



Chartered Accountants  
& Business Advisors

**AMGECU CREDIT UNION  
CO-OPERATIVE SOCIETY LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2017**



Chartered Accountants  
& Business Advisors

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**31 DECEMBER 2017**

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## **AMGECU Credit Union Co-operative Society Limited**

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of AMGECU Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31 December 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- ensuring that the Society keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the Society's assets, detection/prevention of fraud, and the achievement of Society operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Co-operative Societies Act; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Society will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Secretary/General Manager  
14<sup>th</sup> March, 2018

Accountant  
14<sup>th</sup> March, 2018



Chartered Accountants  
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## INDEPENDENT AUDITORS' REPORT

### The Members

**AMGECU Credit Union Co-operative Society Limited**

### Opinion

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

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

### Basis for Opinion

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

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

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

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

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

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Chartered Accountants  
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## **INDEPENDENT AUDITORS' REPORT (Cont'd)**

### **Responsibilities of Management and the Board of Directors 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.

The Board of Directors is responsible for overseeing the credit union's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Chartered Accountants  
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## **INDEPENDENT AUDITORS' REPORT (Cont'd)**

### **Auditors' Responsibilities 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Barataria**  
**TRINIDAD**  
**14 March 2018**

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>		31 December	
	<u>Notes</u>	<u>2017</u> (\$)	<u>2016</u> (\$)
<b>Current Assets:</b>			
Cash in hand and at bank	5	14,563,714 ✓	10,710,280
Other financial assets	6	31,761,001 ✓	29,791,337
Accounts receivable and prepayments	7	4,490,783 ✓	661,991
Amounts due from member companies	8	1,194,672 ✓	1,711,143
Total Current Assets		52,010,170	42,874,751
<b>Non-Current Assets:</b>			
Loans to members	9	108,238,364 ✓	108,435,965
Other financial assets	10	21,017,699 ✓	19,596,865
Employee benefit assets	11	5,910,000 ✓	5,839,000
Investment properties	12	10,429,684 ✓	11,715,498
Fixed assets	13	6,536,350 ✓	8,705,072
Total Non-Current Assets		152,132,097	154,292,400
Total Assets		204,142,267 ✓	197,167,151
<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued charges	14	1,033,246 ✓	907,504
Christmas Savings Plan	15	185,748 ✓	150,190
Education Savings Plan	16	226,203 ✓	211,557
Total Current Liabilities		1,445,197	1,269,251
<b>Non-Current Liabilities:</b>			
Members' savings and pooled funds	17	9,934,634 ✓	8,811,371
Employee benefit obligation	18	56,000 ✓	40,000
Members' shares	19	164,836,834 ✓	159,453,903
Total Non-Current Liabilities		174,827,468	168,305,274
Total Liabilities		176,272,665	169,574,525
<b>Members' Equity:</b>			
Reserve Fund	20	13,351,919 ✓	12,624,772
Building Fund	21	100,000 ✓	100,000
Education Fund	21	200,000 ✓	200,000
Charitable Fund	21	50,000 ✓	50,000
Investment Re-measurement Reserve	22	6,206,320 ✓	5,601,297
Undivided surplus		7,961,363	9,016,557
Total Members' Equity		27,869,602	27,592,626
Total Liabilities and Members' Equity		204,142,267	197,167,151

These financial statements were approved by the Board of Directors and authorised for issue on 14 March 2018 and signed on their behalf by:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary/Manager

\_\_\_\_\_  
Supervisory Committee

(The accompanying notes form an integral part of these financial statements)

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

		31 December	
	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		(\$)	(\$)
<b>Income:</b>			
Interest on loans to members		10,104,922	10,235,973
Investment income	26	1,749,141	1,678,386
Lease interest income	7	103,813	-
Miscellaneous income	27	<u>1,444,716</u>	<u>784,809</u>
Total Income		<u>13,402,592</u>	<u>12,699,168</u>
<b>Expenses:</b>			
Administrative expenses	28	2,944,808	2,145,130
Board and committee expenses	29	312,805	350,695
Depreciation		741,904	361,857
Fund expenses	30	92,418	124,751
Interest on members' savings and pooled funds	31	49,448	50,984
Investment property expenses		86,289	61,405
Personnel costs	32	<u>1,928,796</u>	<u>1,753,979</u>
Total Expenses		<u>6,156,468</u>	<u>4,848,801</u>
<b>Net surplus for the year</b>		7,246,124	7,850,367
<b>Other Comprehensive Income:</b>			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Net unrealised gain/(loss) on equity investments		605,023	(40,813)
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Net actuarial loss on employee benefit asset and obligation	33	<u>(145,000)</u>	<u>(29,000)</u>
Total Other Comprehensive Income/(Loss) for the year		<u>460,023</u>	<u>(69,813)</u>
<b>Total Comprehensive Income</b>		<u><u>7,706,147</u></u>	<u><u>7,780,554</u></u>

(The accompanying notes form an integral part of these financial statements)



**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b><u>Reserve Fund</u></b> <b>(\$)</b>	<b><u>Building Fund</u></b> <b>(\$)</b>	<b><u>Education Fund</u></b> <b>(\$)</b>	<b><u>Charitable Fund</u></b> <b>(\$)</b>	<b><u>Investment Re- measurement Reserve</u></b> <b>(\$)</b>	<b><u>Undivided Surplus</u></b> <b>(\$)</b>	<b><u>Total</u></b> <b>(\$)</b>
Balance as at 1 January 2017	12,624,772	100,000	200,000	50,000	5,601,297	9,016,557	27,592,626
Total comprehensive income	-	-	-	-	605,023	7,101,124	7,706,147
Transfer from net surplus	<u>724,612</u>	<u>-</u>	<u>50,891</u>	<u>10,700</u>	<u>-</u>	<u>(786,203)</u>	<u>-</u>
	13,349,384	100,000	250,891	60,700	6,206,320	15,331,478	35,298,773
Entrance fees	2,535	-	-	-	-	(2,535)	-
Fund expenses	-	-	(50,891)	(10,700)	-	61,591	-
Dividends paid (net) – 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,429,171)</u>	<u>(7,429,171)</u>
<b>Balance as at 31 December 2017</b>	<b><u>13,351,919</u></b>	<b><u>100,000</u></b>	<b><u>200,000</u></b>	<b><u>50,000</u></b>	<b><u>6,206,320</u></b>	<b><u>7,961,363</u></b>	<b><u>27,869,602</u></b>

