and Administrative Expenses			
Operating and administrative expenses	24	6,449,334	5,963,303
Impairment losses/(write back) on loans and advances to members	10	401,897	(1,784,962)
		<u>6,851,231</u>	<u>4,178,341</u>
NET INCOME FOR THE YEAR		<u>11,538,380</u>	<u>10,923,843</u>
Other Comprehensive Income			
<i>To be reclassified to profit or loss in subsequent periods</i>			
Fair value (decrease)/increase in AFS investment		(18,831)	1,235
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>11,519,549</u>	<u>10,925,078</u>

The accompanying notes form an integral part of these financial statements.

St. Lucia Civil Service Co-operative Credit Union Ltd.

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Statement of Cash Flows
For the Year Ended December 31, 2017
(Expressed in Eastern Caribbean Dollars)

	2017 \$	Restated 2016 \$
Cash Flows from Operating Activities		
Net income for the year	11,538,380	10,923,843
Adjustments for:		
Depreciation	197,627	165,363
Provision/(write back) for loan losses	409,086	(1,778,089)
Loss on disposal of property, plant and equipment	3,208	-
Interest income on members' loans	(17,370,271)	(16,709,077)
Interest income on investments	(1,443,147)	(1,469,954)
Interest expense	3,608,442	3,274,779
Bank charges	30,299	16,247
Operating loss before working capital changes	(3,026,376)	(5,576,888)
Decrease/(increase) in other receivables	21,686	(73,825)
Increase in loan and advances to members	(7,914,472)	(8,440,600)
(Decrease)/increase in other payables	(31,277)	216,004
Increase in deposits from members	2,633,129	4,356,009
Increase in withdrawable shares	12,142,988	12,366,292
Entrance fees	7,050	5,860
Cash generated from operations	3,832,728	2,852,852
Interest received from members'	17,373,557	16,640,190
Interest expense paid	(3,608,442)	(3,274,779)
Bank charges paid	(30,299)	(16,247)
Net cash generated from operating activities	17,567,544	16,202,016
Cash Flows from Investing Activities		
Interest received	1,657,231	1,373,425
Purchase of investment securities	(10,624,310)	(349,427)
Proceeds from sale of investments securities	104,085	625,000
Purchase of property, plant and equipment	(234,552)	(292,559)
Net cash (used in)/generated from investing activities	(9,097,546)	1,356,439
Cash Flows from Financing Activities		
Increase in share capital	1,140,886	1,383,075
Dividends	(2,733,810)	(2,994,008)
Patronage refund	(2,344,497)	(1,459,864)
Net cash used in financing activities	(3,937,421)	(3,070,797)
Increase in Cash	4,532,577	14,487,658
Cash - Beginning of Year	44,837,429	30,349,771
Cash - End of Year	49,370,006	44,837,429
Represented by:		
Cash at bank	679,289	539,051
Cash in hand	31,501,783	18,832,766
Fixed deposits	17,188,934	25,465,612
	49,370,006	44,837,429

The accompanying notes form an integral part of these financial statements.

St. Lucia Civil Service Co-operative Credit Union Ltd.

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St. Lucia Civil Service Co-operative Credit Union Ltd.

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Notes to the Financial Statements
For the Year Ended December 31, 2017
(Expressed in Eastern Caribbean Dollars)

1. Introduction

St. Lucia Civil Service Co-operative Credit Union Ltd. ("the Credit Union") is a co-operative society registered in St. Lucia as a Credit Union under the Co-operative Societies Act Cap 12.06 of 2001 on September 28, 1972.

Its principal activity is that of providing financial services and other benefits to its members.

2. Date of Authorisation of Issue

These financial statements were authorised for issue by the Board of Directors on May 22, 2018.

3. Significant Accounting Policies

The principal accounting policies adopted are stated in order to assist in a general understanding of the financial statements. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Statement of Compliance

The financial statements comprise of the statements of financial position, changes in members' equity, comprehensive income, cash flows and the notes.

These financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) as at December 31, 2017 (the reporting date) and under the historical cost convention, as modified by the revaluation of available-for-sale (AFS) Investments.

(b) Basis of Preparation

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Critical accounting estimates may be made in determining impairment of financial assets as set out in Note 4.

The cash flows from operating activities are determined by using the indirect method. The net surplus is therefore adjusted by non-cash items, and all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received on investments is classified as investing activities and bank charges are classified as operating activities. The cash flows from investing and financing activities are determined by using the direct method. Management determines the classification of the cash flows into operating, investing and financing activities.

The Credit Union classifies its expenses by the nature of expense method.

Amendments to International Financial Reporting Standards effective in the 2017 financial year

The Credit Union applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after January 1, 2017. The amendments had no significant impact on the Credit Union's financial statements.

Amendments to IAS 7, 'Statement of Cash Flows'

These amendments require companies to provide information about changes in their financing liabilities which includes disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes - e.g. by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

New and revised International Financial Reporting Standards that have been issued but are not yet effective and have not been early adopted

The standards that are issued, but not yet effective, up to the issuance of the Credit Union's financial statements are disclosed below. The Credit Union's intends to adopt these standards, if applicable, when they become effective.

IFRS 9, 'Financial Instruments'

These amendments which are effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The Credit Union is assessing the impact that this standard will have on its financial statements.

IFRS 15, 'Revenue from Contracts'

These amendments with Customers is effective for annual reporting periods beginning on or after January 1, 2018. It replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfer of Assets from Customers, and SIC 31, Revenue - Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Company will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance. There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Credit Union is assessing the impact that the standard will have on its financial statements.

3. Significant Accounting Policies (Cont'd)

(b) Basis of Preparation (Cont'd)

New and revised International Financial Reporting Standards that have been issued but are not yet effective and have not been early adopted (Cont'd)

IFRS 16, 'Leases'

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The standard will have no impact on the financial statement of the Credit Union.

