



**Saint Lucia Civil Service Cooperative Credit Union Ltd.**

38TH ANNUAL GENERAL MEETING

# TOGETHER

## WE CAN MOVE MOUNTAINS



2018 Annual Report

## 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 con-  
sole;  
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.



## TOGETHER WE CAN MOVE MOUNTAINS

### 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

### CASTRIES

Cnr. Jeremie Street and Chaussee Road.  
8:00 am to 3:00 pm  
Phone: (758)4524807/8  
Fax (758) - 451 7725

### OUR BRANCHES

### VIEUX FORT

Chitolie Mall, Beanefield  
8:30 am to 3:00 pm  
Phone: (758) 454-9774  
Fax (758) - 4549778

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# NOTICE OF MEETING

NOTICE is hereby given that the 38th 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 26th, 2019 commencing at 5.00 p.m.

## AGENDA

### OPENING SESSION

1. Call To Order
2. National Anthem
3. Prayers/Invocation
4. Welcome Address – President Zepherin Francis
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

  
THALASSA COX  
SECRETARY



# President's MESSAGE

I have the pleasure, on behalf of the board of directors, management, and staff, to announce to our members that your credit union, St Lucia Civil Service Cooperative Credit Union Ltd. (SLSCCUL) continue to achieve positive results for the financial year ended 31 December, 2018.

Having set a solid foundation to build on, your board of directors and credit union will ensure our resilience and ability to be dynamic and responsive to a highly competitive environment. We are collaborating with local and regional financial institutions to enhance our effectiveness and efficiency, as well as, create greater opportunities for mutually beneficial strategic alliances which would improve our competitiveness and membership satisfaction. We will continue to develop and build on the opportunities available to us through innovation and technologies, and in so doing deliver value to our general membership, management and staff.

*We are therefore pleased to announce that for the financial year ended December, 2018 SLSCCUL has recorded a net surplus of \$ 9.9 million compared to \$ 11.5 million in 2017 (which included \$ 2.9 million recovered from BAICO), and was treated as an extraordinary income in 2017. The board will continue to provide guidance and support to Management in implementing the initiatives that are necessary to accomplish the Vision of our credit union. Financial soundness and adherence to our statutory and regulatory obligations are*

important to the well being of our credit union, so we are adhering to all the protocols, so we maintain our role, as the leading credit union in St Lucia and by extension the OECS.

Sound risk, compliance practices and corporate governance have become the hallmark of our credit union, and with the introduction of IFRS 9, we are taking all measures necessary to be fully compliant before the ending of 2019. While we anticipate a sustained growth momentum, to continue to achieve that growth, our primary focus will remain on members related initiatives, while enhancing members delivery excellence. Also, understanding our local environment, will allow us the capacity and flexibility to adapt our policies and procedures to cope with the economic realities, as well as, prepare us to handle this small, highly competitive and challenging domestic market.

about technology, convenience, collaboration and competition. So the key to continuity is understanding the needs and wants of our members and developing a different set of strategies and tactics for the delivery of innovative solutions.

In the near future, we also look forward to making a bigger contribution to the economy by facilitating and financing micro, small and medium enterprises, as public servants and their families venture into private and cooperative businesses, as entrepreneurs.

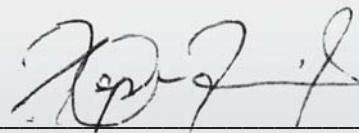
On behalf of the board of directors, I wish to thank the General Manager, Management, and staff of our credit union for their unwavering commitment and contributions they have made towards the success of our credit union. The Board also thank our members for entrusting

*“the key to continuity is understanding the needs and wants of our members and developing a different set of strategies and tactics for the delivery of innovative solutions.”*

As we celebrate another milestone, your credit union has grown even stronger as a leading credit union within the OECS and a model credit union regionally. So as we confront the growing challenges, we will develop new strategies, embrace innovation by investing in new technologies and human resource development, to even better position our movement in meeting most, if not all, the needs and wants of our full membership, whilst contributing to the national development.

Moving forward and preparing for the future, we must acknowledge this quote from Einstein, who said : *“We cannot solve the problems we face today, using the same thinking we used to create them.”* In preparing for that new era, we have identify new directions and thinking,

us with the responsibility of providing guidance and directions, while you continue to express your unwavering confidence in our Credit Union.



**Zepherin Francis**

**President**

*St Lucia Civil Service Cooperative Credit Union Ltd.*

# Learn About EDUCATION LOANS

**“Education is for improving the lives of others and for leaving your community and world better than you found it.”**

*– Marian Wright Edelman*

Our Credit Union believes that it is important that everyone - our staff, our volunteers and members keep on learning as education is one of the most important things we can do today to secure our futures.

The Scholarships and Bursaries granted by our organisation can help your child or ward start moving the achievements mountain, but it does not end there. As you journey and explore higher education possibilities for your child or yourself, our financial power will move your education mountain starting today!





**“We've Made it even EASIER”**

# Meet Our BOARD OF DIRECTORS



**Zepherin Francis**  
President



**Junia Emmanuel-Belizaire**  
Vice -President



**Thalassa Cox**  
Secretary



**Ivor Daniel**

Treasurer



**Irene St Croix**

Board Member



**O'Brien Richards**

Board Member



# Meet Our BOARD OF DIRECTORS



**Beverley-Ann Poyotte**

Board Member

**Dayne S. Alexander**

Board Member

**Kervyn Tobias**

Board Member



## ● **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

## ● **Junia T. Emmanuel- Belizeaire**

**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

## ● **Thalassa Cox**

**Profession:** Legal Consultant  
**Qualification:** LLB (Hons) , Development Educator -CaribDE 30  
**Substantive Position:** Legal Consultant , Inter-American Commission on Human Rights  
**Board Member Since:** 2017  
**Served on:** Education & Editorial Committees,

## ● **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

## ● **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

## ● **Beverley-Ann Poyotte**

**Profession:** Social Worker/ Counsellor  
**Qualifications:** BA - Psychology; MSc. Counselling Developmental Educator- CaribDE DE 22  
**Substantive post:** Director (Ag)  
Division of Human Services  
**Board member since:** 2018  
**Served on:** Education Committee

## ● **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

## ● **Kervyn Tobias**

**Profession:** M&E/ ICT Specialist  
**Qualification:** MSc. Information Systems, BSc. (Hons.) Computer and Management Studies, Development Educator – CaribDE 13  
**Substantive Position:** Head, Monitoring & Evaluation, OECS Commission  
**Board Member Since:** 2018  
**Served on:** Finance & Investment Committee, Supervisory Committee



## WE MAKE IT POSSIBLE

Having the Right People in the Right Place makes all the difference and together we can make what seems impossible, possible.

**That is the mission of our staff .**

Come in to see us and our staff **can** and **will** help champion and execute your plans to make your dreams become real. The mountains that frustrate you can be moved **when our staff push with you**



# 2018 Overview



Despite all the uncertainties in the financial services sector, (IFRS9, FATCA, CRS, low interest rates on savings and high liquidity), we remained financially strong and stable as reflected in our December 31, 2018 Financial Statements. In 2018 we focused on two key strategic initiatives geared towards our overall growth. First, rebranding our Credit Union to better serve our members and second introducing new technology to enhance our service delivery.

Our Debit Card Project aims to increase members access to funds and ease of business and improve member service delivery. We have completed our online transaction processing service which will be introduced to our members by December 31, 2019.

We will continue to work assiduously to complete the following initiatives by March 31, 2020:

- IFRS 9 Implementation
- Rebranding Exercise
- Debit Card/ATM Implementation
- Enterprise Management Framework

# Meeting Attendance Record

## & General Statistics

**Table 1- Meeting Attendance Record 2018**

BOARD	POLICY			LOANS			SPECIALS			QUATERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
ZEPHERIN FRANCIS	12	12	-	11	10	1	9	9	-	4	4	-
JUNIA EMMANUEL-BELIZAIRE	12	11	1	11	9	3	9	8	1	4	4	-
DEALE LEE	5	4	1	5	5	-	4	3	1	2	2	-
IVOR DANIEL	12	8	4	11	8	3	9	8	1	4	2	2
IRENE ST. CROIX	12	10	2	11	8	3	9	7	2	4	4	-
EGBERT STEVENS	5	3	2	5	5	-	4	2	2	2	2	-
O'BRIEN RICHARDS	12	10	2	11	11	-	9	8	1	4	4	-
DAYNE ALEXANDER	12	11	1	11	8	3	9	9	-	4	3	1
THALASSA COX	12	11	1	11	10	1	9	9	-	4	4	-
BEVERLEY-ANN POYOTTE	7	6	1	6	5	1	5	5	-	2	2	-
KERVYN TOBIAS	7	7	-	6	6	-	5	5	-	2	2	-

**Table 1.1- Meeting Attendance Record 2018**

SUPERVISORY COMMITTEE	ORDINARY MEETINGS			SPECIAL/JOINT			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
LYNDELL ST. VILLE	18	16	1	6	4	2	4	2	2
LOUENDA GEORGE	18	13	5	6	4	2	4	3	1
MARTHA DUVAL	18	17	1	6	6	-	4	3	1
KAISHER VON WAHL	18	15	3	6	6	-	4	4	-
MYRNA JAMES	9	9	-	3	3	-	2	1	1
SHERNELLE PHILLIP	9	8	1	3	3	-	2	2	-

**Table 1.2- Meeting Attendance Record 2018**

CREDIT COMMITTEE	ORDINARY MEETINGS			SPECIAL/JOINT			QUARTERLY		
	POSS	ACT'L	ABS	POSS	ACT'L	ABS	POSS	ACT'L	ABS
LISA GOODMAN	82	67	15	6	4	2	4	4	-
RICARDO CORSINIE	82	76	6	6	5	1	4	4	-
SHERMAN SYLVESTER	82	72	10	6	6	-	4	4	-
VENUS ALCINDOR	37	28	9	3	3	-	2	1	1
CLETUS CYRIL	82	77	5	6	5	1	4	3	1
JOSHANN CHARLES	45	33	12	3	3	-	2	0	2

## GENERAL STATISTICS TABLE:

FINANCIAL FACTORS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
(\$'000)										
Assets	130,613	139,427	149,945	160,384	173,730	187,553	198,723	223,521	245,855	266,752
Cash Resources	<b>10,029</b>	<b>10,920</b>	<b>12,510</b>	<b>8,394</b>	<b>10,613</b>	<b>12,276</b>	<b>13,995</b>	<b>19,372</b>	<b>32,181</b>	38,223
Investments	<b>24,762</b>	<b>31,433</b>	<b>35,288</b>	<b>37,183</b>	<b>33,622</b>	<b>35,379</b>	<b>35,737</b>	<b>44,669</b>	<b>46,399</b>	58,430
Loans to Members	91,466	92,220	97,229	109,958	124,763	134,918	142,735	152,023	160,525	162,734
Fixed Assets	4,290	4,707	4,757	4,671	4,546	4,504	4,452	4,580	4,614	5,122
Total Liabilities	8,272	9,395	10,678	11,445	136,521	146,989	161,963	178,901	193,646	208,654
Withdrawable Shares	<b>94,238</b>	<b>100,496</b>	<b>105,545</b>	<b>112,157</b>	<b>119,696</b>	<b>132,359</b>	<b>145,135</b>	<b>157,502</b>	<b>169,645</b>	<b>181,616</b>
Permanent Shares	5,646	6,535	7,271	8,323	9,431	10,293	11,354	12,737	13,877	15,187
Deposits	<b>7,659</b>	<b>8,426</b>	<b>9,829</b>	<b>10,441</b>	<b>12,439</b>	<b>13,663</b>	<b>15,910</b>	<b>20,266</b>	<b>22,899</b>	<b>25,956</b>
Reserves	15,281	16,404	17,979	19,601	20,735	22,695	22,867	25,929	29,229	31,712
Retained Earnings	<b>2,561</b>	<b>2,517</b>	<b>2,787</b>	<b>2,892</b>	<b>2,946</b>	<b>3,054</b>	<b>2,539</b>	<b>5,953</b>	<b>9,103</b>	<b>11,202</b>
Members Equity	122,340	130,032	139,267	148,937	148,937	148,937	148,937	148,937	148,937	148,937
Loans Approved	38,201	37,268	44,101	55,946	55,659	57,012	60,674	61,859	63,396	60,029
Net Income	6,112	5,429	7,798	7,902	5,662	6,615	6,353	10,924	11,538	9,966
Dividend - Withdrawable shares	<b>3,485</b>	<b>2,804</b>	<b>3,948</b>	<b>4,159</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Dividend – Ordinary Shares	517	606	670	778	877	984	1051	593	593	719
Patronage Refund	<b>613</b>	<b>668</b>	<b>1,063</b>	<b>1,084</b>	<b>1,272</b>	<b>1,385</b>	<b>1,416</b>	<b>2,347</b>	<b>2,420</b>	<b>2,406</b>
Membership	12,237	12,614	13,382	13,798	14,401	14,941	15,446	15,913	16,675	17,173
No. of Loans	10,180	9,284	9,619	10,325	10,357	11,223	11,182	10,514	10,995	11,037

\* Restated

Meet our

# General Manager

EMMERLYN MONROE



Dear Member,

I am please to once again be a part of the official reporting to you on the performance of our organisation for the 2018 financial year.