(The accompanying notes form an integral part of these financial statements)

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Reserve Fund (\$)</b>	<b>Building Fund (\$)</b>	<b>Education Fund (\$)</b>	<b>Charitable Fund (\$)</b>	<b>Investment Re- measurement Reserve (\$)</b>	<b>Undivided Surplus (\$)</b>	<b>Total (\$)</b>
Balance as at 1 January 2016	11,838,080	100,000	200,000	50,000	5,642,110	9,605,933	27,436,123
Total comprehensive income	-	-	-	-	(40,813)	7,821,367	7,780,554
Transfer from net surplus	<u>785,037</u>	<u>-</u>	<u>75,470</u>	<u>11,498</u>	<u>-</u>	<u>(872,005)</u>	<u>-</u>
	12,623,117	100,000	275,470	61,498	5,601,297	16,555,295	35,216,677
Entrance fees	1,655	-	-	-	-	(1,655)	-
Fund expenses	-	-	(75,470)	(11,498)	-	86,968	-
Dividends paid (net) – 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,624,051)</u>	<u>(7,624,051)</u>
<b>Balance as at 31 December 2016</b>	<b><u>12,624,772</u></b>	<b><u>100,000</u></b>	<b><u>200,000</u></b>	<b><u>50,000</u></b>	<b><u>5,601,297</u></b>	<b><u>9,016,557</u></b>	<b><u>27,592,626</u></b>

(The accompanying notes form an integral part of these financial statements)

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## STATEMENT OF CASH FLOWS

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
<b>Cash Flows from Operating Activities:</b>		
Net surplus for the year	7,246,124	7,850,367
Employee Benefit/Obligation - IAS #19 Adjustment	(200,000)	(244,000)
Depreciation	741,904	361,857
Loss on disposal of fixed assets	3,172	-
Gain on disposal of investment property	(581,431)	-
Loss on disposal of investments	-	9,240
Interest on investments	(1,470,115)	(1,343,294)
Provision for loan losses expense	<u>698,039</u>	<u>252,000</u>
Adjusted net surplus for the year	6,437,693	6,886,170
Net change in amounts due from member companies	516,471	(857,543)
Net change in accounts receivable and prepayments	35,557	43,837
Net change in accounts payable and accrued charges	125,742	52,600
Net change in Christmas savings plan	35,558	(52,491)
Net change in Education savings plan	<u>14,646</u>	<u>21,174</u>
Cash generated from Operating Activities	<u>7,165,667</u>	<u>6,093,747</u>
Interest received	1,470,115	1,343,294
<b>Cash Flows from Investing Activities:</b>		
Net movement in members' loans	(500,438)	826,590
Net change in fixed assets and investment properties	(1,309,109)	(6,067,573)
Proceeds from finance lease of investment property	735,651	-
Additions to investments	(7,948,017)	(4,125,560)
Sale of investments	<u>5,162,542</u>	<u>2,433,539</u>
Cash used in Investing Activities	<u>(3,859,371)</u>	<u>(6,933,004)</u>
Net cash flow before financing activities	4,776,411	504,037
<b>Cash Flows from Financing Activities:</b>		
Net change in members' savings and pooled funds	1,123,263	(233,820)
Net change in members' shares	5,382,931	8,074,986
Dividends paid (net)	<u>(7,429,171)</u>	<u>(7,624,051)</u>
Cash (used in)/generated from Financing Activities	<u>(922,977)</u>	<u>217,115</u>
Net change in cash and cash equivalents	3,853,434	721,152
Cash and cash equivalents at beginning of year	<u>10,710,280</u>	<u>9,989,128</u>
Cash and cash equivalents at end of year	<u><u>14,563,714</u></u>	<u><u>10,710,280</u></u>
<b>Represented by:</b>		
Cash in hand and at bank	<u><u>14,563,714</u></u>	<u><u>10,710,280</u></u>

(The accompanying notes form an integral part of these financial statements)

# AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 1. **Incorporation and Principal Activities:**

The Society was incorporated under the Co-operative Societies Act of the Republic of Trinidad and Tobago Ch 81:03 on 28<sup>th</sup> March 1956. The registered office of the Credit Union is located at Corner Austin Street and Eastern Main Road, St. Joseph. The Society operates in the capacity of a Credit Union for the benefit of employees of ANSA McAl Group of Companies and Alliance Companies.

During the year ended 31 December 2011, the Society changed its name to AMGECU Credit Union Co-operative Society Limited.

### 2. **Significant Accounting Policies:**

#### (a) **Basis of financial statements preparation**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are expressed in Trinidad and Tobago dollars and stated in whole dollars. These financial statements are stated on the historical cost basis, except for the measurements at fair value of available-for-sale investments and certain other financial instruments.

#### (b) **Use of estimates**

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

#### (c) **New Accounting Standards and Interpretations**

The Company has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Company or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 1 First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).

IFRS 2 Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

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

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

IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
IFRS 12	Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017).
IFRS 15	Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).
IAS 7	Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).
IAS 12	Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).
IAS 28	Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).
IAS 40	Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

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

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).

IFRIC 23 Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

**(d) Fixed assets**

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided on the straight-line basis.

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

Land and Building	-	2%
Office improvements	-	2%
Computer equipment	-	33%
Furniture and equipment	-	25%

The Credit Union's Management conducted a review of the useful life of the assets at the beginning of financial year 2017 and the following changes were effected as at 1 January 2017:

	<b>Former Rate of Depreciation</b>	<b>Adjusted Rate of Depreciation</b>
Office Improvements	25%	2%

The changes were deemed necessary to reflect a truer and fairer view of the estimated useful lives of these particular groups of assets. In accordance with International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the change was accounted for by the adjustment of the carrying amount.

The effect of the change in depreciation rates and methods on the Statement of Comprehensive Income is summarised below:

	<b>Depreciation Charge for the year at Old Rate</b>	<b>Depreciation Charge for the year at New Rate</b>	<b>Effect of Change on Statement of Comprehensive Income</b>
Office Improvements	50,826	24,946	25,880

No depreciation is provided on freehold land or capital work-in-progress.