There are no other IFRS or IFRIC interpretations that are not yet effective and expected to have a material impact on the financial statements of the Credit Union.

3. Significant Accounting Policies (Cont'd)

(c) Foreign Currencies

The financial statements are presented in Eastern Caribbean dollars which is the currency of the primary economic environment in which the Credit Union operates (its functional currency). All values are rounded off to the nearest dollar, unless otherwise indicated.

Assets and liabilities expressed in foreign currencies are translated into the functional currency at the rates of exchange ruling at the date of the financial statements. Transactions arising during the year involving foreign currencies are translated into the functional currency and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates as well as including differences between buying and selling rates, are included in the Statement of Comprehensive Income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the revaluation reserve in equity.

(d) Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

(e) Cash

Cash comprise balances with less than three months' maturity from the date of acquisition and includes cash on hand, cash at bank and other short-term securities.

(f) Financial Assets

The Credit Union allocates financial assets to the following IAS 39 categories: loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

(i) Held-to-Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Credit Union's management has the positive intention and ability to hold to maturity, other than: (a) those that the Credit Union upon initial recognition designates as at fair value through profit or loss; (b) those that the Credit Union designates as available for sale; and (c) those that meet the definition of loans and receivables. These are initially recognised at fair value including direct and incremental transaction costs (b) and measured subsequently at amortised cost, using the effective interest method. Interest on held-to-maturity investments is included in the statement of income. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the statement of comprehensive income.

If the Credit Union were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

(ii) Available-for-Sale

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the statement of income. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the statement of income. Dividends on available-for-sale equity instruments are recognised in the statement of income when the Credit Union's right to receive payment is established.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available- for- sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the statement of financial position as loans and advances to members or as investment securities. Interest on loans and advances to members and investment securities are included in the statement of comprehensive income. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of income.

3. Significant Accounting Policies (Cont'd)

(f) Financial Assets (Cont'd)

(iv) Impaired financial assets

Assessment of impairment

The Credit Union assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. It assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The determination of impairment losses for financial losses for financial assets is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

Evidence of impairment

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment on financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of loss shall be recognized in Statement of Comprehensive Income. Such impairments loss shall not be reversed.

3. Significant Accounting Policies (Cont'd)**(f) Financial Assets (Cont'd)****(iv) Impaired financial assets (Cont'd)****Impairment on financial assets carried at cost (Cont'd)**

If there is an objective evidence of an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or of a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment on AFS investments

When a decline in the fair value of an AFS investment has been recognized in equity as other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity shall be reclassified from equity to Profit or Loss even though the financial asset has not been derecognized.

The amount of the cumulative loss that is reclassified from equity and recognized in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in Profit or Loss.

Impairment losses recognized in profit or loss for equity investments classified as AFS investments are not subsequently reversed through Profit or Loss. Impairment losses recognized in profit or loss for debt instruments classified as AFS investment are subsequently reversed in the Statement of Comprehensive Income if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Reversal of impairment loss

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 recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the Statement of Comprehensive Income, to the extent that the carrying amount of the asset does not exceed its cost or amortized cost at the reversal date.

3. Significant Accounting Policies (Cont'd)

(g) Property, Plant and Equipment

Items of property, plant and equipment except for land are recorded initially at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Land is measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the assets. Purchased software that is integral to the functionality of related equipment is capitalised as cost of that equipment. Subsequent expenditure is capitalised when it will result in future economic benefits to the Credit Union.

Depreciation is calculated on the straight-line basis, so as to write down the cost of property, plant and equipment to their residual values, over their estimated useful lives. The estimated useful lives of property, plant and equipment are as follows:-

Assets	Estimated Useful Lives
Freehold buildings	50 years
Leasehold improvements	5 years
Furniture and equipment	5 - 10 years

Gains or losses arising on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income.

(h) Financial Liabilities

The Credit Union classifies its financial liabilities as Other Financial Liabilities. This classification pertains to financial liabilities that are not held for trading or not designated as at fair value through profit or loss upon the inception of the liability. Included in this category are liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

The Credit Union recognizes a provision if a present obligation has arisen as a result of a past event, payment is probable and the amount can be reliably measured. The amount recognized is the best estimate of the expenditure required to settle the present obligation at financial reporting date, that is, the amount the Credit Union would rationally pay to settle the obligation to a third party.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognized as finance cost.

The Credit Union's other payables, deposit from members and withdrawable shares are classified as other financial liabilities.

3. Significant Accounting Policies (Cont'd)

(i) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Pursuant to Section 109 of the 2001 Act the Credit Union has a legally enforceable right to offset members' deposits against any related loan balances that are over 90 days overdue.

(j) Members' Equity

Share Capital is determined using the nominal value of shares that have been issued.

Reserves are set aside by the Credit Union whereby allocations are transferred from Retained Earnings as necessary.

Retained earnings include all current and prior period results of operations as disclosed in the Statement of Comprehensive Income.

(k) Interest Income and Expenses

Interest income and expenses are recognised in the Statement of Comprehensive Income for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

(l) Fees and Other Revenue

Fees and other revenue are recognised on an accrual basis when the related service has been provided, except for interest on funds placed with the central financing facility of the St. Lucia Co-operative League that is recognised on a cash basis.

Income from operating leases is recognised on the straight-line basis over the term of the lease.

(m) Expenses

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured. Expenses are recognised: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the Statement of Financial Position as an asset.

Expenses in the Statement of Comprehensive Income are presented using the nature of expense method. These are costs incurred that are associated with the premium revenue and costs attributable to administrative and other business activities of the Credit Union.

3. Significant Accounting Policies (Cont'd)

(n) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(o) Income Tax

The Credit Union is exempt from income tax under Section 25(1)(q) of the Income Tax Act, Cap 15.02 of the revised laws of St. Lucia.

(p) Dividend Distributions

Dividend distributions to the Credit Union's members are recognised as a liability in the Credit Union's financial statements in the period in which the dividends are approved by the members.