On behalf of the 53 staff of our branches in Castries and Vieux Fort it has been a sincere privilege to serve you this year.

Since my appointment as General Manager of the St Lucia Civil Service Co-operative Credit Union Ltd in 2008, I have been very proud of our organisation's accomplishments and growth from strength to strength. Our total assets have increased by 119%, members' withdrawable shares by 106%, membership 46%, our Loan portfolio value by 92%.

Our Credit Union family has become that important financial institution to St Lucia because we Saved and Borrowed with Pride while our Family Cared Enough to Share with each other and the less fortunate.

As we continue to build on this strong foundation, I would like to thank the Members, Board, Management and Staff for the opportunity to serve you

Emmerlyn Monroe

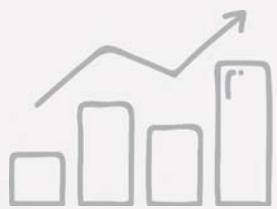
*General Manager*

Meet our  
**Deputy GM**

CELESTIN LAURENT

Our 10 Year Journey

**46 %**  
Membership  
**INCREASE**



Loan Portfolio Value

**92 PERCENT  
INCREASE**



Assets

**119 PERCENT  
INCREASE**



- 1 Melania Bailey Francois  
**Systems Administrator**
- 2 Olive St. Ville  
**Member Services Manager**
- 3 Antonius Dusauzay  
**Finance Manager**
- 4 Rita A. Francis  
**Loans Manager**
- 5 Vanya Pilgrim-Samuel  
**Human Resources Manager**
- 6 Wilton Bleasdille  
**Internal Auditor**

# Meet the **MANAGEMENT**



# TEAM



# Meet our STAFF



Staff of the Member Service Department



Staff of the Loans Department



Staff of the Administration & Human Resources Department

Our Credit Union is built on and for people who specialize in the impossible. When we use our People Power – the power of you the member and we the organization we make things happen.



Staff of the Accounts Department

The table below shows line staff at the Saint Lucia Civil Service Cooperative Credit Union

LINE STAFF		
Alin Verneuil	Heather James	Mercedes Fanis
Amarae Arthur	Icub Job	Miguel Moses
Andrea Remy	Jacinta Jn.Charles	NeighmanLascaris
Bibiana Etienne	Jerren St. Clair	Olivia Cornielle
Cheryl Joseph	Jerson Charlemagne	Priscilla Sidonie
Cleavert Jn. Baptiste	Jessica McVane	Ria Marius
Dayci Innocent	JnMill Augustin	Sarica St. Rose
DeVaughw Charles	Justina Samuel	Shenel Lionel
Donna Mathurin	Kirsten Savery	Sheralye Alcindor
Donavon Denis	Latoya Alphonse	Sylca Philip
Edwin Charlery	Martin Lafeuillee	Tanize Stanislaus
Eldon Paul	Marylene Cherry-William	Tony Abraham
Emerlyn Auguste	Natoya Arno	Warren Leo
Gina John	Menassia Nelson-Dubois	Lylius Joseph
Malauge Vitalis	Marcella Roland	Marciana Gabriel
MarlanBiscette		

## STAFF MOVEMENT AND CHANGES

Four (4) new persons joined our staff complement and have been assigned as follows:

Emerlyn Auguste - Teller  
 Icub Job - Member Care Clerk  
 Natoya Arno - Member Care Clerk  
 Mercedes Fanis - Receptionist

The staff members were once again recognized for excellence. Ms. Sarica St Rose was the overall winner for the "Employee of the Year" with Ms Donna Mathurin as the runner-up under this category.



## Congratulations

To all our awardees for a job well done.

Other awardees and categories included:

AWARD	EMPLOYEE
Spirit of CSCCU	Malauge Vitalis
Above and Beyond	Jerson Charlemagne
Congeniality	Sylca Philip
Team Player of the Year	Amarae Arthur
Corporate Image Award	Cheryl Joseph, & Marlan Biscette
Member Focus Award	Cleavert JnBaptiste
Teller of the Year	Dayci Innocent
Officer of the Year (Loans Department)	Jessica McVane
Officer of the Year (Accounts Department)	Olivia Corneille
Officer of Year (Member Services Department)	Devaughw Charles
Officer of Year (Administration Department)	Marcella Roland
Pillar of Performance	Kirsten Savery
Pillar of Quality	Gina John
Pillar Of Service	Menassia Nelson-Dubois
Rising Star Award	Sheralye Alcindor
Supervisor of the Year	Marylene Cherry
Cornelia McDonald's Award (Productivity)	Eldon Paul
General Manager's Award (Excellence)	Tony Abraham
<b>Employee of the Year 1st runner Up</b>	<b>Donna Mathurin</b>
<b>Employee of the Year 2018</b>	<b>Sarica St Rose</b>



**Ms. Sarica St Rose**  
Employee of the Year



**Ms Donna Mathurin**  
Runner -Up



2018 Caribbean Confederation of Credit Unions (CCCU)

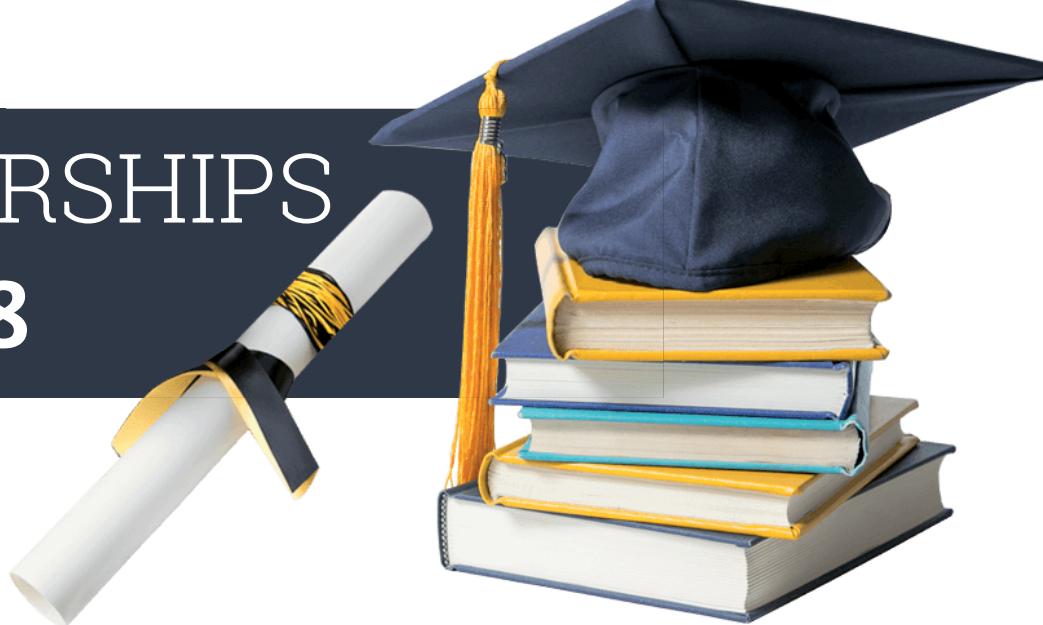
## 61st ANNUAL INTERNATIONAL CONVENTION &47th ANNUAL GENERAL MEETING

The theme for this year's Convention was Credit Unions: ***"The Power to Change the Future"***. A delegation of twelve (12) participants attended the Convention held at Hyatt Hotel Wrightson Road, Port of Spain, Trinidad and Tobago, from June 15-20, 2018. The delegation comprised Directors, Committees Members, Management and Staff.

The 2018 Convention Programme provided educational and social opportunities for participants. Some of topics included:

1. International Financial Reporting Standards (IFRS9)-Implementation Impact
2. Holistic Succession Planning
3. Governance and Leadership
4. Business Continuity and Disaster Management
5. Block Chain Technology
6. Credit Unions: Vehicle for Visioning and Transformation
7. Unleashing World Class Customer Experience, through Service Consistency
8. Changing for progress and longevity in your Credit Union.

# SCHOLARSHIPS FOR 2018



CSCCU 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 2018 Secondary Schools Scholarship Holders are:

#### Scholarships (8)

STUDENT'S NAME	SCHOOL ASSIGNED	PARENTS
1 April T Dagana	SJC	Bourdillon B
2 Davianne Alexander	Beanfield Comprehensive	shka Dupre'-St Romain
3 Sade X Gustave	SJC	Donatian Gustave
4 Temani Louis	SMC	Trudy Edgar-Louis
5 Arianna Mercier	SJC	Ursula S Mercier
6 L'Anijae De Leon	SJC	Tricia Edward
7 Rawson S Harris	SMC	Richard K Harris
8 Kertanya M Compton	SJC	Chrisanphie Epiphane



2018 Secondary School Scholarship holders

Scholarship holders to the Sir Arthur Lewis Community College for 2018 are:

#### New Scholarships (3)

CHILD'S NAME	PARENT'S NAME
1 Neysa Francis	Hermina Augier-Francis
2 Yhasha Satney	Peterson Satney
3 Pavana Dalsou	Maxwell-Dalsou,

#### One (1) Staff Scholarship

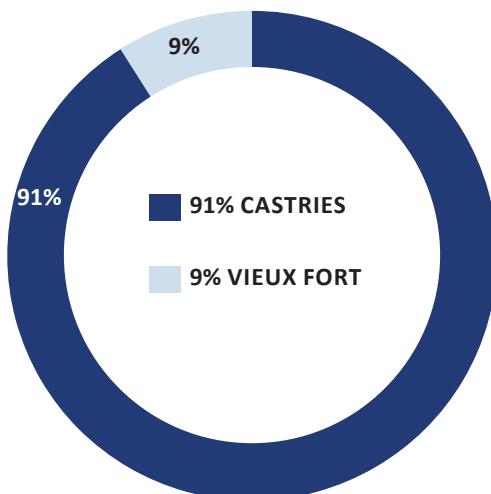
CHILD: **Kiah St. Rose**  
 PARENTS: **Sarica St. Rose**  
 SCHOOL ASSIGNED: **Leon Hess Sec.**

# Membership APPROVALS

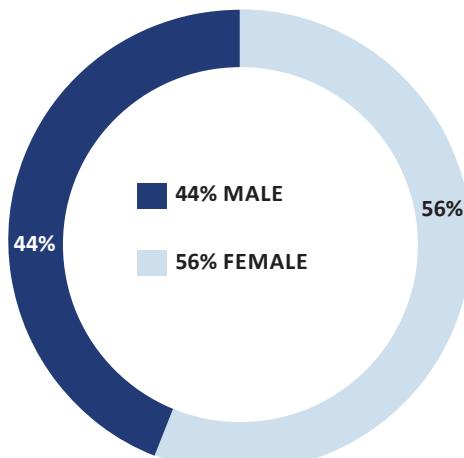
2018 values **INCREASED BY 8.5%** over previous year

**6.75%**  
for the Vieux Fort Branch

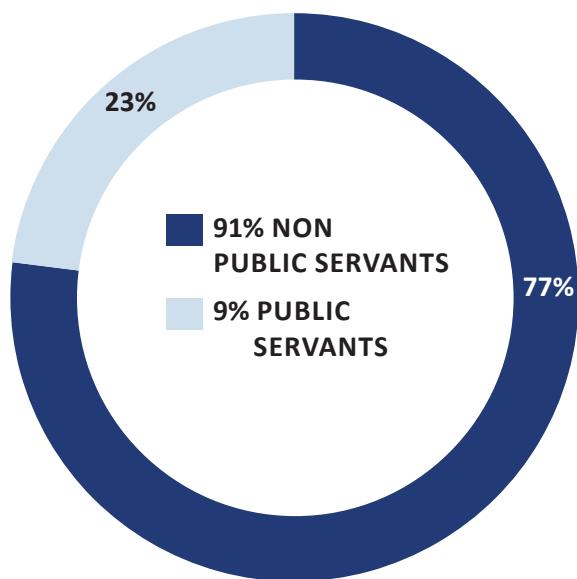
## LOCATION OF MEMBERSHIP



## GENDER OF APPROVED MEMBERS



## SOURCE OF NEW MEMBERS



The trend noted in past reports of our new members being mostly female, non-public servants, below age 35 and originating from the Castries Branch continues.



Interest in joining was very high during the first half of the year with the highest proportion of new applications occurring during the first quarter.

# Member Support SERVICES



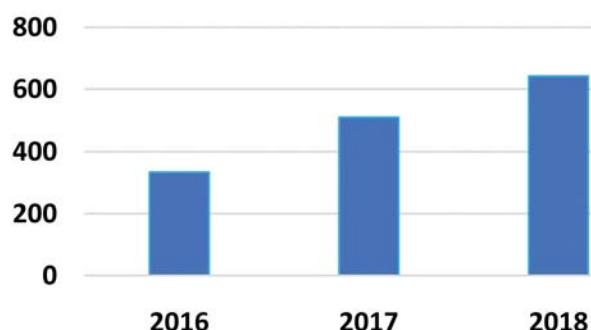
## RESTRICTED SAVINGS ACCOUNT

The St Lucia Civil Service Co-operative Credit Union continued to directly champion the financial plans of more than 650 members through our Special Savings Facility.

These members strategically saved over XCD \$1.08 million that they used to pay insurance, finance monthly loan payments, meet the qualification requirements for special loan product and to support scheduled and unplanned life events.