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

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

**(d) Fixed assets (cont'd)**

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the "Gain /Loss on Disposal" account in the Statement of Comprehensive Income.

**(e) Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, which are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

The Society utilises the same depreciation rates and basis used for its fixed assets for the Investment Properties.

**(f) Financial instruments**

Financial instruments carried on the Statement of Financial Position include cash resources, investments, loans, deposits and other liabilities. The standard treatment for recognition, de-recognition, classification and measurement of the Credit Union's financial instruments are noted in notes (i) – (iv) below, whilst additional information on specific categories of this Credit Union's financial instruments are disclosed in notes 5-8,10.

**i) Recognition**

The Credit Union initially recognizes loans, advances and deposits on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the transaction date on which this Credit Union becomes a party to the contractual provision of the instrument.

# AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

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

##### ii) **De-recognition**

This Credit Union de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

##### iii) **Classification**

This Credit Union classifies its financial assets into the following categories: Cash and cash equivalents, financial assets at fair value through profit and loss; loans and receivables; held-to-maturity; and available-for sale assets. Management determines the classification of its investments at initial recognition.

##### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks and short term highly liquid investments with maturities of three months or less when purchased. These are shown at cost which approximates market value.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when this Credit Union provides money directly to its members with no intention of trading the receivable. Loans to members are stated at principal amounts outstanding net of allowances for loan losses. Specific provisions are made for potential losses on non-performing loans on the basis of net realizable value. Periodic portfolio reviews are conducted during the course of each year to determine the adequacy of provisions. Loans are secured by various forms of collateral, including charges over tangible assets, certificates of deposit, and assignment of funds held with other financial institutions.

##### Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that this Credit Union's management has the positive intention and ability to hold to maturity. If this Credit Union were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and re-classified as available-for-sale.



**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

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

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

**iii) Classification (cont'd)**

Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Members' deposits

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

Members' shares

Members' shares are classified as equity and stated at fair value.

**iv) Measurement**

Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition, all financial assets at fair value through profit and loss and available-for-sale assets are measured at fair value, based on their quoted market price, at the Statement of Financial Position date, without any deduction for transaction costs. Where the instrument is not actively traded or quoted on recognized exchanges, fair value is determined using discounted cash flow analysis.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses. Gains and losses, both realized and unrealized, arising from the change in the financial assets at fair value through profit and loss are reported in other income.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised costs less impairment losses. Amortized cost is calculated on the effective interest method.

On disposal or on maturity of an investment, the difference between the net proceeds and the carrying amount is included in the Statement of Comprehensive Income. When available-for-sale assets are sold, converted or otherwise disposed of, the cumulative gain or loss recognized in equity is transferred to the Statement of Comprehensive Income.

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

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

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

**v) Impairment of financial assets**

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

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

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

- Significant financial difficulty of the issuer or obligor.
- A breach of contract, such as default or delinquency in interest or principal payments.
- It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the estimated cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Credit Union or national or economic conditions that correlate with defaults on assets in the Credit Union.

**(g) Income recognition**

Interest on members' loans and fixed deposits are accounted for on the accrual basis. Interest on saving and current accounts and dividend income are accounted for on the cash basis.

**(h) Members' special deposits**

Members' special deposits bear interest at rates approved by the Board of Directors. The Board of Directors periodically reviews these rates.

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

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

**(i) Employee benefits**

The Alston's Pension Fund Plan covers monthly paid employees. This is a contributory defined pension plan that offers members' retirement benefits in accordance with the Plan's Trust Deed and Rules. Trustees administer the pension plan and the Trust is entirely divorced from the Credit Union's finances.

The pension accounting cost for the plan is assessed using the project unit credit method. Under this method, the cost of provided pensions is charged to the statement of comprehensive income so as to spread the regular cost of a qualified actuary, who carries out a full valuation of the plan every year.

The Credit Union also provides post retirement health benefits to their retirees. The entitlement to these benefits is based on the employee remaining in service up to the retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that of the defined benefit plan.

**(j) Unclaimed Dividends**

In accordance with Bye Law 8(a) of the Credit Union, all dividends to members remaining unclaimed after one (1) year from the date of declaration are transferred to Unclaimed Dividends. Any sum remaining unclaimed in this account for two (2) years may be transferred to the Reserve Fund.

**(k) Dividends**

Dividends are recommended by the Board of Directors and approved by the members at the Annual General Meeting. Dividends are an appropriation of retained earnings as disclosed in the Statement of Changes in Members' Equity and Reserves. In accordance with IAS #10, the dividends are not accounted for as a liability at year-end.

The dividends are computed on the basis of the average number of shares in issue throughout the year, the average being determined on the basis of the number of shares in issue at the end of each month.

# AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

#### (I) Foreign Currency

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Foreign monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange prevailing at the Statement of Financial Position date. Resulting translation differences and profits and losses from trading activities are included in the Statement of Comprehensive Income.

### 3. Financial Risk Management:

#### Financial risk factors

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

#### Financial Instruments

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

	2017 Carrying Value (\$)	Fair Value (\$)
<b>Financial Assets</b>		
Cash in hand and at bank	14,563,714	14,563,714
Other financial assets (Short-term investments)	31,022,094	31,761,001
Accounts receivables and prepayments	4,490,783	4,490,783
Amounts due from Members' Companies	1,194,672	1,194,672
Loans to members	108,238,364	108,238,364
Other financial assets (Long-term investments)	15,564,847	21,017,699
Employee benefit assets	5,910,000	5,910,000
<b>Financial Liabilities</b>		
Accounts payable and accrued charges	1,033,246	1,033,246
Members' deposits: Christmas Saving Plan (short-term)	185,748	185,748
Members' deposits: Education Saving Plan (short-term)	226,203	226,203
Members' savings and pooled funds (long-term)	9,934,634	9,934,634
Employee benefit obligation	56,000	56,000
Members' shares	164,836,834	164,836,834