(q) Related Parties

Parties are considered related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or under common control are considered related parties. The key management personnel of the Credit Union are also considered to be related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely legal form. Transactions between related parties are accounted for at arm's-length prices or terms similar to those offered to non-related entities in an economically comparable market.

4. Critical Accounting Judgments, Estimates and Assumptions

The Credit Union makes certain judgments, estimates and assumptions regarding the future. Judgments, estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. In the future, actual experience may differ from these estimates and assumptions. 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 in the succeeding pages.

4.1. Judgements

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

Determination of functional currency

The provisions for IFRS require management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Credit Union considers the following:

- (a) the currency that mainly influences sales prices for services (this will often be the currency in which sales prices for its services are denominated and settled);
- (b) the currency that mainly influences labor and other costs of providing services (this will often be the currency in which such costs are denominated and settled);
- (c) the currency in which funds from financing activities are generated; and
- (d) the currency in which receipts from operating activities are usually retained.

Based on the economic substance of the underlying circumstances relevant to the Credit Union, the functional currency is determined to be Eastern Caribbean Dollars. The determination of functional currency was based on the primary economic environment in which the Credit union generates and expends cash.

Classification of financial instruments

The Credit Union classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by IAS 32 and IAS 39 on the definitions of a financial asset, a financial liability or an equity instrument.

The substance of a financial instrument, rather than its legal form, and management's intention and ability to hold the financial instruments to maturity generally governs its classification in the Statement of Financial Position.

4. Critical Accounting Judgments, Estimates and Assumptions (Cont'd)

4.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, 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:

Fair value of financial instruments

The Credit Union carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Credit Union utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

The fair values of financial assets and liabilities as at December 31, 2017 and 2016 are disclosed in Note 5(d).

Allowance for impairment on loans

The Credit Union estimates the allowance for impairment related to its loans receivable that are specifically identified to be doubtful of collection. The level of allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. In these cases, the Credit Union uses judgment based on the best available facts and circumstances, including but not limited to, the length of the Credit Union's relationship with the debtor and the debtor's credit status based on third party credit reports and known market factors, to record specific reserves for debtors against amounts due in order to reduce the Credit Union's receivables to amounts that it expects to collect. These specific reserves are re-evaluated and adjusted as additional information received affects the amounts estimated.

Useful lives of property, plant and equipment

The Credit Union estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of each asset are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of the assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase recorded cost of sales and operating expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property, plant and equipment in 2017 and 2016.

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5. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Credit Union's risk management framework. The Credit Union's risk management policies are established to identify and analyse the risk faced by the Credit Union, to set appropriate risk limits and controls and to monitor risks and adherence to limits and controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Credit Union's activities. The Credit Union, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Supervisory Committee oversees how management monitors compliance with the Credit Union's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Credit Union. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Supervisory Committee and to the Board of Directors.

The Credit Union's activity of accepting funds from members and of investing deposit receipts in loans and other investments exposes the Credit Union to various financial risks. Financial risks include credit, liquidity and market risks. Market risks arise from changes in interest rates, equity prices, currency exchange rates or other market factors. The effects of these risks are disclosed in the sections below.

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5. Financial Risk Management (Cont'd)

(a) Credit Risk

Credit risk is the exposure that the counterparty to a financial instrument is unable to meet an obligation, thereby causing a financial loss to the Credit Union.

Credit risk from financial assets is minimised through advancing loans only after careful assessment of the borrower, obtaining collateral before advancing loans, and placing deposits with financial institutions with a strong capital base. The risk accepted in relation to one borrower is restricted to 10% of the shareholder's equity. Exposure to credit risk is also managed in part by obtaining collateral and guarantees for loans receivable. The collateral may consist of real estate, member deposits and shares, equipment or vehicles.

The maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	2017 \$	2016 \$
Credit risk exposure relating to on-statement of financial position items:-		
Cash at bank	31,501,783	18,832,766
HTM investments	46,398,572	44,669,108
Other receivables	424,018	445,704
Loans and advances to members	<u>160,524,980</u>	<u>153,022,880</u>
	238,849,353	216,970,458
Credit risk exposure relating to off-statement of financial position items:-		
Loans commitments	<u>4,127,382</u>	<u>3,876,480</u>
	<u>242,976,735</u>	<u>220,846,938</u>

Credit risk in respect of loans and advances is limited as this balance is shown net of impairment losses on loans and advances. The maximum exposure to credit risk for loans and advances to members at the reporting date by category was:-

	2017 \$	2016 \$
Social	6,926,588	7,096,339
Insurance	465,880	571,223
Debt Consolidation	6,194,072	6,029,464
Education	10,978,024	9,254,224
Medical	1,903,863	1,784,266
Mortgages and Real Estate	67,195,855	66,570,114
Renovations	4,972,574	5,007,144
Christmas Wishmaker	10,851,438	10,050,189
Vehicles	11,052,787	9,115,263
Refinancing	507,545	775,544
Consumer loans/other	<u>47,387,022</u>	<u>45,964,950</u>
	<u>168,435,648</u>	<u>162,218,720</u>

5. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(i) Loans and advances to members

Loans and advances to members are summarized as follows:

	2017 \$	2016 \$
Neither past due nor impaired	160,797,002	153,946,852
Past due but not impaired	1,339,319	1,673,610
Impaired but not deemed total loss	4,325,039	4,765,616
Impaired	1,974,288	1,832,642
Gross	168,435,648	162,218,720
Less allowance for impairment losses on loans receivables	(8,932,409)	(10,220,866)
Net	159,503,239	151,997,854

The total impairment provision for loans and advances to members is \$8,932,409 (2016 - \$10,220,866) and is comprised as follows:-

	2017 \$	2016 \$
Individually impaired loans	3,877,587	4,604,133
Portfolio provision	5,054,822	5,616,733
	8,932,409	10,220,866

(ii) Loans and advances to members past due but not impaired

Loans up to 90 days past due are not considered impaired unless information is available to indicate otherwise. Therefore, the gross amount of loans and advances to members that were past due but not impaired were as follows:

	2017 \$	2016 \$
Past due up to 30 days	705,095	870,593
Past due 31 - 60 days	359,654	638,298
Past due 61 - 90 days	274,570	164,719
	1,339,319	1,673,610

**St. Lucia Civil Service Co-operative
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Notes to the Financial Statements
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5. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(iii) Loans and advances to members individually impaired

The table below shows the individually impaired loans and advances to members before taking into consideration the cash flows from collateral held.