At December 31, 2018 the funds held by members in this special account increased by 104% over that of 2017. More information can be provided by the Member Service staff about a product that can be a key component of your financial management plans

No of Members Using the Restricted Savings Account Service



**\$1.08 MILLION  
SAVED  
with restricted savings**

Consider a **restricted savings plan  
TODAY!**

## MEDICAL INSURANCE

Despite some setbacks, significant growth in subscriptions to the Beacon Group Medical Plan was noted arising from growth in subscriptions for individual plans.

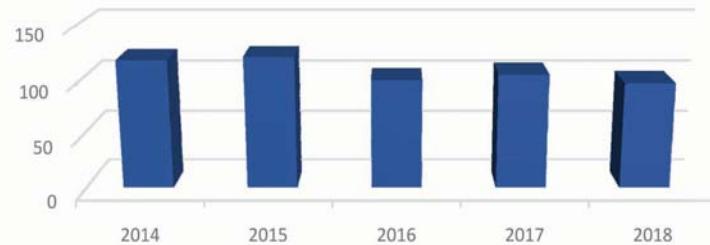
Some of the reduction in the member plus one and family plans were due to adult children aging off the plans of their parents and taking their own.

COMPARISON OF BEACON SUBSCRIPTION FOR 2014 -2018					
PLAN	MEMBER ONLY	MEMBER +1	MEMBER +FAMILY	TOTAL	CHANGE
Premium	-96.4	-159.4	-249.4		
2014	106	31	23	160	
2015	125	39	31	195	21.9%
2016	144	49	37	230	17.9%
2017	141	55	39	235	2.2%
2018	163	60	36	259	10.2%
Retirement		3 Individuals			
Plan Included					

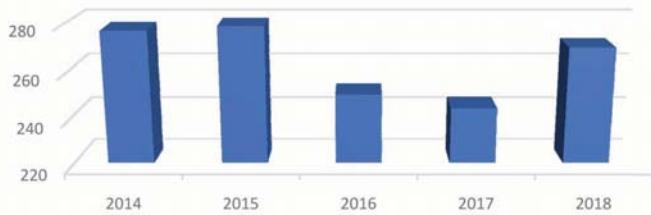
## (Risk Consultants & Insurance Brokers - Homeowners, Contents, Vehicles and All Risk Group Plan)

Our homeowner's coverage became even more affordable after the Brokers negotiated another premium reduction in 2018. Despite this improvement, some members still delay in renewing their policies or even choose not to renew. Particular reference is made to the contents coverage where an 8% reduction was noted, and with the cost of home furnishings increase a loss of this type can be very significant to a family. We wish to remind members facing difficulty in meeting insurance premiums that we may be able to assist with financing

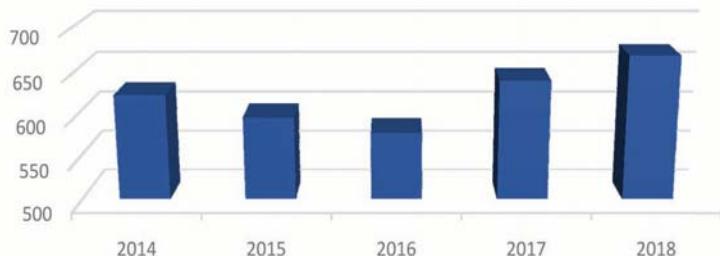
Membership of the Contents Insurance Plan  
2014 - 2018



Membership of the Vehicle Insurance Plan  
2014 - 2018



Membership of the House Insurance Plan  
2014 - 2018



## Registered Home Owners Savings Plan (RHOSP)

The Inland Revenue Department approved Registered Homeowners Savings Plan has enabled young members to successfully save towards their first home or mortgage. In 2018 while only 5 new members signed up for this plan over \$90, 000 of funds previously saved was used to acquire land and homes. Overall, this year the members increased their savings towards the first mortgage by 12% over 2017 levels



**12% SAVINGS  
INCREASE**  
over 2017

## DEATH BENEFITS

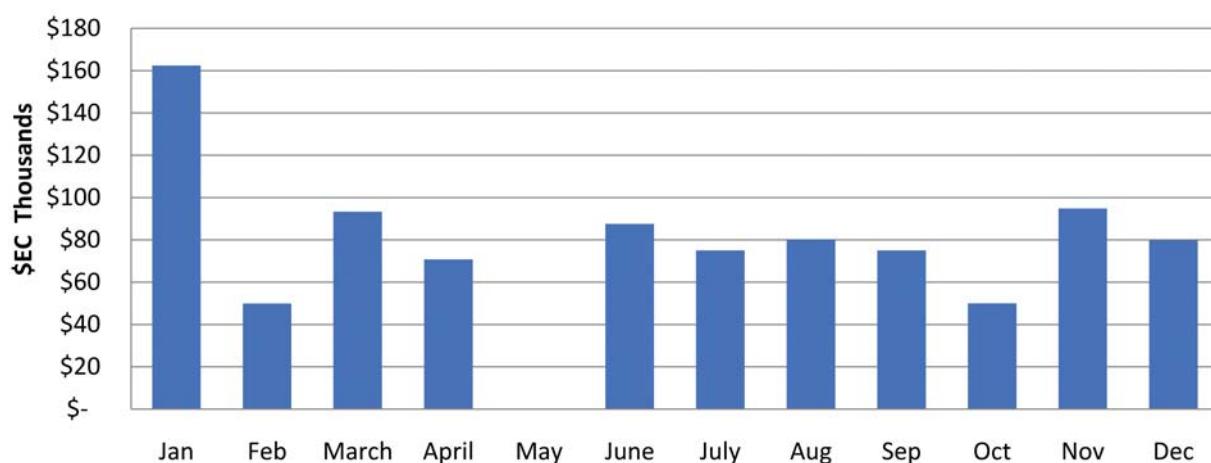
The **CUNA** Mutual Family Indemnity Plan (FIP) has proven to be of great help to members experiencing the loss of family and loved ones. In 2018, almost **XCD 920,000** was paid out to members and their families from death claims an increase of almost 27% over 2017.

**\$920,000**

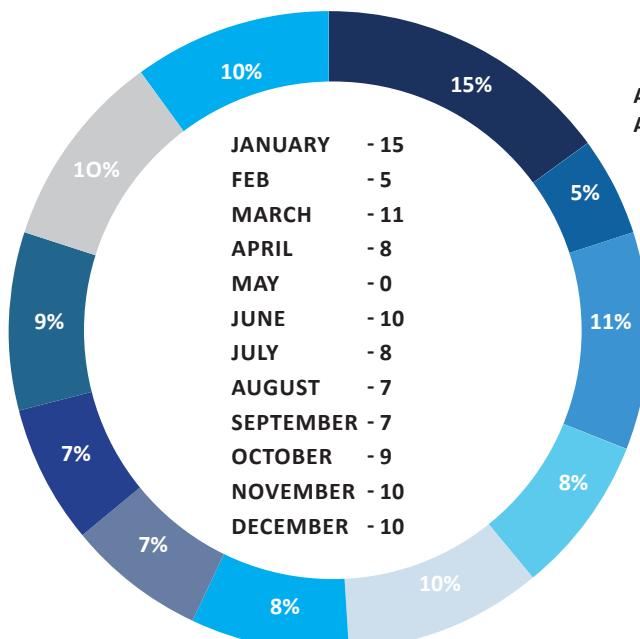
**PAID**

to members

Value of FIP Death Claim Payouts by Month for 2018



On average almost **XCD\$80,000** per month is paid out to members from the FIP to assist with meeting the costs for funerals and burial related purposes.



Analysis of the No of FIP Claims Approved By Month in 2018

In 2018, 81 claims were received.

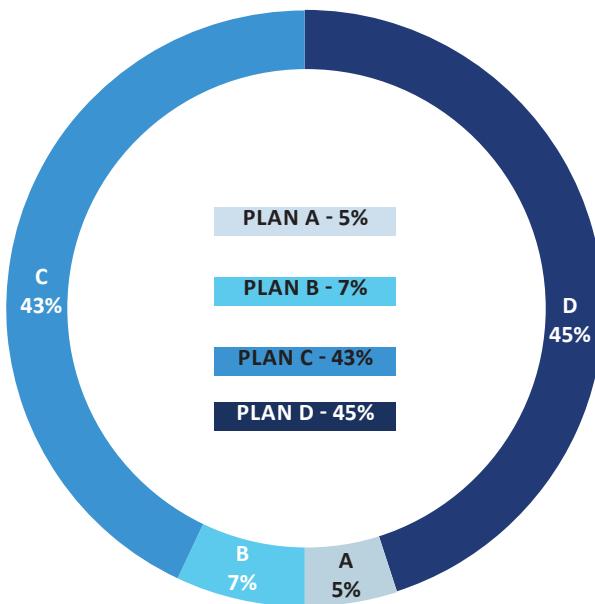
January was the single largest month for claims with 15% of all of the FIP claims to a value of XCD \$ 163,000 being paid out.

Claims in the second half of the year were significantly lower.

**Member Subscriptions  
to FIP as at December 2018**



**Member Subscriptions  
to FIP as at December 2017**



Currently Family Indemnity Plan subscribers can access a maximum of XCD\$ 15,000 per person towards meeting funeral and burial costs for up to 6 of their immediate family members. This year, a 14% Increase in the subscriptions to the plan was recorded and Plan D remains the most popular plan. Increasingly members are upgrading from the lower value plans to receive the higher pay-outs to cover funeral and burial costs.

Currently there are our (4) plans available and upon payment of the monthly premiums and meeting the 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.

This year 30 members of our Credit Union family departed this life. 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 2018

	NAME	NAME	
1	ALBERTINA DORE	16	IRENE SIDONIE
2	ANTHONY GEORGE	17	JOSEPH MITCHELL
3	BEULAH LOUISON	18	KIMBERLY DE LEON
4	CATHERIN JACINTA AUGUSTE	19	LAURINUS CHARLERY
5	CECILIA COX	20	MARGARET MURRIS ANTHONY
6	CHARLES LEWIS	21	MARILYN YECK
7	CLARET RAMEAU	22	NIGEL MITCHELL
8	CLAUDIA BELIZAIRE	23	PASHANIE NOELINE-SOOKWA
9	CLEMENT EDWARD	24	PETER ALEXANDER
10	DAMIAN JOSEPH	25	PETER COOPER
11	DUNSTAN FONTENELLE	26	PETER COX
12	EGBERT LIONEL	27	RAYMOND PHILGENCE
13	ENDA JN JACQUES-ST BRICE	28	RICHARD WARD
14	FELICIA HARROW	29	STELLA NOEL
15	HUMPHREY A INGLIS	30	UNA ELIZABETH FRANCIS

## PRE-COMMON ENTRANCE

**STRESS RELEASE WORKSHOP**

For the 5th year the Credit Union hosted almost 40 children scheduled to take the Common Entrance exam in preparation for their secondary school journey. This activity seeks to improve the student's exam taking skills and to help them manage the stress and fear associated with this examination. This StressRelease Workshop was held in April 2018 at the Bel Jou Hotel.

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

**MEMBER WORKSHOPS/ TRAINING**

The Member Services Department again used a large proportion of their resources to educate members with special focus on new members. For the new members who joined every quarter a New Member Orientation Sessions is organised and delivered by the staff of the Member Service Department often with support from the loans Department. We would like to encourage members to makemaximum use of the opportunity to get a proper introduction to the organization its values, products and benefits for you as a member.

Additionally, the product or subject specific workshops provided important information to improve the situation and life of the members. The Board wishes to strongly encourage members to take full advantage of training opportunities offered by our Credit Union as knowledge is power.

WORKSHOP NAME	DATE HELD
New Member Orientation	January
New Member Orientation	March
New Member Orientation	May
New Member Orientation	October
Understanding Beacon Medical	March
Youth Transition Workshop	June
Safari Volunteer – Planning & Preparation	August
Summer Safari Volunteers Training	August
Safari Volunteer – Post Event Assessment	August



The Member Service Department continues to provide support to the Education Committee with their scheduled activities and monthly meeting this year. Most of these activities were directed at identified groups as can be seen from the table.

ACTIVITY TITLE	DATE HELD
Editorial Committee Meetings	March, May & July
Orientation for AGM Nominees	June
Elected Volunteer Orientation	October

## INTERNATIONAL CREDIT UNION MONTH CELEBRATIONS 2015

This year our Credit Union began celebration under the theme ***"Find Your Platinum Linings - In Credit Unions"*** began with our Creole breakfast and Church Service. The planned activities offered opportunities for all our members to interact with our organizations and each other. A combination of educational and social programming opportunities was offered to members.

The International Credit Union Dy events were very well patronized by our members. While members doing business were entertained with music and presented with tokens within the building, a Health Fair was being staged in the parking lot of the corporate offices and the corridor of the Vieux Fort Branch. We would like to say a special thank you to the Organisations that partnered with our Credit Union to deliver our Health fair.