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

		2016
	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>Financial Assets</b>		
Cash in hand and at bank	10,710,280	10,710,280
Other financial assets (Short-term investments)	29,573,194	29,791,337
Accounts receivables and prepayments	661,991	661,991
Amounts due from Members' Companies	1,711,143	1,711,143
Loans to members	108,435,965	108,435,965
Other financial assets (Long-term investments)	14,213,332	19,596,865
Employee benefit assets	5,839,000	5,839,000
<b>Financial Liabilities</b>		
Accounts payable and accrued charges	907,504	907,504
Members' deposits: Christmas Saving Plan (short-term)	150,190	150,190
Members' deposits: Education Saving Plan (short-term)	211,557	211,557
Members' savings and pooled funds (long-term)	8,811,370	8,811,370
Employee benefit obligation	40,000	40,000
Members' shares	159,453,903	159,453,903

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

**(a) Interest rate risk**

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

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

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2017****3. Financial Risk Management (Cont'd):****Financial Instruments (cont'd)****(a) Interest rate risk (cont'd)**

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

**i) Bonds**

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

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

**ii) Loans**

The Society generally invests in fixed rate loans to members for terms that average five years, however, mortgage loans can extend to a maximum of twenty (20) years. These are funded mainly from member deposits and shares and loan repayments.

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3. Financial Risk Management (Cont'd):**Financial Instruments (cont'd)****Interest rate sensitivity analysis**

The Society's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

	2017					
	<b>Effective Rate (\$)</b>	<b>Up to 1 year (\$)</b>	<b>1 to 5 years (\$)</b>	<b>Over 5 years (\$)</b>	<b>Non- Interest Bearing (\$)</b>	<b>Total (\$)</b>
<b>Financial Assets</b>						
Cash in hand and at bank	0.00%	10,409,288	-	-	4,154,426	14,563,714
Other financial assets	3.09%	31,761,001	-	-	-	31,761,001
Accounts receivables and prepayments	-	-	-	-	4,490,783	4,490,783
Amounts due from Members' Companies	-	-	-	-	1,194,673	1,194,673
Loans to members	12.00%	3,541,072	33,210,662	71,486,630	-	108,238,364
Other financial assets	4.00%	-	2,751,637	18,266,062	-	21,017,699
Employee benefit assets	5.00%	-	-	-	5,910,000	5,910,000
<b>Financial Liabilities</b>						
Accounts payable and accrued charges	-	-	-	-	1,033,246	1,033,246
Members' deposits: Christmas Saving	1.00%	185,748	-	-	-	185,748
Members' deposits: Education Saving	1.00%	226,203	-	-	-	226,203
Members' savings and pooled funds	0.75%	9,934,634	-	-	-	9,934,634
Employee benefit obligation	5.00%	-	-	-	56,000	56,000
Members' shares	5.00%	164,836,834	-	-	-	164,836,834

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

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

**Financial Instruments (cont'd)**

	<b>2016</b>					
	<b><u>Effective Rate</u></b>	<b><u>Up to 1 year</u></b>	<b><u>1 to 5 years</u></b>	<b><u>Over 5 years</u></b>	<b><u>Non- Interest Bearing</u></b>	<b><u>Total</u></b>
	<b><u>(\$)</u></b>	<b><u>(\$)</u></b>	<b><u>(\$)</u></b>	<b><u>(\$)</u></b>	<b><u>(\$)</u></b>	<b><u>(\$)</u></b>
<b>Financial Assets</b>						
Cash in hand and at bank	0.01%	7,956,400	-	-	2,753,880	10,710,280
Other financial assets	4.02%	29,791,337	-	-	-	29,791,337
Accounts receivables and prepayments	-	-	-	-	661,991	661,991
Amounts due from Members' Companies	-	-	-	-	1,711,143	1,711,143
Loans to members	12.00%	2,620,198	75,051,542	30,764,225	-	108,435,965
Other financial assets	4.00%	-	2,791,864	16,805,001	-	19,596,865
Employee benefit assets	5.00%	-	-	-	5,839,000	5,839,000
<b>Financial Liabilities</b>						
Accounts payable and accrued charges	-	-	-	-	907,504	907,504
Members' deposits: Christmas Saving	1.00%	150,190	-	-	-	150,190
Members' deposits: Education Saving	1.00%	211,557	-	-	-	211,557
Members' savings and pooled funds	0.75%	8,811,370	-	-	-	8,811,370
Employee benefit obligation	5.00%	-	-	-	40,000	40,000
Members' shares	5.30%	159,453,903	-	-	-	159,453,903



# AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

#### Financial Instruments (cont'd)

##### (b) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Society relies heavily on a written Loan Policy Manual, which sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Society's lending philosophy; provide policy guidelines to team members involved in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

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

Cash balances are held with high credit quality financial institutions and the Society has policies to limit the amount of exposure to any single financial institution.

The Society also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

##### (c) Liquidity risk

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

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

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3. **Financial Risk Management (Cont'd):****Financial Instruments (cont'd)****(c) Liquidity risk (cont'd)****i) Risk management**

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

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

**ii) Liquidity gap**

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

	2017			
	<u>Up to 1 year</u> (\$)	<u>1 to 5 years</u> (\$)	<u>Over 5 years</u> (\$)	<u>Total</u> (\$)
<b>Financial Assets</b>				
Cash in hand and at bank	14,563,714	-	-	14,563,714
Other financial assets	31,761,001	-	-	31,761,001
Accounts receivables and prepayments	4,490,783	-	-	4,490,783
Amounts due from Members' Companies	1,194,673	-	-	1,194,673
Loans to members	3,541,072	33,210,662	71,486,630	108,238,364
Other financial assets	-	2,751,637	18,266,062	21,017,699
Employee benefit assets	-	-	5,910,000	5,910,000
<b>Financial Liabilities</b>				
Accounts payable and accrued charges	1,033,246	-	-	1,033,246
Members' deposits: Christmas Saving	185,748	-	-	185,748
Members' deposits: Education Saving	226,203	-	-	226,203
Members' savings and pooled funds	9,934,634	-	-	9,934,634
Employee benefit obligation	-	-	56,000	56,000
Members' shares	164,836,834	-	-	164,836,834

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3. **Financial Risk Management (Cont'd):****Financial Instruments (cont'd)****(c) Liquidity risk (cont'd)**