The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

	Manufacturing and business \$	Personal \$	Education \$	Mortgage \$	Total \$
As at December 31, 2017					
Individually impaired loans	126,475	1,594,215	195,324	4,383,313	6,299,327
As at December 31, 2016					
Individually impaired loans	277,189	3,215,824	498,610	2,606,635	6,598,258

Interest is not accrued on impaired financial assets.

(iv) Repossessed assets

The Credit Union may foreclose on overdue loans by repossessing the pledged asset. The pledged asset may consist of real estate, equipment or vehicles which the Credit Union will seek to dispose of by sale. In some instances, the Credit Union may provide re-financing.

5. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(v) Credit quality per class of financial assets

The table below shows the credit quality by class of financial assets (gross of allowance for credit losses) of the Credit Union based on their historical experience with the corresponding third parties as at December 31, 2017.

The credit quality of the Credit Union's financial assets is evaluated using internal audit rating. Financial assets are considered as neither past due nor impaired if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. There counterparties include banks, members and other financial institutions who pay on or before due date.

	Neither past due nor impaired	Impaired	Total
	\$	\$	\$
As at December 31, 2017			
Cash at bank	31,501,783	-	31,501,783
HTM investments	46,398,572	-	46,398,572
Other receivables	424,018	-	424,018
Loans and advances to members	162,136,321	6,299,327	168,435,648
	240,460,694	6,299,327	246,760,021
 As at December 31, 2016			
Cash at bank	18,832,766	-	18,832,766
HTM investments	44,669,108	-	44,669,108
Other receivables	445,704	-	445,704
Loans and advances to members	155,620,462	6,598,258	162,218,720
	219,568,040	6,598,258	226,166,298

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Notes to the Financial Statements
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5. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(v) Credit quality per class of financial assets (Cont'd)

	Loans and Receivables - Bonds \$	Loans and Receivables - Deposited \$	Loans and Receivables - Treasury bills \$	Total \$
As at December 31, 2017				
Lower than A-	15,593,286	-	13,455,586	29,048,872
Unrated	-	17,349,700	-	17,349,700
Total	15,593,286	17,349,700	13,455,585	46,398,572
As at December 31, 2016				
Lower than A-	5,701,959	-	13,140,397	18,842,356
Unrated	-	25,826,752	-	25,826,752
Total	5,701,959	25,826,752	13,140,397	44,669,108

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5. Financial Risk Management (Cont'd)

(b) Liquidity Risk

Liquidity risk is the exposure that the Credit Union may encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns.

The contractual maturities of assets and liabilities, and the ability of the Credit Union to meet payment obligations associated with financial liabilities when they fall due and to replace funds when they are withdrawn, are important factors in assessing the liquidity of the Credit Union.

Projections and examination of the Credit Union's asset and liability maturity structure to facilitate the matching of asset and liability maturity dates as far as possible and providing for any shortfall or excess cash situations is a fundamental part of the Credit Union's liquidity risk management.

Management undertakes continuous review of cash inflows and outflows and seeks to maintain a loans-to-savings ratio not exceeding 85%. For the purpose of this ratio savings include deposits from members and shareholder balances.

The table below presents the cash flows payable by the Credit Union for financial liabilities by remaining contractual maturity dates at the date of the financial statements. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Credit Union manages the inherent liquidity risk based on expected undiscounted cashflows.

	Carrying amounts	Contractual Cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
As at December 31, 2017							
Other payables	1,102,587	1,102,587					
Deposits from members	22,898,874	22,898,874					
Withdrawable shares	169,644,688	169,644,688					
	193,646,149	193,646,149					
As at December 31, 2016							
Other payables	1,133,864	1,133,864					
Deposits from members	20,265,745	20,265,745					
Withdrawable shares	157,501,700	157,501,700					
	178,901,309	178,901,309					

**St. Lucia Civil Service Co-operative
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5. Financial Risk Management (Cont'd)

Interest Rate Risk

The Credit Union is exposed to interest rate risk, which arises when a change in market interest rate affects the current or future yields of financial assets and financial liabilities. The occurrence of an increase in interest rates on financial liabilities may result in financial loss to the Credit Union.

Interest on loans and advances to members and deposits from members is fixed to maturity.

The table below summarises the exposures to interest rate risks of the Credit Union's financial assets and financial liabilities. Amounts are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Immediately sensitive \$	1 - 3 months \$	3 - 12 months \$	12 months \$	Greater than 12 months \$	Non-rate sensitive \$	Total \$
As at December 31, 2017							
Financial Assets							
Cash at bank	31,501,783	-	-	-	-	-	31,501,783
HTM investments	-	9,903,435	26,178,977	9,895,915	420,245	-	46,398,572
AFS investments	-	-	-	1,712,750	-	-	1,712,750
Other receivables	-	-	-	-	424,018	424,018	-
Loans and advances to members	-	4,712,685	1,854,365	152,936,190	1,021,740	-	160,524,980
Financial Liabilities							
Trade and other payables	-	-	-	-	(1,102,587)	(1,102,587)	
Deposits from members	(22,898,874)	-	-	-	-	(22,898,874)	
Withdrawable shares	(169,644,688)	-	-	-	-	-	(169,644,688)
Total interest sensitivity gap	(161,041,779)	14,616,120	28,033,342	164,544,855	763,416	46,915,954	