CELEBRATING CREDIT UNION MONTH 2018			
DATE	TIME	ACTIVITY	MENU
<b>OCTOBER</b>			
Sunday 7th	7:30am	Church Service	Lady of Fatima - La Clery
	9:30am - 12 noon	Creole Breakfast	CSA Centre, Sans Souci
Tuesday 9th	10:00am - 12pm	Thrift Teachers Appreciation	Thrift Schools
Thursday 18th	9:00am to 3:00pm	ICU DAY Open day with Member Health Fair (Planned Parenthood, Hypertension & Diabetes Association, Ministry of Health, faces of Cancer, Eye Screening, etc)	All Branches
Friday 26th	9:30am - 3:30pm	Creole Member treat	All Branches
Saturday 27th	9:30am - 3:30pm	Workshop - Lets Move Socasize, Self Defense, Tai Chi, Yoga, Personal Safety, etc.	CSA Centre, Sans Souci
<b>NOVEMBER</b>			
Sunday 25th	10:00am - 3:00pm	Family Fun & Sports Day	The Sab (Vigie Field)
<b>DECEMBER</b>			
Wednesday 19th	10:00am - 3:00pm	Kidz Soca Affair (Upsize Your Pig)	Sandals Golf and Country Club
Thursday 20th	9:00am - 3:00pm	Member appreciation & Volunteers/committee Day	Castries & Vieux Fort



On October 27th, 2018 36 people registered for the Let's Move Workshop and did they move. It was a health promotion day and all who attended from the very young just over 1 year old and the not so very young over 70 took to their mats to stretch and reach as directed by the resource persons. They had fun.

The final event, the Senior Appreciation was held December 13th at the Indies Centre in place of the Family Day that was not held because of low interest and registration from members. It was attended by 42 seniors and hosted by Management and staff of the Credit Union.

# Learn About VEHICLE LOANS

## LOVE YOUR CAR AND YOUR PAYMENT

Being in the Right Place at the Right time takes effort and can make the difference between you achieving success or you failing.

Start or end time , schedule, distance, location , luggage or anything else cannot stop you unless you stop wanting and trying.

When you are ready to actively pursue your ambitions and journey to the Right place, Together we can get you past your transportation mountain to the place where you must be.





“ It Starts Here ”



# TREASURER'S REPORT

**8.5% INCREASE  
ASSETS**

**11.3% GROWTH  
MEMBERS  
EQUITY**

**LESS THAN 5%  
LOAN  
DELINQUENCY**

## OVERALL PERFORMANCE

In the 2018 financial year, we made every effort to maintain the strong position of this Credit Union, having made prudent financial decisions. We pledged to members that we would adopt in its entirety the International Financial Reporting Standards(IFRS), particularly IFRS 9. However, due to the magnitude of the implementation, we were unable to meet the full implementation due to level of analysis and the necessary ICT tools needed to meet the requirements of IFRS 9. We remain engaged in this process and there is strong indication that we will reach full compliance with IFRS 9 by the end of the financial year 2019.

## ASSETS

At December 31, 2018 total assets stood at \$266,751,960 which represents an increase of \$20,896,747 or 8.5% over December 31, 2018 of \$245,855,213. The growth was fueled mainly by increase in members Withdrawable Shares and Deposits.

## CASH AND FINANCIAL INVESTMENTS

Liquidity challenges continue to affect the financial service section. We therefore placed excess funds in good quality earning investments. In order to improve the management of cash resources we invested excess cash in higher earning investments. In 2018 there was a significant increase in various investments instruments.

## LOANS AND ADVANCES TO MEMBERS

There was a marginal increase of 1.4% in loans and advances to members which over 2017. Loans continue to be the dominant asset of our Credit Union amounting to 61% of our total assetsof

\$162,733,504. Notwithstanding the decline in our normal loan growth rate we have maintained our loan quality with delinquency ratio remaining within the prudential standards of less than 5%. In 2018 our allowance for impairment losses on loans and advances to members was reduced by \$2,472,539 reflective of our high loan quality.

### **1. LIABILITIES**

As a result of high liquidity in the financial service sector and low returns of savings, members' ordinary shares continue to grow at a much higher rate than the growth in Loans and Advances to members.

#### **Members' equity**

In 2018 we recorded a 11.3% growth in Members' Equity to \$58,097,924 signifying prudence and safety of our capital base.

### **B. STATEMENT OF COMPREHENSIVE INCOME**

#### **1. OPERATING INCOME AND EXPENSES**

Net income at December 31, 2018 stood at \$9,965,928 a marginal decline from the previous year. In the previous year, other income was recovered from the investment with the British American Insurance Company Ltd in 2017.

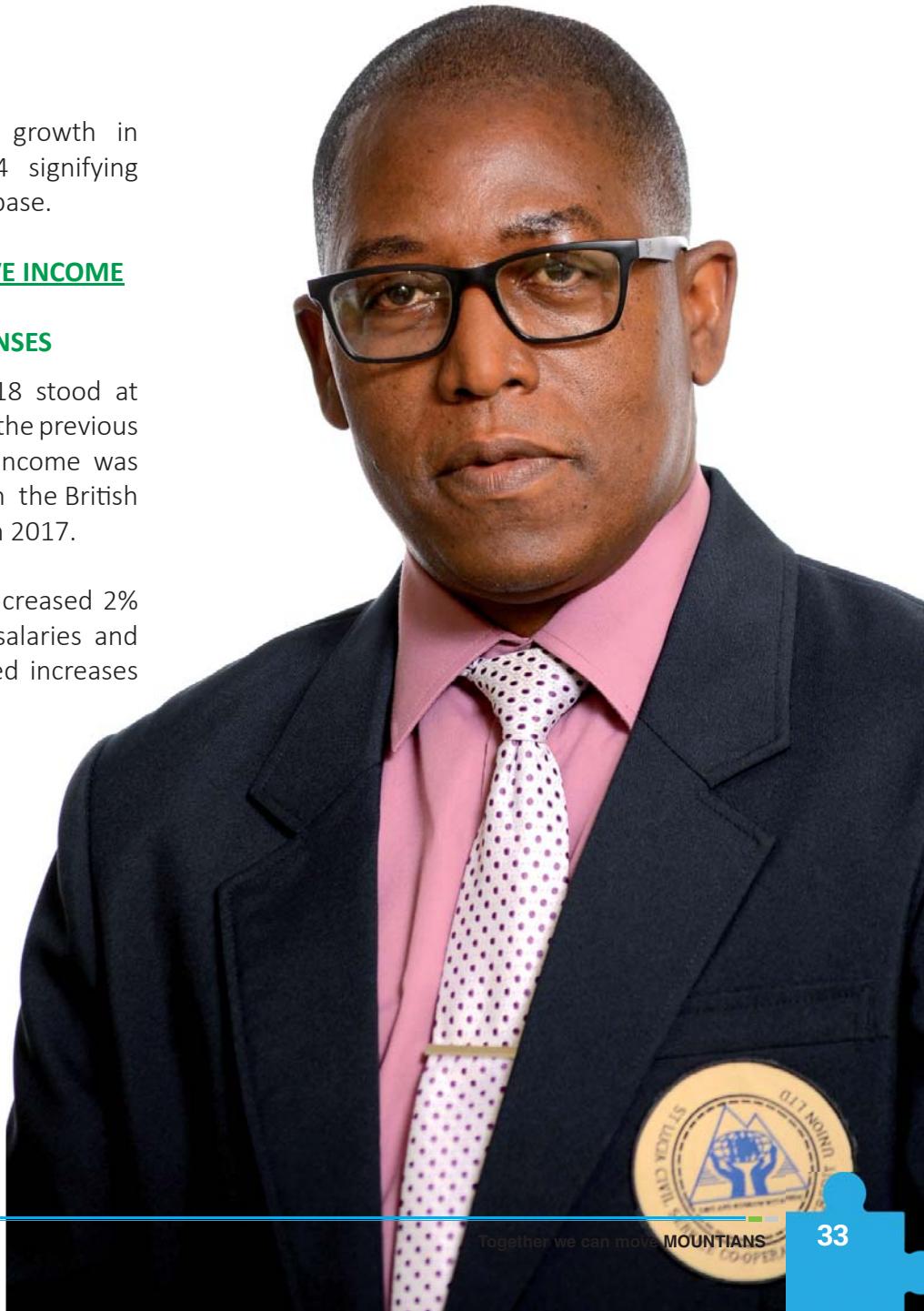
Our operating expenses for 2018 increased 2% with the main contributor being salaries and wages due to the Union Negotiated increases for 2017 and 2018.

While this Credit Union is on a strong footing, the next opportunity for growth depends on the strategic direction of this organization as we move forward in this movement and embrace and prepare for the unavoidable changes in our external environment.

Ivor Daniel



Treasurer



**SAINT LUCIA CIVIL SERVICE CO-OPERATIVE CREDIT UNION LIMITED**  
**P-E-A-R-L-S**  
**CREDIT UNION PERFORMANCE RATINGS**

		2018		2017		STANDARD
		ACTUAL	RATING	ACTUAL	RATING	
<b>PROTECTION</b>						
1	Provision for Loan Losses/Loan Delinquent > 12 Months	100%	1	100%	1	100%
1	2 Provision for Loan Losses/Loan Delinquent < 12 Months	106%	1	297%	1	35%
3	Solvency ( Net Value of Assets/Total Shares & Deposits	119%	1	117%	1	> 111 %
<b>EFFECTIVE FINANCIAL STRUCTURE</b>						
1	Net Loans/Total Assets	61%	2	65%	2	70-80%
2	2 Savings Deposits/Total Assets	78%	1	78%	2	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	16%	1	Greater than 10%
<b>ASSET QUALITY</b>						
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%
<b>RATE OF RETURN AND COST</b>						
1	Operating Expenses/Average Assets	3%	1	3%	1	Maintain 5%
4	2 Net Income/Average Assets	4%	1	5%	1	E4 = 10%
3	Fin. Cost : Member Shares	5%	1	5%	1	Market Rate
						Market Rate > Inflation
<b>LIQUIDITY</b>						
5	1 Liquid Reserves/Total Savings Deposit	26%	1	24%	1	Minimum 15%
	2 Non-Earning Liquid Assets/Total Assets	0.19%	1	0.28%	1	Less than or equal to 1%
<b>SIGNS OF GROWTH</b>						
1	Asset	9%	1	10%	1	Greater than inflation rate
6	2 Member Shares	9%	2	9%	2	To achieve goal in E3
3	Loans	1%	2	5%	2	To achieve goal in E1
4	Membership	3%	2	5%	1	Minimum 5%
5	Institutional Capital	12%	1	20%	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	2018		INCREASE/(DECREASE)	
	\$	\$	\$	%
Assets	266,751,960	245,855,213	20,896,747	8.5%
Net Loans	162,733,504	160,524,980	2,208,524	1.4%
Members' Withdrawable shares	181,616,493	169,644,688	11,971,805	7%
Members' Deposits	25,956,262	22,898,874	3,057,388	13.4%
Shares	15,186,509	13,877,478	1,309,031	9%
Members' Equity	58,097,924	52,209,064	5,888,860	11.3%
Interest Income	17,824,344	17,370,271	454,073	2.6%
Operating and Administrative Expenses	6,580,536	6,449,334	131,202	2%
Net Operating Surplus	9,965,928	11,538,380	-1,572,452	(13.6)%



## Supervisory Committee REPORT

Supervisory Committee members during the reporting period were as follows:

Dr. Lyndell St. Ville — *Chairperson*  
Ms. Kaisher von Wahl — *Secretary*  
Mrs. Louenda George  
Ms. Kearl Duval  
Ms. Shernelle Phillip

The Supervisory Committee essentially serves the Credit Union in ensuring that a quality system of checks and balances is maintained. During the reporting period January to December 2018, we oversaw both the internal and external audit functions of our Credit Union to ensure compliance with the 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 Credit Union 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 interests of its members. We are required to verify and report on whether the operations are conducted in accordance with governing rules and regulations, and assets are properly administered. We ensure that management and the Board of Directors comply with their established policies and plans. In this capacity, we are pleased to present the 2018 Supervisory Committee Report.

During the reporting period, we welcomed Ms. Shernelle Phillip to the Committee and bade farewell to Ms. Myrna James, who reached the end of her tenure after serving two consecutive terms. With renewed enthusiasm, we embraced the Committee's new make-up and proceeded towards bringing Ms. Phillip up to speed and continuing with our work programme. As required, Ms. Phillip participated in the orientation training offered to all volunteers.

On average, the Committee met twice a month to perform our duties monitoring the operations and financial sustainability of the Credit Union. These duties included working with and

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 continual dialogue and follow up, so that the necessary corrective actions were taken by management in a timely manner.

Internal audit, with oversight by the Committee during the year, included reviewing and testing of operations vis-à-vis the established policies and procedures, while also ensuring that through a risk-based methodology, internal controls and safe practices were being adhered to.

### **Internal Audit and Controls**

The Committee closely monitored the work plan of the Internal Auditor to ensure that activities and reports were progressing as planned. The following audits were undertaken, and the necessary findings and recommendations presented to Management for the required action:

- Human Resources
- Loans
- Investment Policy
- Money Laundering
- IT Services

The Committee is satisfied with the completed and submitted audits, which were appropriately and sufficiently supported as per International Standards on Auditing (ISA). The use of a risk register provided a mechanism for facilitating seamless tracking of prioritised risk areas and management control responses.

### **Financial Affairs Attestation**

In compliance with Section 81(5) of the By-Laws, the Committee reviewed all monthly management accounts for the financial year 2018. The Supervisory Committee continues to work with the Finance Manager in recommending occasional enhancements of the presentation and content of the monthly management accounts. These changes contributed to improved transparency and quality of reporting, and enhanced opportunities for independent review and analysis to support effective decision making.