	2016			
	<b><u>Up to 1 year</u></b>	<b><u>1 to 5 years</u></b>	<b><u>Over 5 years</u></b>	<b><u>Total</u></b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
<b>Financial Assets</b>				
Cash in hand and at bank	10,710,280	-	-	10,710,280
Other financial assets	29,791,337	-	-	29,791,337
Accounts receivables and prepayments	661,991	-	-	661,991
Amounts due from Members' Companies	1,711,143	-	-	1,711,143
Loans to members	2,620,198	75,051,542	30,764,225	108,435,965
Other financial assets	-	2,791,864	16,805,001	19,596,865
Employee benefit assets	-	-	5,839,000	5,839,000
<b>Financial Liabilities</b>				
Accounts payable and accrued charges	907,504	-	-	907,504
Members' deposits: Christmas Saving	150,190	-	-	150,190
Members' deposits: Education Saving	211,557	-	-	211,557
Members' savings and pooled funds	8,811,370	-	-	8,811,370
Employee benefit obligation	-	-	40,000	-
Members' shares	159,453,903	-	-	159,453,903

**(d) Currency risk**

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

**(e) Operational risk**

Operational risk is the risk derived from deficiencies relating to the Society's information technology and control systems, as well as the risk of human error and natural disasters. The Society's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimize human error. Additionally, staff is often rotated and trained on an on-going basis.

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

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

**Financial Instruments (cont'd)**

**(f) Compliance risk**

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

**(g) Reputation risk -**

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

**4. Critical Accounting Estimates and Judgments:**

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions in the process of applying the Credit Union's accounting policies. See Note 2 (b).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. The Credit Union makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

# AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

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

The critical judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.
- ii) Which depreciation method is used for fixed assets.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date (requiring management's most difficult, subjective or complex judgments) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- i) Impairment of assets

Management assesses at each Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

- ii) Fixed assets

Management exercises judgment in determining whether future economic benefits can be derived from expenditure to be capitalised and in estimating the useful lives and residual values of these assets.

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

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Cash in hand	13,000	10,000
Cash in transit	2,603,412	169,773
Trinidad and Tobago Unit Trust Corporation		
- TT\$ Income Fund	6,565,411	4,501,939
- US\$ Money Market Fund	3,843,877	3,454,461
RBC Royal Bank (Trinidad and Tobago) Limited – Dividend Account	645,112	127,682
RBC Royal Bank (Trinidad and Tobago) Limited – Multilplier Account	892,902	2,446,425
	<u>14,563,714</u>	<u>10,710,280</u>

# AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 6. Other Financial Assets:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
<u>Available-for-sale</u>		
Caribbean Finance Company Limited	-	3,984,972
Trinidad and Tobago Unit Trust Corporation		
- Income and Growth Fund	5,647,829	5,414,178
RBC Royal Bank (Trinidad and Tobago) Limited		
- ROYTRIN Mutual Funds	3,227,478	2,900,269
Mutual Funds held with Republic Securities – MSCI	512,397	450,355
KCL Capital Market Brokers Limited – Pooled funds	2,000,000	1,008,209
Ansa Merchant Bank Limited		
- Income Fund	6,547,988	6,308,343
- Commercial Paper	2,000,000	-
Firstline Securities Limited	4,000,000	4,000,000
Home Mortgage Bank – Mortgage Participation Fund	5,658,569	3,589,289
Guardian Asset Management Limited	2,166,740	2,135,722
	<u>31,761,001</u>	<u>29,791,337</u>

### 7. Accounts Receivable and Prepayments:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Interest receivable on fixed deposits	32,411	130,884
Interest on loans	243,100	274,238
Lease receivable (see note below)	3,864,349	-
Prepayments	45,875	50,774
Dividends receivable	-	7,127
Family Indemnity Plan claims	94,947	-
Bond interest receivable	153,298	137,488
Other receivables	29,311	28,455
Rent receivable	27,492	33,025
	<u>4,490,783</u>	<u>661,991</u>

The Credit Union entered into a finance lease arrangement with the School of Business and Computer Science Limited (SBCS) for the investment property at Sagan Drive, Champs Fleurs during the year. Based on the terms of the lease, SBCS paid a premium of \$690,000 and is required to make monthly payments of \$37,366 (inclusive of interest) for fifteen (15) years from 1 July 2017. At the end of the lease, the property would be sold to SBCS at an agreed price of \$4,600,000 with the premium, together with all lease rents less the interest component, being used towards the payment of the purchase price.

The Lease receivable balance represents the total value of lease rents due net of payments received to date from SBCS.

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

8. Amounts due from Members' Companies:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
MBM Crown and Equipment	(600)	47,024
Alstons Marketing Company Limited	32,286	124,365
Alstons Shipping Limited	50,024	50,927
Alstons Building Enterprises Limited	129,590	135,947
Ansa Finance and Merchant Bank Limited	12,534	16,515
Ansa Polymer	114,625	-
Burmac Limited	7,643	4,233
Classic/Diamond Mc Eneaney Motors Limited	95,898	102,865
Penta Paints Caribbean Limited	145,778	-
Trinidad Publishing Company Limited	29,662	43,197
Ansa Mc Al Limited	88,145	75,054
Ansa Mc Al Chemicals Limited	62,826	66,229
Brick Fource Limited/Bestcrete	80,581	191,006
Standard Distributors Limited	156,175	136,677
Caribbean Development Company Limited	93,075	377,791
Trinidad and Tobago Insurance Limited (TATIL)	-	64,011
Tatil Life Assurance Limited	-	73,233
Tatil Life - Agents	-	43,175
Trinidad Match Factory Limited	4,976	7,221
Pensioners	-	53,487
OTC payroll group	91,557	98,186
Caribbean Glasswork Limited	(103)	-
	<u>1,194,672</u>	<u>1,711,143</u>

9. Loans to Members:

Loans to members are stated at principal outstanding net of provision for loan losses. The provision for loan losses is based on the Board's evaluation of the loan portfolio under current economic conditions and past loan loss experience.