**St. Lucia Civil Service Co-operative
Credit Union Ltd.**

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5. Financial Risk Management (Cont'd)

(c) Interest Rate Risk (Cont'd)

	Immediately rate sensitive \$	1 - 3 months \$	3 - 12 months \$	Greater than 12 months \$	Non-rate sensitive \$	Total \$
As at December 31, 2016						
Financial Assets						
Cash at bank	18,832,766	-	-	-	-	18,832,766
HTM investments	-	14,555,455	26,479,325	3,000,000	634,328	44,669,108
AFS investments	-	-	-	1,431,581	-	1,431,581
Other receivables	-	-	-	-	445,704	445,704
Loans and advances to members	-	37,141,459	1,515,783	113,340,611	1,025,026	153,022,880
Financial Liabilities						
Other payables	-	-	-	-	(1,133,864)	(1,133,864)
Deposits from members	(20,265,745)	-	-	-	-	(20,265,745)
Withdrawable shares	(157,501,700)	-	-	-	-	(157,501,700)
Total interest sensitivity gap	(158,934,679)	51,696,914	27,995,108	117,772,192	971,194	39,500,730

St. Lucia Civil Service Co-operative Credit Union Ltd.

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Notes to the Financial Statements
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5. Financial Risk Management (Cont'd)

(c) Interest Rate Risk (Cont'd)

At the reporting date, the carrying values of the Credit Union's interest-bearing, fixed-rate financial instruments were:-

	2017 \$	2016 \$
Financial Assets		
HTM investments	45,978,327	44,034,780
Loans and advances to members	159,503,240	151,997,854
	<u>205,481,567</u>	<u>196,032,634</u>
Financial Liabilities		
Deposits from members	22,898,874	20,265,745
Withdrawable shares	169,644,688	157,501,700
	<u>192,543,562</u>	<u>177,767,445</u>

The table below summarises the interest rates on financial assets and liabilities held at the reporting date.

	2017 %	2016 %
Financial Assets		
Cash	0.5 - 1.75	0 - 0.75
Financial investments	1.75 - 6.00	2.50 - 7.50
Loans and advances to members	0 - 14.00	0 - 14.00
Financial Liabilities		
Deposits from members	2.00 - 0	2.00 - 4.00
Withdrawable shares	2.00	2.00

The following table demonstrates the sensitivity to a reasonably possible change in the interest rate, with all other variables held constant, of the Credit Union's profit and net assets.

	Change in interest rate	Effect on profit before tax	Effect on net assets
2017			
Cash in bank	±0.50%	±125,836	±125,836
Investment securities	±0.50%	±225,033	±225,033
Loans and advances to members	±0.50%	±778,753	±778,753
Members deposits	±0.50%	±107,912	±107,912
2016			
Cash in bank	±0.50%	±80,925	±80,925
Investment securities	±0.50%	±198,086	±198,086
Loans and advances to members	±0.50%	±734,443	±734,443
Members deposits	±0.50%	±90,439	±90,439

St. Lucia Civil Service Co-operative Credit Union Ltd.

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Notes to the Financial Statements
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5. Financial Risk Management (Cont'd)

(d) Fair Value Hierarchy

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market value if one exists. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair values of cash resources, accounts receivable and accounts payable, members' deposits, and other short-term instruments are assumed to approximate their carrying amounts due to their short-term nature. The fair value of off-statement of financial position commitments are also assumed to approximate the fair value due to their short-term nature.

Investment Securities

Assets classified as available for sale are at fair value based on market prices or broker price quotations. For unlisted securities, fair value is estimated on their cost as the amounts are immaterial. For investment securities classified as loans and receivables fair value is estimated using discounted cash flows.

Loans and Advances to Members

Loans and advances are net of their provision for impairment. The estimated fair values of loans and advances represent the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Fair Values of Financial Assets and Liabilities

The following table shows an analysis of financial instruments measured at fair value by level of the fair value hierarchy:-

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at December 31, 2017				
Financial Assets measured at fair value				
Securities available-for-sale - Listed	-	136,897	-	136,897
Securities available-for-sale - Unlisted	-	-	1,575,853	1,575,853
	-	136,897	1,575,853	1,712,750
Financial Assets for which fair values are disclosed				
Investment securities - loans and receivables	-	-	46,398,572	46,398,572
Loan and advances to members	-	-	160,524,980	160,524,980
	-	-	206,923,552	206,923,552
As at December 31, 2016				
Financial Assets measured at fair value				
Securities available-for-sale - Listed	-	155,728	-	155,728
Securities available-for-sale - Unlisted	-	-	1,275,853	1,275,853
	-	155,728	1,275,853	1,431,581
Financial Assets for which fair values are disclosed				
Investment securities - loans and receivables	-	-	44,669,108	44,669,108
Loans and advances to members	-	-	153,022,880	153,022,880
	-	-	197,691,988	197,691,988

St. Lucia Civil Service Co-operative Credit Union Ltd.

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Notes to the Financial Statements
For the Year Ended December 31, 2017
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5. Financial Risk management (Cont'd)

(d) Fair Value Hierarchy (Cont'd)

The fair value of financial instruments with quoted prices in an active market are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available. If all significant inputs required to fair value an instrument are observable, the instrument is Level 2.

If one or more significant inputs is not based on observable market data, the instrument is included in Level 3.

The table below summarises the carrying amounts and fair values of those financial assets and financial liabilities not presented on the Credit Union's statement of financial position at their fair value.

	Carrying amount		Fair value	
	2017 \$	2016 \$	2017 \$	2016 \$
Financial assets				
Loans and advances to members	159,503,239	151,997,854	147,919,582	111,490,758
Investment securities				
Loans and receivables	9,895,915	3,000,000	9,197,275	2,790,698

The carrying amounts of all financial liabilities are assumed to approximate their fair values.

There were no transfer between levels in the fair value hierarchy during the year.