Compared to the prior year, the Credit Union's delinquency year-to-date average reduced to 3.26 % which is well within the PEARLS standard. We should be proud that our delinquency ratio is among the lowest in the credit union movement in Saint Lucia, and in the region. Despite the welcome reduction in the delinquency ratio, any level of delinquency is of concern to the Board, Committees, and staff of the Credit Union. We continue to encourage 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 and Sub Committee 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 communicated and taken up with the Management and the Board. A review was also done of elected Board and Committee 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, and resolute in 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**

Continuing from 2017 through to 2018 the Credit Union continued working towards the establishment of convenience services such as ATM cards and online account access. The Committee anticipates the completion of the Credit Union's plan to strengthen operations and convenience services to its members and employees through card and internet-based services.

The planned implementation of card services in 2018, due to necessary protocol administration, testing and piloting, triggered a further delay in delivery beyond December 2018, and the Committee looks forward to this facility being eventually enjoyed by members. The Committee notes that the Home CU Online Banking facility is undergoing extensive testing, with a launch date expected during 2019 .

### **Conclusion**

As members' representatives, we sincerely appreciate the support extended to us by Management and Staff of the Credit Union. We are thankful for the courtesies extended to us by the Credit Union throughout the year, and for the continued cooperation, commitment and dedication. The Supervisory Committee values and pays very close attention to the contributions and feedback of members on whose behalf we serve. We shall continue

to 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 and support over the last year. We may not all be professional auditors, but we share a keen interest in ensuring that our Credit Union principles are upheld, members' investments are secure, and our Credit Union performs at a satisfactory level and grows to meet our financial needs in better ways. We are honoured and humbled that members have placed their confidence in us, and we look forward to continued service to you.

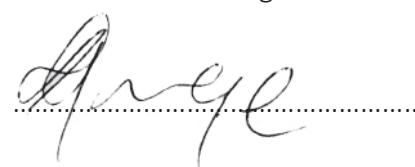
Dr. Lyndell St. Ville



Ms Kaisher Von-Wahl



Mrs. Louenda George



Ms. Kearl Duval



Ms. Sherenelle Phillip





## Credit Committee REPORT

It is my pleasure to report on the activities of the Credit Committee for the year ended 31st December, 2018.

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

1. Ms. Lisa Goodman	<i>Chairman</i>
2. Mr. Sherman Sylvester	<i>Secretary</i>
3. Mr. Ricardo Corsinie	<i>Member</i>
4. Mr. Cletus Cyril	<i>Member</i>
5. Joshann Charles	<i>Member</i>

This year has been a bit challenging in that for about half of the year the Credit Committee functioned with only four committee members. This was because our newly elected member Ms Joshann Charles had to take leave to start her family. We wish to congratulate her on the birth of her baby and wish her an enjoyable experience of becoming a mom.

Nevertheless, your Credit Committee met twice a week to review and consider loan applications during 2018. For the most part, loans were approved as long as they met requirements which were in compliance with the loan and lending policy of the Credit Union.

During our meetings we were engaged in the following:

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

No loan was too small for us to consider and we urge our Members to continue to think "Credit Union" for their financial needs rather than considering a loan from the "loan sharks."

When the Credit Committee meets to evaluate loan applications, we are always conscious of the fact that we are lending members' savings. We are therefore obliged to establish that the member has the ability to repay the loan. There are times when, unfortunately, we have to refuse a loan and the most common reasons for such an outcome are either a member's overall indebtedness and/or their inability to repay. It should however be noted that in 2018 our Credit Union approved 99% of all loan applications which is a great achievement.

Over the past year our loans have helped members build their homes, purchase cars, assisted couples with wedding expenses, ensured students pursued their dreams of higher education, provided finance for new businesses and much more.

### **ANALYSIS OF LOANS**

This year your Credit Union streamlined the lending process to make it easier for members to apply, and to provide a more efficient service. Members were able to apply online for loans using the [APPLY@CSCREDITUNION.ORG](mailto:APPLY@CSCREDITUNION.ORG) facility.

Loan demand continues to be strong from our membership. 2018 resulted in the approval of 10,994 loans which represents a slight increase in the number of loans taken during 2017. However, it must be noted that the value of total loans decreased. This may be as a result of other more attractive loan packages being offered by other financial institutions, a situation the Board of Directors will need to address. The charts and tables below illustrate the growth in a number of loan categories which can be credited to the hard working Loans Team.

No of Loans Considered for 2018

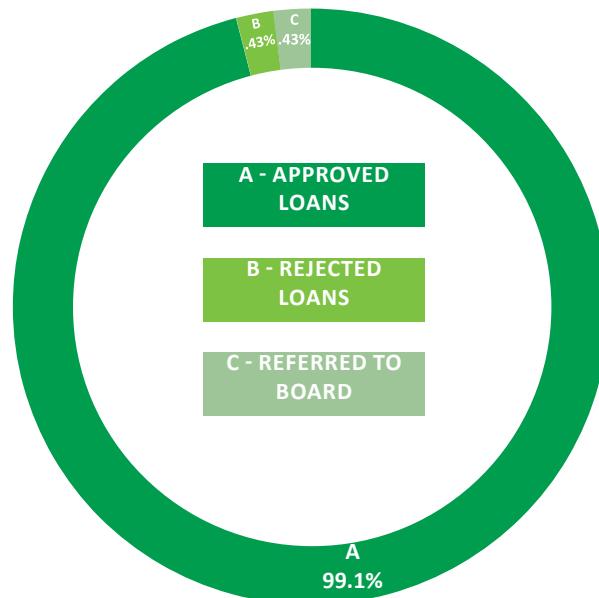
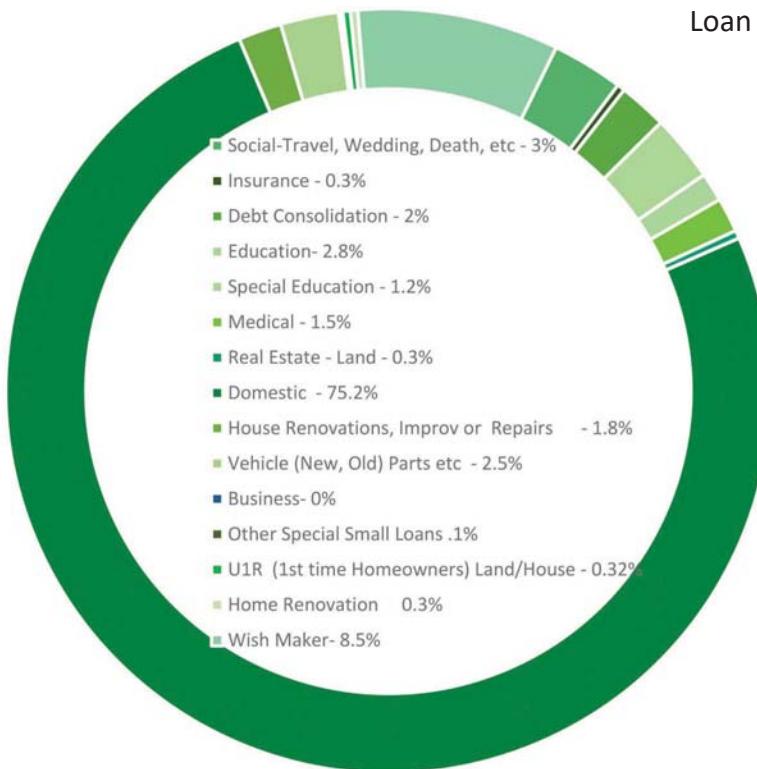


Fig. 1

During 2018, domestic loans continue to be the largest section of our loan portfolio. This was followed by loans for educational and social purposes. In 2017, the total value of new loans was \$60.5 mil, compared with a total value of \$58.8 mil in 2018, representing a decrease in the value of loans taken. The charts and tables below depicts the values of the various categories of loans disbursed for 2018 compared to 2017.



Loan Categories Considered in 2018

Table 1 Loans considered and approved by the Credit Committee

ITEM	TYPE OF LOAN	NUMBER APPROVED 2017	AMOUNT APPROVED 2017	NUMBER APPROVED 2018	AMOUNT APPROVED 2018
1	Social-Travel, Wedding, Death Etc.	311	\$2,202,255.42	331	\$2,271,231.89
2	Insurance	37	\$96,234.39	36	\$92,562.22
3	Debt Consolidation	202	\$3,284,549.02	225	\$2,949,060.71
4	Education	340	\$2,755,467.56	310	\$2,338,165.44
	Special Education	173	\$1,660,348.33	134	\$905,541.79
5	Medical	143	\$605,736.37	160	\$741,169.95
6	Real Estate - Land	42	\$5,834,491.18	38	\$4,669,109.73
8	Domestic	8210	\$25,669,893.61	8265	\$26,893,281.43
9	House Renovations, Improvements or House Repair	206	\$2,401,500.00	201	\$2,397,137.63
10	Agriculture	4	\$65,394.11	10	\$57,000.00
11	Vehicle (New, Old) Parts etc	288	\$6,643,348.77	270	\$5,726,914.38
12	Business	10	\$345,256.10	4	\$121,399.10
1R	Under 1 Roof (First time Homeowners) Land and the House	28	\$2,270,487.11	35	\$3,023,025.82
RF	Special Refinancing	1	\$28,279.36	6	\$249,110.27
HR	Home Renovation	38	\$989,190.33	34	\$732,752.51
LI	Special Investment	4	\$17,000.00	0	\$0.00
XM	Wish Maker	894	\$5,631,006.46	935	\$5,712,952.44
<b>TOTALS</b>		10931	\$60,500,438.12	10994	\$58,880,415.31

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 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 depicted in the chart in Figure 1 less than 1% of all applications were declined in 2018. If members' loans have been denied and they feel that there are additional factors, information or explanation relevant to their application, they should provide such information and make an appeal to the Board of Directors. It is therefore imperative that when applying for a loan that all the relevant information is provided to the Loans Officer at all times to avoid unnecessary delays.

### DELINQUENT LOANS

Like most lending institutions, we were challenged with the issue of delinquency in 2018. The challenges of unexpected unemployment, increased cost of living, as well as, unplanned events such as accidents, illnesses and member's lack of communication with their Credit Union continued to impact our loan portfolio. However, the efforts to aggressively manage this portfolio have seen some benefits. It was through the strategic

and focused efforts of our Credit Union, the delinquency portfolio was reduced in 2018.

The Credit Committee continues to keep a watchful eye on the debt service ratios and the levels of debt of members. We encourage members to borrow wisely, save regularly and to maintain regular and prompt payment. If at any time you encounter problems with servicing your loan, please call the office to inform the credit union to discuss the way forward. Remember this is your Credit Union and it will be as strong as you make it.

TIME PERIOD	TOTAL DELIQUENT LOAN PORTFOLIO 2017	TOTAL DELIQUENT LOAN PORTFOLIO 2018
1 - 30 days	20	1
31 - 60 days	21	15
61 - 90 days	4	15
91 - 179 days	30	41
180 - 269 days	19	18
365 days & over	21	22
Over 12 Months	170	85
<b>TOTAL</b>	<b>285</b>	<b>197</b>

### IMPORTANT INFORMATION

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

Members are reminded to:

- ◆ ensure full disclosure on all loan applications as failure to supply the required information could result in delays in the processing of loan applications;
- ◆ seek 'Financial Counselling' before embarking upon any major or important financial undertaking;
- ◆ be more consistent with budgeting at least on a monthly basis;

- ◆ take advantage of Member Education Opportunities especially of a financial nature;
- ◆ save more by increasing your contribution to shares;
- ◆ reduce frivolous consumer spending, this will yield greater positive long term benefits;
- ◆ refrain from withdrawal of your shares;
- ◆ talk to your Credit Union before going to the other micro lenders;
- ◆ present your most recent salary slip and other relevant documents when applying for a loan;
- ◆ always monitor your debt-service ratio;
- ◆ be honest and open during your loan interview.

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

I would like to thank our dedicated and professional staff of the Loans Department, led by Loans Manager Mrs Rita Francis, for their hard work and commitment throughout the year. Special mention must also be made of Ms Jn Charles and her team who continually ensure that we have the tools, nutrition and support necessary for the execution of our duties.

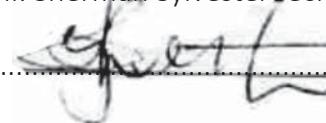
It has been a pleasure for me to have served as your Chairperson for the year 2018. To the members of the Committee, your unrelenting commitment to your duties is again recognised. It was a pleasure working alongside you.

On behalf of myself and the members of the Committee I would like to take this opportunity to thank you the members for allowing us to serve you. To the Board of Directors, Management and staff we thank you for your continued support during our tenure. May God continue to guide and bless this honourable institution the St. Lucia Civil Service Cooperative Credit Union Limited.