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Loans to members	111,151,135	110,650,697
Less: Provision for loan losses	(2,912,771)	(2,214,732)
	<u>108,238,364</u>	<u>108,435,965</u>
<u>Provision for loan losses</u>		
Balance at beginning of year	2,214,732	1,962,732
Charge for the year	698,039	252,000
Balance at end of year	<u>2,912,771</u>	<u>2,214,732</u>

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

10. Other Financial Assets:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
<u>Available-for-sale - Bonds</u>		
Government of the Republic of Trinidad and Tobago bonds	1,155,000	1,142,940
Government of Belize – Guaranteed mortgage note	233,870	233,870
PETROTRIN bonds	<u>2,751,637</u>	<u>2,791,864</u>
	4,140,507	4,168,674
Less: Provision for diminution of investment	<u>(233,870)</u>	<u>(233,870)</u>
	<u>3,906,637</u>	<u>3,934,804</u>
<u>Available-for-sale - Equity</u>		
Angostura Holdings Limited – 1,000 shares (2016: 1,000)	15,050	15,000
Ansa Mc Al Limited – 19,000 shares (2016: 19,000)	1,196,810	1,263,500
Ansa Merchant Bank Limited – 11,500 shares (2016: 11,500)	460,000	461,150
CLICO Investment Fund – 32,900 shares (2016 : 32,900)	690,900	744,198
Coca Cola Bottling Company – 2,086 shares (2016: 2,086)	3,044,121	2,519,763
East Caribbean Financial Holdings Ltd. – 25,000 shares (2016: 25,000)	302,500	336,250
First Caribbean International Bank Ltd. – 7,600 shares (2016: 7,600)	69,540	64,600
First Citizens Bank Limited – 103,301 shares (2016: 103,301)	3,305,632	3,613,469
Grace Kennedy and Company Limited – 75,000 shares (2016: 25,000)	225,000	200,250
Guardian Holdings Limited – 46,047 shares (2016: 46,047)	784,180	582,494
Guardian Media Limited – 3,000 shares (2016: 3,000)	53,940	56,970
Jamaica Money Market Brokers Limited – 10,000 shares (2016: 10,000)	16,500	9,000
Massy Holdings Limited – 18,900 shares (2016: 18,900)	907,578	982,800
National Enterprises Limited – 25,000 shares (2016: 25,000)	245,000	266,250
One Caribbean Media Limited – 10,000 shares (2016: 10,000)	130,600	199,000
Point Lisas Industrial Development Co. Ltd. – 22,191 shares (2016: 22,191)	87,432	82,107
Prestige Holdings Limited – 39,817 shares (2016: 38,397)	426,042	438,086
Republic Bank Limited – 4,800 shares (2016: 4,800)	487,248	520,512
Royal Bank of Canada – 1,659 shares (2016: 1,659)	918,306	758,329
Sagicor Financial Corporation – 7,000 shares (2016: 7,000)	54,810	54,110
Scotiabank Trinidad and Tobago Limited – 19,000 shares (2016: 19,000)	1,141,900	1,117,960
Trinidad Cement Limited – 28,200 shares (2016: 28,200)	105,750	124,080
Trinidad and Tobago NGL Limited – 61,713 shares (2016: Nil)	1,635,394	-
Unilever Caribbean Limited – 9,901 shares (2016: 9,901)	287,129	592,476
West Indian Tobacco Company Limited – 5,197 shares (2016: 5,197)	<u>519,700</u>	<u>659,707</u>
	<u>17,111,062</u>	<u>15,662,061</u>
	<u>21,017,699</u>	<u>19,596,865</u>



## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

11. Employee Benefit Assets:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
<u>Amount Recognised in the Statement of Financial Position</u>		
Present value of the Defined Benefit Obligation	3,062,000	2,833,000
Fair value of Plan assets	<u>(8,972,000)</u>	<u>(8,672,000)</u>
	(5,910,000)	(5,839,000)
Unrecognised asset due to Limit in Paragraph 58	<u>-</u>	<u>-</u>
Asset recognised on the Statement of Financial Position	<u>(5,910,000)</u>	<u>(5,839,000)</u>
<u>Net Amount Recognised in the Statement of Comprehensive Income</u>		
Current service cost	60,000	52,000
Net interest cost	(290,000)	(282,000)
Administrative expenses	7,000	9,000
Past service cost	<u>48,000</u>	<u>-</u>
Income recognised in the Statement of Comprehensive Income	<u>(175,000)</u>	<u>(221,000)</u>
<u>Net Amount Recognised in Other Comprehensive Income</u>		
Experience losses - Demographic	69,000	34,000
Experience losses - Financial	63,000	47,000
Effect of Limit in Paragraph 58 (b)	<u>-</u>	<u>-</u>
Actuarial losses recognised in Other Comprehensive Income	<u>132,000</u>	<u>81,000</u>
<u>Movement in Asset Recognised in the Statement of Financial Position</u>		
Employee Benefit Asset as at end of year	(5,839,000)	(5,671,000)
Net amount recognised in the Statement of Comprehensive Income	(175,000)	(221,000)
Net amount recognised in Other Comprehensive Income	132,000	81,000
Contributions	<u>(28,000)</u>	<u>(28,000)</u>
Employee Benefit Asset as at end of year	<u><u>(5,910,000)</u></u>	<u><u>(5,839,000)</u></u>

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

11. Employee Benefit Assets (Cont'd):

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Local Equities	32%	33%
Local Bonds	40%	37%
Foreign Investments	21%	15%
Real Estate/Mortgages	2%	2%
Short Term Securities	<u>5%</u>	<u>13%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Actual Return on Plan Assets	<u><u>369,000</u></u>	<u><u>369,000</u></u>

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Discount Rate at December 31	5.00%	5.00%
Future Salary increases	3.00%	3.00%

The Company is expected to contribute **\$28,800** to its defined benefit plan in fiscal 2018.