6. Capital Risk Management

The Credit Union's objectives when managing capital are:-

- To comply with the statutory capital requirements of the Co-operative Societies Act of St. Lucia;
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for members and benefits for other stakeholders; and
- To maintain a strong capital base to maintain members, creditors and other parties' confidence and to sustain future development of the Credit Union.

The Board of Directors monitors the return on capital, which is defined as surplus for the year divided by total shares, as well as the level of dividends to members.

Section 119 of the Co-operative Societies Act Cap 12.06 requires the Credit Union to maintain statutory and other reserves at not less than 10% of its liabilities. The Credit Union is in compliance as at December 31, 2017.

Capital adequacy is monitored quarterly using the PEARLS ratios prescribed by the World Council of Credit Unions for determining capital adequacy and which has been adopted by the Financial Services Regulatory Authority (FSRA). PEARLS require that each Credit Union maintain minimum of 10% total assets as its capital base. As at year end the minimum capital required was \$24,585,521 (2016 - \$22,352,120). The regulatory capital is divided into two levels:-

- Institutional Capital : Share Capital, Statutory Capital, Retained Earnings, and;
- Transitional Capital: Education Fund, Development Fund, Disaster Fund, Funeral and Burial Benefits Scheme and Revaluation Reserve.

	2017	2016
	\$	\$
Institutional capital		
Share capital	13,877,478	12,736,592
Retained earnings	9,102,789	5,953,304
Statutory reserve	27,064,801	23,734,353
Total institutional capital	50,045,068	42,424,249
Transitional capital		
Education Fund	500,000	500,000
Development Fund	538,156	538,156
Disaster Fund	230,112	230,112
Funeral and burial benefits scheme	865,885	878,695
Revaluation Reserve	29,843	48,674
Total transitional fund	2,163,996	2,195,635
Total regulatory capital	52,209,064	44,619,887

The risk-weighted assets are measured by an estimation of market, credit, interest and other risk associated with each asset and with due consideration to the collateral proffered. In addition, management and Board of Directors monitor movements in asset levels on a monthly basis.

The Co-operative was in compliance with this requirement at year-end.

St. Lucia Civil Service Co-operative Credit Union Ltd.

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Notes to the Financial Statements
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7. Cash

	2017 \$	2016 \$
Cash on hand	679,289	539,051
Cash at bank	<u>31,501,783</u>	<u>18,832,766</u>
	<u>32,181,072</u>	<u>19,371,817</u>

For the purposes of the Statement of Cash Flows, cash include fixed deposits which are held to meet the liquidity requirements of Section 119 (3) of the Co-operative Societies Act Cap 15.02 of the revised laws of St. Lucia.

8. Financial Investments

	2017 Cost \$	2017 Carrying Value \$	2016 Cost \$	2016 Carrying Value \$
<u>Securities Available-for-Sale</u>				
Listed				
- Eastern Caribbean Financial Holding Limited 20,452 ordinary shares at \$4.64 (2016 - \$5.51)	204,520	94,897	204,520	105,328
- St. Lucia Electricity Services Ltd. 2,100 ordinary shares at \$20.00 (2016 - \$24.00)	40,000	42,000	40,000	50,400
Unlisted				
- St. Lucia Co-operative League	1,000,112	1,000,105	1,000,112	1,000,105
- Eastern Caribbean Home Mortgage Bank 1,642 ordinary shares at \$152.36 (2016 - \$152.36)	250,180	250,180	250,180	250,180
- 1st National Bank St. Lucia Limited 32,040 ordinary shares at \$10.16 (2016 - \$15.04)	305,000	325,568	5,000	25,568
	<u>1,712,750</u>	<u>1,431,581</u>		
<u>Loans and Receivables</u>				
St. Lucia Government Bonds		12,895,915		3,000,000
St. Lucia Government Treasury Bills		1,575,000		1,575,000
First Citizens Investment Services Ltd. Treasury Bills		9,981,086		9,738,175
Eastern Caribbean Home Mortgage Bank Bond		1,000,000		1,000,000
Bank of St. Lucia Treasury Bills		3,337,393		3,255,993
		<u>28,789,393</u>		<u>18,569,168</u>
<u>Fixed Deposits</u>				
1st National Bank St. Lucia Limited		12,176,373		11,939,064
Bank of Saint Lucia Limited		3,831,900		12,345,887
St. Lucia Co-operative League		1,180,661		1,180,661
		<u>17,188,934</u>		<u>25,465,612</u>
<u>Interest Receivable</u>				
		420,245		634,328
Total Loans and Receivables		<u>46,398,572</u>		<u>44,669,108</u>

St. Lucia Civil Service Co-operative
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Notes to the Financial Statements
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9. Other Receivables

	2017	2016
	\$	\$
Other receivables	616,272	482,844
Allowance for impairment	(192,254)	(37,140)
	<u>424,018</u>	<u>445,704</u>
Allowance for impairment		
Balance - beginning of year	37,140	37,140
Allowance for bad debts	155,114	-
Balance - end of year	<u>192,254</u>	<u>37,140</u>

10. Loans and Advances to Members

	2017	2016	Restated
	\$	\$	\$
Loans	109,190,375	100,852,869	
Mortgages	59,245,273	61,365,851	
	<u>168,435,648</u>	<u>162,218,720</u>	
Less: allowance for impairment	(8,932,409)	(10,220,866)	
	<u>159,503,239</u>	<u>151,997,854</u>	
Interest receivable	1,021,741	1,025,026	
	<u>160,524,980</u>	<u>153,022,880</u>	
Allowance for Impairment			
Balance - beginning of year	10,220,866	11,998,955	
Loans written off	(1,697,543)	-	
Impairment losses/(write back)	409,086	(1,778,089)	
Balance - end of year	<u>8,932,409</u>	<u>10,220,866</u>	
Impairment Losses			
Current year allowances/(write back)	409,086	(1,778,089)	
Recoveries	(7,189)	(6,873)	
	<u>401,897</u>	<u>(1,784,962)</u>	

St. Lucia Civil Service Co-operative Credit Union Ltd.