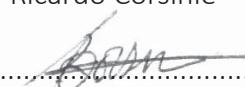
Ms Lisa Goodman



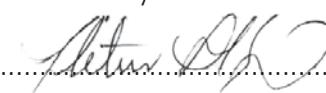
Mr. Sherman Sylvester Secretary



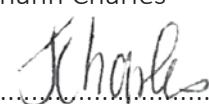
Mr. Ricardo Corsinie



Mr. Cletus Cyril



Joshann Charles



## Education Committee REPORT

The Education Committee shall be in charge of membership education, promotion and advancement, shall support staff training and development programmes and generally, Co-operative education of the community in which the members reside. We strive to fulfill this mandate by continually reviewing engagement activities and developing new ideas to enhance our membership's experience with the Credit Union.

The Committee was formally constituted in the month of January with the Board's appointment of a new Chairperson, Ms. Thalassa Cox and three new members; that of Wilton Jeremie, Stefanie King and Michaelina Alexander. A returning and long-standing member was Angeline Remy.

The Committee formalized an action plan for the year 2018, which included the objectives of:

- ◆ The constitution of the Editorial Committee
- ◆ Publication of the YourMoney Magazine each quarter
- ◆ Volunteer Drive to re-engage members in becoming volunteers across committees
- ◆ Re-engagement of Contact Persons in the Work place
- ◆ Revitalize the Volunteer Orientation to include application exercises, and
- ◆ Accomplish Corporate Social Responsibility in partnership with a civil society group.

### EDITORIAL COMMITTEE

The Committee had not been fully functional with the production of publications since 2012. It was constituted in February under the Chairperson of the Education Committee, along with four new volunteer members; Cleveland Emanus, Rita Xavier, Francisca Polius and Angela Brice.

Building a fresh foundation for content, the team explored editing and formatting styles, revised visual schemes, became strategic with

content and evaluated the purpose of general publications. The aim was to create something colorful and interactive, that appeal to members while dually educating them without being burdensome with written content.

### ***Publications achieved***

- “Volunteering”, a publication specific to assisting with our recruitment drive for volunteering on various committees. Geared to educating persons on eligibility, duties and responsibilities, and the method of becoming nominees or applying to serve on sub-committees.
- “AGM” centered publication, to educate members on purpose and process of the meeting, specifically enlightening members of the benefits of attending and the various protocols for participation.

We achieved an understanding of various concepts relevant to the credit union movement and building member awareness for greater participation, and aim to become strategic with our publications.

### **VOLUNTEER DRIVE**

The aim of this event was to have more members volunteer with the nominations committee for election onto the management committees and share information on their qualifications prior to AGM. Additionally, it would serve to create a pool of prospective volunteers for constituting the sub-committees. It was an overall opportunity for greater engagement in the movement and commitment to the credit union.

The idea was well initiated and from this base we generated greater awareness and candidacy for nominations at elections during AGM. Being in its infancy, the committee did not achieve All of its objectives however this was a good leaning venture to redefine and develop the objectives of the exercise to better fit the needs of the credit union.

The team recognized that the activity would be best for management committees when executed prior to AGM and best for the recruitment of sub-committees when executed after AGM. This would give the opportunity to meet the Chairpersons appointed from the Board and understand the needs for the strategic objectives for the committee year.

### **CONTACT PERSONS**

The Committee intended to revive the volunteer group of Contact Persons; a previously successful and primary avenue of communication and promotion with members. The work of “word of mouth” advertising from colleagues and teammates served the greatest impact and engagement of members. Additionally, it was the best tool to obtain feedback from the general membership as well; for example on how receptive the public was to products and services or events and on the needs and wants of the general membership. It was also the best means of getting information out in a close and personal manner, one that aided in eradicating confusion as Contact persons were well informed and therefore could provide quick and reliable clarification on questions about products, services or events.

Volunteers themselves benefited from access to first hand information and updates on what the credit union offered, access to social events, trainings, awards ceremonies/dinners; and travel to conferences with content pertinent to the work of the team.

Via our scheduled Volunteer Drive we attempted to educated persons on the process for recruitment as the system is one peculiar to the work setting. That being:

- where an organisation or business or working group has 5 or more members of the credit union, that team can elect someone, or a member can volunteer themselves, to serve as a contact person.

- once there is a designated person, elected by the team/group/ department, then he/she would be registered and trained by the Credit Union to be our personal liaisons.

Very few responses were received and though persons volunteered to serve in such a capacity, this was done outside of the requisite procedure.

Nonetheless we reached out to existing registered contact persons, and got varying responses. Many were experiencing life changes that limited their time, such as study or family, a trend recognized throughout several committees as members would begin a volunteer period for the year but have to resign, being unable to continue their commitments. A meeting was called to have them re-instated. Despite confirmations of attendance, very few persons actually attended; but the few who did, received manuals and engaged in discussions on growth and sustainability.

This venture was not easily revived and the level of interest observed did not warrant the re-establishment planned or desired by leadership. Given the difficulty encountered the team decided to evaluate:

- its relevance in today's era of information sharing,
- what the credit union would like to accomplish, and
- the problems in recruitment and sustained interests.

### **VOLUNTEER ORIENTATION**

It was observed that previous methods were capable of placing a strain on volunteers' learning, when they were required to attend a 2 hour or more training, after regular work hours during the week, with no scheduled time for volunteer team building exercises.

The committee therefore aimed to make the volunteer training experience more engaging.

The new training exercise focused on weekend training with team building exercises where members can learn each other's strengths and weaknesses, develop a bond, and socialize. The exercise targeted skills in public speaking, decision-making, problem solving and innovation through creative ideas.

The change had a positive impact and created a foundation for greater wholistic training.

### **CORPORATE SOCIAL RESPONSIBILITY**

Though the credit union engages in many charitable ventures and has spent \$94,468 for the year 2018 in giving back to the community, the team had an objective of having a more visual, "hands on" responsive to community outreach and donations; most importantly one initiative targeted at supporting another non-profit society or organisation.

This objective was not achieved but the information gathering in preparation provided knowledge for a future attempt.

### **SUCCESSION/TURNOVER OF CHAIRMANSHIP OF THE COMMITTEE**

Due to the relocation of the chairperson of the Education Committee, the duty of leadership was transferred to another Director of the Board, Ms. Beverley Poyotte. The previous quarterly reports were handed over, along with the work plan for the year and the accompanying budget. Ms. Cox remained an ex-officio member of the committee to provide any guidance as the transition took place.

In addition to the new chairperson the committee also had two members resign from their posts due to personal commitments. The committee remained properly constituted with three members.

# **FINANCIAL STATEMENTS**

**St. Lucia Civil Service  
Co-operative Credit Union Ltd.**  
Financial Statements  
Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)



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St. Lucia

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Qualified 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, 2018, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Qualified Opinion

In July 2014, the IASB issued IFRS 9 Financial Instruments (IFRS 9), which replaced IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) and is effective for annual periods beginning on or after January 1, 2018. As described in Note 3 (b) for the year ended December 31, 2018 the Credit Union has not adopted IFRS 9 and the associated disclosure requirements of IFRS 7 and has classified its financial assets, financial liabilities and determined its impairment allowance for financial assets in accordance with IAS 39 which is no longer applicable, in this respect the financial statements are not in accordance with IFRS. The effects on the financial statements of the failure to adopt IFRS 9 have not been determined. Consequently, we were unable to determine whether any adjustments might have been found necessary in respect of the recorded financial assets and liabilities in the financial statements and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in members equity and statement of cash flows.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities 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.

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## INDEPENDENT AUDITOR'S REPORT (CONT'D)

### **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.

### **Other Information Included in the Credit Union's 2018 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.

### **Auditor's 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 auditor's 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.

## INDEPENDENT AUDITOR'S REPORT (CONT'D)

### Auditor's Responsibility for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

The logo consists of the letters 'BDO' in a stylized, handwritten font.

Chartered Accountants  
Castries, St. Lucia

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# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

### Statement of Financial Position

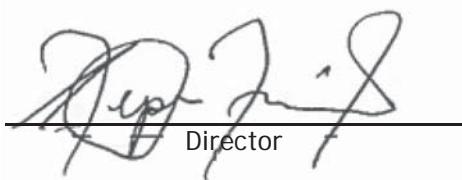
As at December 31, 2018

(Expressed in Eastern Caribbean Dollars)

		2018	2017
	Notes	\$	\$
<b>ASSETS</b>			
Cash	7	38,223,395	32,181,072
Financial investments:			
- Loans and receivables	8	58,430,228	46,398,571
- Available -for-sale (AFS)	8	1,709,478	1,712,750
Other receivables	9	533,706	424,018
Loans and advances to members	10	162,733,504	160,524,980
Property, plant and equipment	11	5,121,649	4,613,822
<b>TOTAL ASSETS</b>		<b>266,751,960</b>	<b>245,855,213</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>Liabilities</b>			
Other payables and accruals	12	1,081,281	1,102,587
Deposits from members	13	25,956,262	22,898,874
Withdrawable shares	14	181,616,493	169,644,688
		<b>208,654,036</b>	<b>193,646,149</b>
<b>Members' Equity</b>			
Share capital	16	15,186,509	13,877,478
Statutory reserve	17	29,562,503	27,064,801
Education reserve	18	500,000	500,000
Development fund	19	538,156	538,156
Disaster fund		230,112	230,112
Funeral and burial benefits scheme	20	851,885	865,885
Fair value reserve	21	26,571	29,843
Retained earnings		<b>11,202,188</b>	<b>9,102,789</b>
		<b>58,097,924</b>	<b>52,209,064</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		<b>266,751,960</b>	<b>245,855,213</b>

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, 2018**  
**(Expressed in Eastern Caribbean Dollars)**

	Notes	Share Capital \$	Statutory Reserve \$	Education Reserve \$	Development Fund \$	Disaster Fund \$	Burial Benefits Scheme \$	Funeral and Burial Benefits Scheme \$	Fair Value Reserve \$	Retained Earnings \$	Total \$
<b>Balance as at December 31, 2016</b>											
New shares issued	16	12,736,592	23,734,353	500,000	538,156	230,112	878,695	48,674	5,953,304	44,619,886	
Shares withdrawn	16	1,218,651 (77,765)	-	-	-	-	-	-	-	1,218,651 (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)	-	
- Benefits paid	20	-	-	-	(200,785)	-	(12,810)	-	(200,785)	-	
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	-	
<b>Balance as at December 31, 2017</b>											
New shares issued	16	13,877,478	27,064,801	500,000	538,156	230,112	865,885	29,843	9,102,789	52,209,064	
Shares withdrawn	16	1,356,984 (47,953)	-	-	-	-	-	-	-	1,356,984 (47,953)	
Total comprehensive income for the year											
Allocation for - Statutory reserve	17	-	2,491,482	-	-	-	-	(3,272)	9,965,928	9,962,656	
- Education reserve	18	-	-	154,325	-	-	-	-	(2,491,482)	-	
- Benefits paid	20	-	-	6,220	-	-	(14,000)	-	(154,325)	-	
Entrance fees	17	-	-	-	-	-	-	-	14,000	-	
Dividends	15	-	-	-	-	-	-	-	(2,983,367)	(2,983,367)	
Patronage refund	15	-	-	-	-	-	-	-	(2,405,680)	(2,405,680)	
Members' training expenses	18	-	-	(154,325)	-	-	-	-	154,325	-	
<b>Balance as at December 31, 2018</b>											
New shares issued	16	15,186,509	29,562,503	500,000	538,156	230,112	851,885	26,571	11,202,188	58,097,924	

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

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

Statement of Comprehensive Income  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

		2018	2017
	Notes	\$	\$
<b>Income</b>			
Interest income on loans and advances to members		17,824,344	17,370,271
Less: interest expense		(3,876,965)	(3,608,442)
<b>Net Interest Income</b>		<b>13,947,379</b>	<b>13,761,829</b>
<b>Other Income</b>			
Investment income	22	1,956,510	1,443,147
Other operating income	23	267,393	3,184,635
		<u>2,223,903</u>	<u>4,627,782</u>
<b>Operating Income</b>		<b>16,171,282</b>	<b>18,389,611</b>
<b>General and Administrative Expenses</b>			
Operating and administrative expenses	24	6,580,536	6,449,334
Impairment losses/(write back) on loans and advances to members	10	(375,182)	401,897
		<u>6,205,354</u>	<u>6,851,231</u>
<b>NET INCOME FOR THE YEAR</b>		<b>9,965,928</b>	<b>11,538,380</b>
<b>Other Comprehensive Loss</b>			
<i>To be reclassified to profit or loss in subsequent periods</i>			
Fair value decrease in AFS investments	21	(3,272)	(18,831)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>9,962,656</b>	<b>11,519,549</b>

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

**St. Lucia Civil Service Co-operative  
Credit Union Ltd.**  
Statement of Cash Flows  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

	2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>		
Net income for the year	9,965,928	11,538,380
<b>Adjustments for:</b>		
Depreciation	271,180	197,627
Provision for loan losses	171,279	409,086
Loss on disposal of property, plant and equipment	-	3,208
Interest income on loans and advances to members	(17,824,344)	(17,370,271)
Investment income	(1,956,510)	(1,443,147)
Interest expense	3,876,965	3,608,442
Bank charges	44,455	30,299
<b>Operating loss before working capital changes</b>	(5,451,047)	(3,026,376)
(Increase)/decrease in other receivables	(109,688)	21,686
Increase in loans and advances to members	(2,407,184)	(7,914,472)
Decrease in other payables and accruals	(21,306)	(31,277)
Increase in deposits from members	3,057,388	2,633,129
Increase in withdrawable shares	11,971,805	12,142,988
Entrance fees	6,220	7,050
<b>Cash generated from operations</b>	7,046,188	3,832,728
Interest received from members'	17,851,725	17,373,557
Interest expense paid	(3,876,965)	(3,608,442)
Bank charges paid	(44,455)	(30,299)
<b>Net cash generated from operating activities</b>	20,976,493	17,567,544
<b>Cash Flows from Investing Activities</b>		
Interest received	1,788,827	1,657,231
Purchase of investment securities	(15,787,790)	(10,624,523)
Proceeds from sale of investments securities	3,923,816	8,380,976
Purchase of property, plant and equipment	(779,007)	(234,552)
<b>Net cash used in investing activities</b>	(10,854,154)	(820,868)
<b>Cash Flows from Financing Activities</b>		
Increase in share capital	1,309,031	1,140,886
Dividends	(2,983,367)	(2,733,810)
Patronage refund	(2,405,680)	(2,344,497)
<b>Net cash used in financing activities</b>	(4,080,016)	(3,937,421)
<b>Increase in Cash</b>	6,042,323	12,809,255
<b>Cash - Beginning of Year</b>	32,181,072	19,371,817
<b>Cash - End of Year</b>	38,223,395	32,181,072
<b>Represented by:</b>		
Cash at bank	508,509	679,289
Cash in hand	37,714,886	31,501,783
	<b>38,223,395</b>	<b>32,181,072</b>

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

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

## Index to Notes to the Financial Statements

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

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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## 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 \*\*\*\*\*.