## Sensitivity of Present Value of Defined Benefit Obligation

	1% increase	1% decrease
Discount Rate	(332,000)	419,000
Salary Growth	117,000	(102,000)

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

12. Investment Properties:

Cost	<u>Borde Street Apartments</u> (\$)	<u>Borde Street Offices</u> (\$)	<u>Dundonald Street</u> (\$)	<u>Sagan Drive</u> (\$)	<u>Total</u> (\$)
Balance as at 1 January 2017	4,385,258	-	4,390,924	4,047,700	12,823,882
Additions	120,222	11,965	41,175	-	173,362
Transfer from fixed assets	-	3,507,130	-	-	3,507,130
Disposals (see Note 7)	-	-	-	(4,047,700)	(4,047,700)
Balance as at 31 December 2017	<u>4,505,480</u>	<u>3,519,095</u>	<u>4,432,099</u>	-	<u>12,456,674</u>
<b>Accumulated Depreciation</b>					
Balance as at 1 January 2017	918,248	-	161,005	29,131	1,108,384
Charge for the year	149,102	101,351	33,513	-	283,966
Transfer from fixed assets	-	663,771	-	-	663,771
Disposals (see Note 7)	-	-	-	(29,131)	(29,131)
Balance as at 31 December 2017	<u>1,067,350</u>	<u>765,122</u>	<u>194,518</u>	-	<u>2,026,990</u>
<b>Net Book Value</b>					
Balance as at 31 December 2017	<u><u>3,438,130</u></u>	<u><u>2,753,973</u></u>	<u><u>4,237,581</u></u>	-	<u><u>10,429,684</u></u>
Balance as at 31 December 2016	<u><u>3,467,010</u></u>	<u><u>-</u></u>	<u><u>4,229,919</u></u>	<u><u>4,018,569</u></u>	<u><u>11,715,498</u></u>

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

12. Investment Properties (Cont'd):

Cost	<u>Borde Street Apartments</u> (\$)	<u>Dundonald Street</u> (\$)	<u>Sagan Drive</u> (\$)	<u>Total</u> (\$)
Balance as at 1 January 2016	4,169,787	4,384,860	4,047,700	12,602,347
Additions	215,471	8,000	-	223,471
Disposals	-	(1,936)	-	(1,936)
Balance as at 31 December 2016	<u>4,385,258</u>	<u>4,390,924</u>	<u>4,047,700</u>	<u>12,823,882</u>
<b>Accumulated Depreciation</b>				
Balance as at 1 January 2016	829,701	125,984	17,206	972,891
Charge for the year	88,547	36,957	11,925	137,429
Disposals	-	(1,936)	-	(1,936)
Balance as at 31 December 2016	<u>918,248</u>	<u>161,005</u>	<u>29,131</u>	<u>1,108,384</u>
<b>Net Book Value</b>				
Balance as at 31 December 2016	<u><u>3,467,010</u></u>	<u><u>4,229,919</u></u>	<u><u>4,018,569</u></u>	<u><u>11,715,498</u></u>
Balance as at 31 December 2015	<u><u>3,340,086</u></u>	<u><u>4,258,876</u></u>	<u><u>4,030,494</u></u>	<u><u>11,629,456</u></u>

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

13. **Fixed Assets:**

<b>Cost</b>	<b><u>Land and Building</u> (\$)</b>	<b><u>Office Improvements</u> (\$)</b>	<b><u>Computer Equipment</u> (\$)</b>	<b><u>Furniture and Equipment</u> (\$)</b>	<b><u>Capital Work-in - Progress</u> (\$)</b>	<b><u>Total</u> (\$)</b>
Balance as at 1 January 2017	6,910,435	433,712	701,572	975,296	1,768,073	10,789,088
Additions	132,303	3,629	41,714	259,520	698,581	1,135,747
Transfer to Investment Properties	(3,073,418)	(433,712)	-	-	-	(3,507,130)
Transfer from CWIP	1,724,630	-	-	742,024	(2,466,654)	-
Disposals	-	-	(5,399)	-	-	(5,399)
Balance as at 31 December 2017	<u>5,693,950</u>	<u>3,629</u>	<u>737,887</u> ✓	<u>1,976,840</u>	<u>-</u>	<u>8,412,306</u>
<b>Accumulated Depreciation</b>						
Balance as at 1 January 2017	290,603	396,707	595,545	801,161	-	2,084,016
Transfer to Investment Properties	(267,064)	(396,707)	-	-	-	(663,771)
Charge for the year	87,304	-	59,194	311,440	-	457,938
Disposals	-	-	(2,227)	-	-	(2,227)
Balance as at 31 December 2017	<u>110,843</u>	<u>-</u>	<u>652,512</u> ✓	<u>1,112,601</u>	<u>-</u>	<u>1,875,956</u>
<b>Net Book Value</b>						
Balance as at 31 December 2017	<u><u>5,583,107</u></u>	<u><u>3,629</u></u>	<u><u>85,375</u></u>	<u><u>864,239</u></u>	<u><u>-</u></u>	<u><u>6,536,350</u></u>
Balance as at 31 December 2016	<u><u>6,619,832</u></u>	<u><u>37,005</u></u>	<u><u>106,027</u></u>	<u><u>174,135</u></u>	<u><u>1,768,073</u></u>	<u><u>8,705,072</u></u>

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

13. **Fixed Assets (Cont'd):**

Cost	<b><u>Land and Building</u></b> (\$)	<b><u>Office Improvements</u></b> (\$)	<b><u>Computer Equipment</u></b> (\$)	<b><u>Furniture and Equipment</u></b> (\$)	<b><u>Capital Work-in - Progress</u></b> (\$)	<b><u>Total</u></b> (\$)
Balance as at 1 January 2016	3,073,418	433,712	583,699	855,823	-	4,946,652
Additions	3,837,017	-	117,873	121,139	1,768,073	5,844,102
Disposals	-	-	-	(1,666)	-	(1,666)
Balance as at 31 December 2016	<u>6,910,435</u>	<u>433,712</u>	<u>701,572</u>	<u>975,296</u>	<u>1,768,073</u>	<u>10,789,088</u>
<b>Accumulated Depreciation</b>						
Balance as at 1 January 2016	190,658	371,886	558,609	740,101	-	1,861,254
Charge for the year	99,945	24,821	36,936	62,726	-	224,428
Disposals	-	-	-	(1,666)	-	(1,666)
Balance as at 31 December 2016	<u>290,603</u>	<u>396,707</u>	<u>595,545</u>	<u>801,161</u>	<u>-</u>	<u>2,084,016</u>
<b>Net Book Value</b>						
Balance as at 31 December 2016	<u><u>6,619,832</u></u>	<u><u>37,005</u></u>	<u><u>106,027</u></u>	<u><u>174,135</u></u>	<u><u>1,768,073</u></u>	<u><u>8,705,072</u></u>
Balance as at 31 December 2015	<u><u>2,882,760</u></u>	<u><u>61,826</u></u>	<u><u>25,090</u></u>	<u><u>115,722</u></u>	<u><u>-</u></u>	<u><u>3,085,398</u></u>