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Notes to the Financial Statements
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11. Property, Plant and Equipment

	Land \$	Freehold Buildings \$	Leasehold Improvements \$	Furniture and Equipment \$	Total \$
At December 31, 2015					
Cost	3,218,986	1,180,206	45,686	2,362,279	6,807,157
Accumulated depreciation	-	(319,069)	(26,664)	(2,008,515)	(2,354,248)
Net book value	3,218,986	861,137	19,022	353,764	4,452,909
Year ended December 31, 2016					
Opening net book value	3,218,986	861,137	19,022	353,764	4,452,909
Additions	-	54,068	-	238,491	292,559
Depreciation charge	-	(24,686)	(9,137)	(131,540)	(165,363)
Closing net book value	3,218,986	890,519	9,885	460,715	4,580,105
At December 31, 2016					
Cost	3,218,986	1,234,274	45,686	2,600,770	7,099,716
Accumulated depreciation	-	(343,755)	(35,801)	(2,140,055)	(2,519,611)
Net book value	3,218,986	890,519	9,885	460,715	4,580,105
Year ended Dec 2017					
Opening net book value	3,218,986	890,519	9,885	460,715	4,580,105
Additions	-	-	-	234,552	234,552
Disposal	-	-	-	(3,208)	(3,208)
Depreciation charge	-	(24,685)	(9,137)	(163,805)	(197,627)
Closing net book value	3,218,986	865,834	748	528,254	4,613,822
At December 31, 2017					
Cost	3,218,986	1,234,274	45,686	1,680,207	6,179,153
Accumulated depreciation	-	(368,440)	(44,938)	(1,151,953)	(1,565,331)
Net book value	3,218,986	865,834	748	528,254	4,613,822

Loss on Disposal

	Cost \$	Accumulated Depreciation \$	Net Book Value \$	Proceeds \$	Loss \$
December 31, 2017					
Furniture and Equipment	1,155,161	(1,151,953)	3,208	-	3,208
	1,155,161	(1,151,953)	3,208	-	3,208

St. Lucia Civil Service Co-operative Credit Union Ltd.

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Notes to the Financial Statements
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12. Other Payables

	2017	2016
	\$	\$
Accruals	176,173	187,535
Other payables	926,414	946,329
	<u>1,102,587</u>	<u>1,133,864</u>

13. Deposits from Members

	2017	2016
	\$	\$
Registered Home Owners Savings Plan (R.H.O.S.P.)	288,866	219,704
Special savings	18,708,994	16,708,160
S.O.C.A. savings	3,901,014	3,337,881
	<u>22,898,874</u>	<u>20,265,745</u>

Members fixed deposits are payable on demand and has effective interest rates ranging from 2% to 4% (2016 : 3%)

14. Withdrawable Shares

The withdrawable shares have a nominal value of \$5. The shares are allotted on the basis of the amount credited to the members' withdrawable shares account. There are no restrictions for the redemption of the shares.

15. Dividends Payable

	2017	2016
	\$	\$
Dividends declared	2,733,810	2,994,008
Patronage refund	2,344,496	1,459,864
Converted to shares and distributed	(5,078,306)	(4,453,872)
Balance - end of the year	-	-

The dividend proposed and approved at the 2016 annual general meeting was paid by the issuance of additional ordinary shares, withdrawable shares and deposits to members' savings accounts. The patronage refund of 10% (2016 - 10%) approved at the meeting was deposited to members' savings accounts.

St. Lucia Civil Service Co-operative Credit Union Ltd.

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16. Share Capital

	No. of Shares	2017	No. of Shares	2016
		\$		\$
Ordinary Shares				
Balance - beginning of year	2,547,319	12,736,592	2,270,704	11,353,517
Issued	243,730	1,218,651	349,350	1,746,748
Withdrawn	(15,553)	(77,765)	(72,735)	(363,673)
Balance - end of year	2,775,496	13,877,478	2,547,319	12,736,592

The Credit Union is authorised to issue an unlimited number of ordinary and withdrawable shares, each with a par value of \$5.00.

17. Statutory Reserve

	2017	Restated 2016
	\$	\$
Balance - beginning of year	23,734,353	20,649,049
Allocation from retained earnings	2,884,595	2,730,961
Increase in allocation	438,803	348,483
Entrance fees	7,050	5,860
Balance - end of year	27,064,801	23,734,353

In accordance with Section 119 of the Co-operative Societies Act, the Credit Union is required to set aside a statutory reserve of at least 20% of net surplus (if any) each year. In addition, all entrance fees are placed in the statutory reserve.

18. Education Reserve

	2017	2016
	\$	\$
Balance - beginning of year	500,000	500,000
Allocation from retained earnings	200,785	440,610
Transfer to retained earnings for training expenses	(200,785)	(440,610)
Balance - end of year	500,000	500,000

In accordance with a resolution passed by the members, the Credit Union is required to set aside an education reserve of 10% of net surplus (if any) after the statutory reserve allocation less training expenses once the reserve falls below \$500,000 or such percentage as the Board of Directors may subsequently approve.

19. Development Fund

The Co-operative Societies Act and the Credit Union's By-laws allow the Credit Union, on the recommendation of the Board of Directors, to make an annual contribution to the National League not exceeding 10% of its realized surplus from operations to be used for the development of registered societies.

St. Lucia Civil Service Co-operative Credit Union Ltd.

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Notes to the Financial Statements
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20. Funeral and Burial Benefits Scheme

	2017	2016
	\$	\$
Balance - beginning of year	878,695	892,695
Transfer to retained earnings for benefits paid	(12,810)	(14,000)
Balance - end of year	<u>865,885</u>	<u>878,695</u>

The Credit Union approved the allocation of \$60,000 per annum to the Funeral and Burial Benefits Scheme together with any additional sums as may be required and approved by the Board of Directors.