## 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, 2018 (the reporting date), except for the provisions of IFRS 9 and associated disclosure requirements under IFRS 7. The Credit Union has not adopted IFRS 9 and has classified its financial assets, financial liabilities and determined its impairment allowance for financial assets in accordance with IAS 39 which is no longer applicable for the year ended December 31, 2018. These financial statements have been prepared under the historical cost convention, except for available-for-sale (AFS) investments measured at fair value.

### (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.

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in Eastern Caribbean Dollars)

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### 3. Significant Accounting Policies (Cont'd)

#### (b) Basis of Preparation (Cont'd)

##### Amendments to International Financial Reporting Standards effective in the 2018 financial year

The Credit Union applied for the first-time, unless otherwise indicated, certain amendments to the standards, which are effective for annual periods beginning on or after January 1, 2018.

The amendments had no significant impact on the Credit Union's financial statements.

##### *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 has not adopted IFRS 9 and thus the financial statements are not in accordance with this standard, as disclosed in Note 3(a).

##### *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.

IFRS 15 did not have a material impact on the timing and recognition of income from contracts with members.

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

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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### 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 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.

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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### 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 and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

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

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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### 3. Significant Accounting Policies (Cont'd)

#### (f) Financial Assets (Cont'd)

##### (i) 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.

##### (ii) 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.

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Expressed in Eastern Caribbean Dollars)

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### 3. Significant Accounting Policies (Cont'd)

#### (f) Financial Assets (Cont'd)

##### (iii) 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 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.

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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### 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.

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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### 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 pre-tax 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 and accruals, deposit from members and withdrawable shares are classified as other financial liabilities.

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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### 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.

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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### 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.

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

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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## 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.

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

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### 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, 2018 and 2017 are disclosed in Note 5(d).

##### *Allowance for impairment on loans*

The Credit Union reviews its loan portfolio to assess impairment at least annually. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Loss, the Credit Union makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio.

##### *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 2018 and 2017.

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

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
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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 risklimits 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.

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

Notes to the Financial Statements  
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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:

	2018	2017
	\$	\$
Credit risk exposure relating to on-statement of financial position items:-		
Cash at bank	37,714,886	31,501,783
Financial investments	60,139,706	48,111,321
Other receivables	533,706	424,018
Loans and advances to members	<u>162,733,504</u>	<u>160,524,980</u>
	261,121,802	240,562,102
Credit risk exposure relating to off-statement of financial position items:-		
Loans commitments	<u>2,833,619</u>	<u>4,127,382</u>
	<u>263,955,421</u>	<u>244,689,484</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:-

	2018	2017
	\$	\$
Social	6,448,296	6,926,588
Insurance	613,207	465,880
Debt Consolidation	6,182,156	6,194,072
Education	10,627,190	10,978,024
Medical	1,845,166	1,903,863
Mortgages and Real Estate	61,583,363	67,195,855
Renovations	7,051,865	4,972,574
Christmas Wishmaker	11,172,468	10,851,438
Vehicles	10,348,567	11,052,787
Refinancing	557,353	507,545
Consumer loans/other	<u>51,769,384</u>	<u>47,387,022</u>
	<u>168,199,015</u>	<u>168,435,648</u>

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

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
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## 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:

	2018	2017
	\$	\$
Neither past due nor impaired	161,266,825	160,797,002
Past due but not impaired	638,705	1,339,319
Impaired but not deemed total loss	5,764,939	4,325,039
Impaired	528,546	1,974,288
Gross	168,199,015	168,435,648
Less allowance for impairment losses	(6,459,870)	(8,932,409)
Net	<u>161,739,145</u>	<u>159,503,239</u>

The total impairment provision for loans and advances to members is \$6,459,870 (2017 - \$8,932,409) and is comprised as follows:-

	2018	2017
	\$	\$
Individually impaired loans	3,157,278	3,877,587
General portfolio provision	3,302,592	5,054,822
	<u>6,459,870</u>	<u>8,932,409</u>

#### (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:

	2018	2017
	\$	\$
Past due up to 30 days	50,071	705,095
Past due 31 - 60 days	237,375	359,654
Past due 61 - 90 days	351,259	274,570
	<u>638,705</u>	<u>1,339,319</u>

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

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
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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 \$
<b>As at December 31, 2018</b>					
Individually impaired loans	222,671	5,190,640	240,695	639,479	6,293,485
<b>As at December 31, 2017</b>					
Individually impaired loans	126,475	1,594,215	195,324	4,383,313	6,299,327

Interest is not accrued on impaired financial assets.

Total fair value of collaterals pledged for the above individually impaired loans and advances to members amounted to \$7,150,069 (2017 : \$6,505,894).

#### (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. There are no repossessed assets for the year ended December 31, 2018 and 2017.

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

Notes to the Financial Statements  
 For the Year Ended December 31, 2018  
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## 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, 2018.

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. These counterparties include banks, members and other financial institutions who pay on or before due date.

	Neither past due nor impaired \$	Impaired \$	Total \$
<b>As at December 31, 2018</b>			
Cash at bank	37,714,886	-	37,714,886
Financial investments	60,139,706	-	60,139,706
Other receivables	533,706	-	533,706
Loans and advances to members	161,905,530	6,293,485	168,199,015
	<b>260,293,828</b>	<b>6,293,485</b>	<b>266,587,313</b>
<b>As at December 31, 2017</b>			
Cash at bank	31,501,783	-	31,501,783
Financial investments	48,111,321	-	48,111,321
Other receivables	424,018	-	424,018
Loans and advances to members	162,136,321	6,299,327	168,435,648
	<b>242,173,443</b>	<b>6,299,327</b>	<b>248,472,770</b>

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
(Expressed in Eastern Caribbean Dollars)

### 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 - Deposits \$	Loans and Receivables - Treasury bills \$	Total \$
<b>As at December 31, 2018</b>				
CariBBB to CariBBB+	18,834,517	-	18,933,640	37,768,157
Unrated	-	20,662,071	-	20,662,071
<b>Total</b>	<b>18,834,517</b>	<b>20,662,071</b>	<b>18,933,640</b>	<b>58,430,228</b>
<b>As at December 31, 2017</b>				
CariBBB to CariBBB+	15,593,286	-	13,455,585	29,048,871
Unrated	-	17,349,700	-	17,349,700
<b>Total</b>	<b>15,593,286</b>	<b>17,349,700</b>	<b>13,455,585</b>	<b>46,398,571</b>

**St. Lucia Civil Service Co-operative  
Credit Union Ltd.**  
Notes to the Financial Statements  
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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
<b>As at December 31, 2018</b>							
Other payables and accruals	1,081,281	1,081,281					
Deposits from members	25,956,262	25,956,262					
Withdrawable shares	181,616,493	181,616,493					
	<b>208,654,036</b>	<b>208,654,036</b>					

**As at December 31, 2017**

Other payables and accruals	1,102,587	1,102,587	1,102,587	-	-	-	-
Deposits from members	22,898,874	22,898,874	22,898,874	-	-	-	-
Withdrawable shares	169,644,688	169,644,688	169,644,688	-	-	-	-
	<b>193,646,149</b>	<b>193,646,149</b>	<b>193,646,149</b>	-	-	-	-

**St. Lucia Civil Service Co-operative  
Credit Union Ltd.**  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2018  
 (Expressed in Eastern Caribbean Dollars)

**5. Financial Risk Management (Cont'd)**

**(c) 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 rate sensitive \$	1 - 3 months \$	3 - 12 months \$	12 months \$	Greater than 12 months \$	Non-rate sensitive \$	Total \$
<b>As at December 31, 2018</b>							
<b>Financial Assets</b>							
Cash at bank	37,714,886	-	-	-	-	-	37,714,886
Financial investments	1,180,661	9,592,799	27,294,489	19,774,353	2,297,404	60,139,706	
Other receivables	-	-	-	-	533,706	533,706	
Loans and advances to members	-	1,409,595	7,930,569	152,398,981	994,359	162,733,504	
<b>Financial Liabilities</b>							
Other payables and accruals	-	-	-	-	(1,081,281)	(1,081,281)	
Deposits from members	(25,956,262)	-	-	-	-	-	(25,956,262)
Withdrawable shares	(181,616,493)	-	-	-	-	-	(181,616,493)
<b>Total interest sensitivity gap</b>	<b>(168,677,208)</b>	<b>11,002,394</b>	<b>35,225,058</b>	<b>172,173,334</b>	<b>2,744,188</b>	<b>52,467,766</b>	

**St. Lucia Civil Service Co-operative  
Credit Union Ltd.**  
 Notes to the Financial Statements  
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	<b>Financial Risk Management (Cont'd)</b>	<b>Interest Rate Risk (Cont'd)</b>						
	<b>(c)</b>		<b>Immediately rate sensitive</b>	<b>1 - 3 months</b>	<b>3 - 12 months</b>	<b>Greater than 12 months</b>	<b>Non-rate sensitive</b>	<b>Total</b>
			<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at December 31, 2017</b>								
<b>Financial Assets</b>								
Cash at bank			31,501,783	-	9,903,435	26,178,977	9,895,915	31,501,783
Financial investments			-	-	-	-	2,132,994	48,111,321
Other receivables			-	4,712,685	1,854,365	152,936,190	-	424,018
Loans and advances to members			-	-	-	-	1,021,740	424,018
<b>Financial Liabilities</b>								
Other payables and accruals			-	-	-	-	(1,102,587)	(1,102,587)
Deposits from members			(22,898,874)	-	-	-	-	(22,898,874)
Withdrawable shares			(169,644,688)	-	-	-	-	(169,644,688)
<b>Total interest sensitivity gap</b>			(161,041,779)	14,616,120	28,033,342	162,832,105	2,476,165	46,915,953

# 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)

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

	2018 \$	2017 \$
<b>Financial Assets</b>		
Loans and receivables	57,842,302	45,978,326
Loans and advances to members	<u>161,739,145</u>	<u>159,503,239</u>
	<u>219,581,447</u>	<u>205,481,565</u>
<b>Financial Liabilities</b>		
Deposits from members	25,956,262	22,898,874
Withdrawable shares	<u>181,616,493</u>	<u>169,644,688</u>
	<u>207,572,755</u>	<u>192,543,562</u>

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

	2018 %	2017 %
<b>Financial Assets</b>		
Cash	0.5 - 1.75	0.5 - 1.75
Financial investments	1.75 - 6.95	1.75 - 6.00
Loans and advances to members	0 - 14.00	0 - 14.00
<b>Financial Liabilities</b>		
Deposits from members	2.00 - 0	2.00 - 0
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
<b>2018</b>			
Cash in bank	±0.50%	±173,059	±173,059
Investment securities	±0.50%	±259,552	±259,552
Loans and advances to members	±0.50%	±803,106	±803,106
Members deposits	±0.50%	±122,138	±122,138
<b>2017</b>			
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

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

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 \$
<b>As at December 31, 2018</b>				
<b>Financial Assets measured at fair value</b>				
Securities available-for-sale - Listed	-	133,625	-	133,625
Securities available-for-sale - Unlisted	-	-	1,575,853	1,575,853
	-	133,625	1,575,853	1,709,478
<b>Financial Assets for which fair values are disclosed</b>				
Investment securities - loans and receivables	-	-	58,430,228	58,430,228
Loan and advances to members	-	-	162,733,504	162,733,504
	-	-	221,163,732	221,163,732
<b>As at December 31, 2017</b>				
<b>Financial Assets measured at fair value</b>				
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
<b>Financial Assets for which fair values are disclosed</b>				
Investment securities - loans and receivables	-	-	46,398,571	46,398,571
Loan and advances to members	-	-	160,524,980	160,524,980
	-	-	206,923,551	206,923,551

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
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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	
	2018 \$	2017 \$	2018 \$	2017 \$
<b>Financial assets</b>				
Loans and advances to members	161,739,145	159,503,239	147,903,465	147,919,582
<b>Investment securities</b>				
Loans and receivables	58,430,228	46,398,571	58,292,501	45,699,931

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.