For the current year however, the board decided not to allocate any funds to this reserve.

21. Revaluation Reserve

	2017	2016
	\$	\$
Balance - beginning of year	48,674	47,439
Fair value (decrease)/increase in investment securities	(18,831)	1,235
Balance - end of year	<u>29,843</u>	<u>48,674</u>

The revaluation reserve arises on the restatement at fair value of the Credit Union's investments in Eastern Caribbean Financial Holdings Limited and St. Lucia Electricity Services Limited which are classified as available-for-sale investments.

22. Investment Income

	2017	2016
	\$	\$
Interest on savings account - Bank of Saint Lucia Limited	85,402	71,100
Interest on savings account - 1st National Bank St. Lucia Limited	43,459	2,403
Interest on fixed deposits - other	484,374	673,432
Interest on government bonds and treasury bills	797,683	705,420
Other	32,228	17,599
	<u>1,443,147</u>	<u>1,469,954</u>

23. Other Operating Income

	2017	2016
	\$	\$
Insurance administration fees	68,757	64,987
Family Indemnity Plan (FIP) income	117,308	106,693
Rental income	-	10,000
Other	<u>2,998,570</u>	<u>16,252</u>
	<u>3,184,635</u>	<u>197,932</u>

Included in other is an amount of \$2,926,560 received from British American Insurance Company (Judicial Manager appointed), being reimbursement of impaired investment plus interest written off in prior years.

St. Lucia Civil Service Co-operative Credit Union Ltd.

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Notes to the Financial Statements
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24. Operating and Administrative Expenses

	2017 \$	2016 \$
Advertising and promotion	384,567	260,544
AGM expenses	79,411	71,732
Allowance for bad debts - other (Note 9)	155,114	-
Audit fees	45,775	44,000
Bank charges	30,299	16,247
Board and committee expenses	319,377	483,134
Credit union week	87,429	77,736
Cuna insurance	957,001	909,814
Depreciation (Note 11)	197,627	165,363
Donations	128,708	198,128
General insurance	43,205	47,578
League dues	75,000	75,000
Members expenses	12,810	24,000
Miscellaneous	12,904	6,928
Office supplies and stationery	93,353	92,677
Professional fees	75,230	52,770
Property taxes	32,204	40,675
Rent	22,993	23,460
Repairs and maintenance	245,926	190,984
Security	178,733	182,518
Scholarships	127,924	115,818
SOCA expenses	87,887	62,875
Staff-related expenses (Note 25)	2,758,476	2,547,436
Utilities	297,381	273,886
	6,449,334	5,963,303

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Notes to the Financial Statements
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25. Staff-related Expenses

Included in operating and administrative expenses are the following:-

	2017 \$	2016 \$
Senior Management		
Salaries	733,963	722,362
National Insurance contributions	22,906	24,000
Allowances	49,459	52,209
Bonus	28,150	28,897
Gratuity	76,428	33,000
	<u>910,906</u>	<u>860,468</u>
Other Staff Costs		
Salaries and wages	1,269,310	1,278,845
National Insurance contributions	64,923	62,836
Allowances	13,600	12,654
Bonus	49,827	49,693
Overtime	26,200	19,283
Uniforms	59,933	51,513
Staff training and development	199,744	136,602
Staff benefits	144,944	75,542
Gratuity	19,089	-
	<u>1,847,570</u>	<u>1,686,968</u>
	<u>2,758,476</u>	<u>2,547,436</u>

The total number of administrative staff as at December 31, 2017 was 51 (2016 - 51).

26. Related Party Transactions

The Credit Union recorded balances with its directors and senior management at the date of the financial statements as follows:-

	2017 \$	2016 \$
Shares and deposits	770,431	778,541
Loans and advances	1,625,384	1,607,170

St. Lucia Civil Service Co-operative
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Notes to the Financial Statements
For the Year Ended December 31, 2017
(Expressed in Eastern Caribbean Dollars)

27. Prior Year Restatement

The prior year's financial statements have been restated to reflect the inclusion of the collective provision for loan impairment losses and reallocation of expenses from reserves. The effect of the restatements for the years ended December 31, 2016 and 2015 are summarised below:-

	As previously reported \$	Adjustments \$	As restated \$
Year ended December 31, 2015			
Statement of Financial Position			
Loans and advances to members	149,331,917	(6,596,613)	142,735,304
Statutory reserve	22,522,438	(1,873,389)	20,649,049
Retained earnings	7,262,001	(4,723,224)	2,538,777
Statement of Comprehensive Income			
Impairment losses on loans	1,048,119	674,079	1,722,198
Comprehensive income	6,353,392	(674,079)	5,679,313
Operating and administrative expenses	5,177,896	327,061	5,504,957
Year ended December 31, 2016	As previously reported \$	Adjustments \$	As restated \$
Statement of Financial Position			
Loans and advances to members	157,007,096	(3,984,216)	153,022,880
Statutory reserve	25,070,795	(1,336,442)	23,734,353
Retained earnings	8,601,078	(2,647,774)	5,953,304
Statement of Comprehensive Income			
Impairment losses on loans	827,435	(2,612,397)	1,784,962
Comprehensive income	8,776,056	2,147,787	10,923,843
Operating and administrative expenses	5,498,693	464,610	5,963,303

Notes:

Rights and Obligations of the members of the
Saint Lucia Civil Service Co-operative Credit Union Ltd

RIGHTS

Freedom to Join, Leave, Buy Shares

Elect Officers/ Committees

Hold Directors accountable for decisions made

Use Member Services

OBLIGATIONS

Attend the Annual General Meeting

Read the Reports from the Credit Union

Attend Member Education meetings

Participate in Committees and activities

Be Loyal to the Credit Union

Assist the Credit union



Reports are also available online, Scan the QR
Code to take you to the link.