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

Notes to the Financial Statements  
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## 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, 2018.

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 \$26,675,196 (2017 - \$24,585,521). 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 Fair Value Reserve.

	2018	2017
	\$	\$
<b>Institutional capital</b>		
Share capital	15,186,509	13,877,478
Retained earnings	11,202,188	9,102,789
Statutory reserve	29,562,503	27,064,801
<b>Total institutional capital</b>	<b>55,951,200</b>	<b>50,045,068</b>
<b>Transitional capital</b>		
Education reserve	500,000	500,000
Development fund	538,156	538,156
Disaster fund	230,112	230,112
Funeral and burial benefits scheme	851,885	865,885
Fair value reserve	26,571	29,843
<b>Total transitional fund</b>	<b>2,146,724</b>	<b>2,163,996</b>
<b>Total regulatory capital</b>	<b>58,097,924</b>	<b>52,209,064</b>

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.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
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## 7. Cash

	2018 \$	2017 \$
Cash on hand	508,509	679,289
Cash at bank	37,714,886	31,501,783
	<u>38,223,395</u>	<u>32,181,072</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

	2018 Cost \$	2018 Carrying Value \$	2017 Cost \$	2017 Carrying Value \$
<b><u>Available-for-Sale (AFS) Investments</u></b>				
<b>Listed</b>				
- Eastern Caribbean Financial Holding Limited 20,452 ordinary shares at \$4.48 (2017 - \$4.64)	204,520	91,625	204,520	94,897
- St. Lucia Electricity Services Ltd. 2,100 ordinary shares at \$20.00 (2017 - \$20.00)	40,000	42,000	40,000	42,000
<b>Unlisted</b>				
- 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 (2017 - \$152)	250,180	250,180	250,180	250,180
- 1st National Bank St. Lucia Limited 17,000 ordinary shares at \$15.04 (2017 - \$15.04)	305,000	<u>325,568</u>	305,000	<u>325,568</u>
<b>Total AFS Investments</b>		<u>1,709,478</u>		<u>1,712,750</u>
<b><u>Loans and Receivables</u></b>				
St. Lucia Government Bonds		12,465,291		12,895,915
St. Lucia Government Treasury Bills		1,575,000		1,575,000
First Citizens Investment Services Ltd. Treasury Bills		10,230,055		9,981,086
Eastern Caribbean Home Mortgage Bank Bond		5,999,700		1,000,000
Bank of St. Lucia Treasury Bills		<u>7,110,721</u>		<u>3,337,391</u>
		<u>37,380,767</u>		<u>28,789,392</u>
<b>Fixed Deposits</b>				
1st National Bank St. Lucia Limited		15,381,916		12,176,373
Bank of Saint Lucia Limited		3,898,958		3,831,900
St. Lucia Co-operative League		<u>1,180,661</u>		<u>1,180,661</u>
		<u>20,461,535</u>		<u>17,188,934</u>
<b>Interest Receivable</b>		<u>587,926</u>		<u>420,245</u>
<b>Total Loans and Receivables</b>		<u>58,430,228</u>		<u>46,398,571</u>
<b>Total Financial Investments</b>		<u>60,139,706</u>		<u>48,111,321</u>

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

Notes to the Financial Statements  
 For the Year Ended December 31, 2018  
 (Expressed in Eastern Caribbean Dollars)

## 9. Other Receivables

	2018	2017
	\$	\$
Other receivables	725,960	616,272
Allowance for impairment	(192,254)	(192,254)
	<u>533,706</u>	<u>424,018</u>
<b>Allowance for impairment</b>		
Balance - beginning of year	192,254	37,140
Allowance for bad debts	-	155,114
Balance - end of year	<u>192,254</u>	<u>192,254</u>

## 10. Loans and Advances to Members

	2018	2017
	\$	\$
Loans	111,874,750	109,190,375
Mortgages	56,324,265	59,245,273
	<u>168,199,015</u>	<u>168,435,648</u>
Less: allowance for impairment	(6,459,870)	(8,932,409)
	<u>161,739,145</u>	<u>159,503,239</u>
Interest receivable	994,359	1,021,741
	<u>162,733,504</u>	<u>160,524,980</u>
<b>Allowance for Impairment</b>		
Balance - beginning of year	8,932,409	10,220,866
Loans written off	(1,827,437)	(1,697,543)
Impairment (write back)/losses	(245,903)	409,086
Recoveries	(399,199)	-
Balance - end of year	<u>6,459,870</u>	<u>8,932,409</u>
<b>Impairment Losses</b>		
Current year (write back)/allowances	(245,903)	409,086
Direct write-offs	417,182	-
Recovery of amounts previously written-off	(546,461)	(7,189)
	<u>(375,182)</u>	<u>401,897</u>

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
 For the Year Ended December 31, 2018  
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### 11. Property, Plant and Equipment

	Land \$	Freehold Buildings \$	Leasehold Improvements \$	Furniture and Equipment \$	Total \$
<b>At December 31, 2016</b>					
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)
<b>Net book value</b>	<b>3,218,986</b>	<b>890,519</b>	<b>9,885</b>	<b>460,715</b>	<b>4,580,105</b>
<b>Year ended December 31, 2017</b>					
Opening net book value	3,218,986	890,519	9,885	460,715	4,580,105
Additions	-	-	-	234,552	234,552
Disposals	-	-	-	(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
<b>At December 31, 2017</b>					
Cost	3,218,986	1,234,274	45,686	1,680,161	6,179,107
Accumulated depreciation	-	(368,440)	(44,938)	(1,151,907)	(1,565,285)
<b>Net book value</b>	<b>3,218,986</b>	<b>865,834</b>	<b>748</b>	<b>528,254</b>	<b>4,613,822</b>
<b>Year ended December 2018</b>					
Opening net book value	3,218,986	865,834	748	528,254	4,613,822
Additions	-	491,659	-	287,348	779,007
Depreciation charge	-	(38,331)	(748)	(232,101)	(271,180)
Closing net book value	3,218,986	1,319,162	-	583,501	5,121,649
<b>At December 31, 2018</b>					
Cost	3,218,986	1,725,933	45,686	1,967,509	6,958,114
Accumulated depreciation	-	(406,771)	(45,686)	(1,384,008)	(1,836,465)
<b>Net book value</b>	<b>3,218,986</b>	<b>1,319,162</b>	<b>-</b>	<b>583,501</b>	<b>5,121,649</b>

### Loss on Disposal

	Cost \$	Accumulated Depreciation \$	Net Book Value \$	Proceeds \$	Loss \$
<b>December 31, 2017</b>					
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.

Notes to the Financial Statements  
 For the Year Ended December 31, 2018  
 (Expressed in Eastern Caribbean Dollars)

## 12. Other Payables and Accruals

	2018	2017
	\$	\$
Accruals	286,074	176,173
Other payables	795,207	926,414
	<u>1,081,281</u>	<u>1,102,587</u>

## 13. Deposits from Members

	2018	2017
	\$	\$
Registered Home Owners Savings Plan (R.H.O.S.P.)	316,697	288,866
Special savings	21,183,077	18,708,994
S.O.C.A. savings	4,456,488	3,901,014
	<u>25,956,262</u>	<u>22,898,874</u>

Members fixed deposits are payable on demand and has effective interest rates ranging from 2% to 4% (2017 : 2% - 4%).

## 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

	2018	2017
	\$	\$
Dividends declared	2,983,367	2,733,810
Patronage refund	2,405,680	2,344,496
Converted to shares and distributed	<u>(5,389,047)</u>	<u>(5,078,306)</u>
Balance - end of the year	-	-

The dividend proposed and approved at the 2017 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% (2017 - 10%) approved at the meeting was deposited to members' savings accounts.

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

Notes to the Financial Statements  
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## 16. Share Capital

	No. of Shares	2018 \$	No. of Shares	2017 \$
<b>Ordinary Shares</b>				
Balance - beginning of year	2,775,496	13,877,478	2,547,319	12,736,592
Issued	271,397	1,356,984	243,730	1,218,651
Withdrawn	(9,591)	(47,953)	(15,553)	(77,765)
Balance - end of year	<u>3,037,302</u>	<u>15,186,509</u>	<u>2,775,496</u>	<u>13,877,478</u>

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

	2018 \$	2017 \$
Balance - beginning of year	27,064,801	23,734,353
Allocation from retained earnings	2,491,482	2,884,595
Increase in allocation	-	438,803
Entrance fees	6,220	7,050
Balance - end of year	<u>29,562,503</u>	<u>27,064,801</u>

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

	2018 \$	2017 \$
Balance - beginning of year	500,000	500,000
Allocation from retained earnings	154,325	200,785
Transfer to retained earnings for training expenses	(154,325)	(200,785)
Balance - end of year	<u>500,000</u>	<u>500,000</u>

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.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
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## 20. Funeral and Burial Benefits Scheme

	2018	2017
	\$	\$
Balance - beginning of year	865,885	878,695
Transfer to retained earnings for benefits paid	(14,000)	(12,810)
Balance - end of year	<u>851,885</u>	<u>865,885</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. Fair Value Reserve

	2018	2017
	\$	\$
Balance - beginning of year	29,843	48,674
Fair value decrease in AFS investments	(3,272)	(18,831)
Balance - end of year	<u>26,571</u>	<u>29,843</u>

The fair value 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

	2018	2017
	\$	\$
Interest on savings account - Bank of Saint Lucia Limited	58,991	85,402
Interest on savings account - 1st National Bank St. Lucia Limited	80,460	43,459
Interest on fixed deposits - other	405,094	484,374
Interest on government bonds and treasury bills	1,397,655	797,683
Other	14,310	32,229
	<u>1,956,510</u>	<u>1,443,147</u>

## 23. Other Operating Income

	2018	2017
	\$	\$
Insurance administration fees	68,322	68,757
Family Indemnity Plan (FIP) income	122,345	117,308
Other	76,726	2,998,570
	<u>267,393</u>	<u>3,184,635</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.

Notes to the Financial Statements  
For the Year Ended December 31, 2018  
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### 24. Operating and Administrative Expenses

	2018	2017
	\$	\$
Advertising and promotion	367,740	384,567
AGM expenses	87,391	79,411
Allowance for bad debts - other (Note 9)	-	155,114
Audit fees	57,452	45,775
Bank charges	44,455	30,299
Board and committee expenses	253,654	319,377
Credit union week	74,786	87,429
Cuna insurance	1,009,834	957,001
Depreciation (Note 11)	271,180	197,627
Donations	94,468	128,708
General insurance	41,999	43,205
League dues	75,000	75,000
Members expenses	3,253	12,810
Miscellaneous	14,000	12,904
Office supplies and stationery	153,159	93,353
Professional fees	83,995	75,230
Property taxes	32,500	32,204
Rent	21,038	22,993
Repairs and maintenance	296,561	245,926
Security	187,596	178,733
Scholarships	125,930	127,924
SOCA expenses	138,171	87,887
Staff-related expenses (Note 25)	2,824,070	2,758,476
Utilities	322,304	297,381
	6,580,536	6,449,334

# St. Lucia Civil Service Co-operative

## Credit Union Ltd.

Notes to the Financial Statements  
 For the Year Ended December 31, 2018  
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### 25. Staff-related Expenses

Included in operating and administrative expenses are the following:-

	2018 \$	2017 \$
<b>Senior Management</b>		
Salaries	796,302	733,963
National Insurance contributions	24,000	22,906
Allowances	45,000	49,459
Bonus	32,775	28,150
Gratuity	33,600	76,428
	<u>931,677</u>	<u>910,906</u>
<b>Other Staff Costs</b>		
Salaries and wages	1,375,005	1,269,310
National Insurance contributions	72,728	64,923
Allowances	9,600	13,600
Bonus	52,942	49,827
Overtime	23,342	26,200
Uniforms	7,825	59,933
Staff training and development	131,265	199,744
Staff benefits	207,356	144,944
Gratuity	12,330	19,089
	<u>1,892,393</u>	<u>1,847,570</u>
	<u>2,824,070</u>	<u>2,758,476</u>

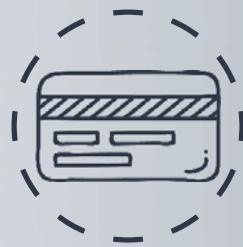
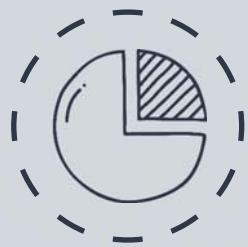
The total number of administrative staff as at December 31, 2018 was 51 (2017 - 51).

### 26. Related Party Transactions

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

	2018 \$	2017 \$
Shares and deposits	984,416	770,431
Loans and advances	1,461,344	1,625,384

Get Ready for something  
**NEW!**



COMING  
SOON

defined by Merriam Webster as “**in association or relationship**”, A credit union is about the power of us, and our association making all of us stronger

- ✓ put your needs first,
- ✓ develop solutions and
- ✓ support you through the journey.

**Success is Possible**

# Together

## We can

### MOVE

# Mountains

Which betters our member's lives

Take action to get to the place that you want to go to. We understand how to support you.

None of your problems are too small or too big for us to work on with you, Tell us about the situation that you need resolved.



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

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