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

14. Accounts Payable and Accrued Charges:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Accounts payable and accrued charges	320,431	256,884
Honoraria provision	192,000	192,000
CUNA Insurance premium	67,796 ✓	69,622
CUNA Indemnity Insurance Plan	175,696 ✓	142,432
Suspense account	137,780 ✓	124,099
Apartment rental deposit	61,690 ✓	33,690
Members' Special Deposit interest payable	583 ✓	420
Members' Education savings interest payable	312 ✓	289
Members' Christmas savings interest payable	157 ✓	114
Members' dividend deposits	28,802	26,251
Salary deductions	-	18,493
Accrued vacation leave	47,999 ✓	43,210
	<u>1,033,246</u>	<u>907,504</u>

15. Christmas Savings Plan:

The Christmas Savings Plan is a facility established for members. This Plan runs in a twelve (12) month cycle (November to October) and paid an interest of 1% per annum.

16. Education Savings Plan:

The Education Savings Plan is a facility established for members. This Plan runs in a twelve (12) month cycle (June to May) and paid an interest of 1% per annum.

17. Members' Savings and Pooled Funds:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Members' pooled fund and accrued interest	3,011,059	3,919,255
Members' savings deposits	5,870,007	4,189,412
Members' special deposit	1,053,567	702,703
	<u>9,934,633</u>	<u>8,811,370</u>

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

18. Employee Benefit Obligation:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
<u>Amount Recognised in the Statement of Financial Position</u>		
Present value of the Defined Benefit Obligation	<u>56,000</u>	<u>40,000</u>
Liability recognised on the Statement of Financial Position	<u>56,000</u>	<u>40,000</u>
<u>Net Amount Recognised in the Statement of Comprehensive Income</u>		
Current service cost	3,000	3,000
Interest cost	<u>2,000</u>	<u>4,000</u>
Cost/(Income) recognised in the Statement of Comprehensive Income	<u>5,000</u>	<u>7,000</u>
<u>Net Amount Recognised in Other Comprehensive Income</u>		
Experience losses/(gains) - Demographic	<u>13,000</u>	<u>(52,000)</u>
Actuarial losses/(gains) recognised in Other Comprehensive Income	<u>13,000</u>	<u>(52,000)</u>
<u>Movement in Liability Recognised in the Statement of Financial Position</u>		
Employee Benefit Obligation as at beginning of year	40,000	87,000
Net amount recognised in the Statement of Comprehensive Income	5,000	7,000
Net amount recognised in Other Comprehensive Income	13,000	(52,000)
Contributions	<u>(2,000)</u>	<u>(2,000)</u>
<b>Employee Benefit Obligation as at end of year</b>	<b><u>56,000</u></b>	<b><u>40,000</u></b>



**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

**18. Employee Benefit Obligation (Cont'd):**

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	<b>31 December</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
	<b>(\$)</b>	<b>(\$)</b>
Discount Rate at 31 December	5.00%	5.00%
Future Medical Claims Inflation	3.00%	3.00%

The Company is expected to contribute **\$2,100** to its post retirement medical plan in 2018.

Sensitivity of Present Value of Defined Benefit Obligation

	1% increase	1% decrease
Medical Inflation Rate	<u><b>11,000</b></u>	<u><b>(8,000)</b></u>

**19. Members' Shares Account:**

In accordance with existing International Financial Reporting Standards and given the substance and nature of members' shares, this balance is accounted for as a liability and not as capital of the Credit Union. The Credit Union Bye Laws 12 (a) allows for the issue of an unlimited number of shares of \$5 each.

# AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 20. Reserve Fund:

The Co-operatives Act 1971 Section 47 (2) requires that at least 10% of the net surplus of the Society for the year be transferred to a Reserve Fund. In accordance with Bye-Laws 19 and 22 of the Credit Union, this reserve may be used only with the approval of the Commissioner for bad loans and loans and other losses sustained through extraordinary circumstances over which the Credit Union has no control.

### 21. Other Funds:

At a Special Meeting of the Board of Directors held on 21 February 2011, a decision was taken to establish the following funds from January 2011:

Building Fund for construction projects	-	\$100,000
Charitable Fund for charitable donations	-	\$ 50,000
Education Fund for educational programs	-	\$100,000

At a Meeting of the Board of Directors held on 30 January 2014, a decision was taken to increase the Education Fund to **\$200,000** as at 31 December 2013.

### 22. Investment Re-measurement Reserve:

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

### 23. Related Party Transactions:

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

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

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

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

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

23. Related Party Transactions (Cont'd):

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
<b><u>Assets, Liabilities and Members' Equity</u></b>		
<b>Loans and other receivables</b>		
Loans to directors, committee members, key management personnel	6,479,462	6,927,137
<b>Shares, deposits and other liabilities</b>		
Directors, committee members, key management personnel	3,690,111	4,350,477
<b>Interest and other income</b>		
Interest on loans - directors, committee members, key management personnel	10,248	6,776
<b>Key management compensation</b>		
Short-term benefits	638,611	619,025

24. Fair Values:

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

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

a) **Current assets and liabilities**

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

b) **Members' Loans**

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

**AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

**24. Fair Values (Cont'd):**

**c) Investments**

The fair values of investments are determined on the basis of market prices available at 31 December 2017.

**d) Members' deposits**

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

**25. Capital Risk Management:**

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

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

**26. Investment Income:**

	<b>31 December</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
	<b>(\$)</b>	<b>(\$)</b>
Interest on fixed deposits and savings accounts	200,888	317,923
Gain on disposal of investments	-	(9,240)
CUNA commissions	78,138	77,667
Dividends, interest on bonds and other investments	<u>1,470,115</u>	<u>1,292,036</u>
	<b><u>1,749,141</u></b>	<b><u>1,678,386</u></b>

# AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

### 27. Miscellaneous Income:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Loan processing fees	104,624	88,083
Rental income – Car park	108,125	159,999
Rental income – Apartments	614,500	362,000
Entrance fees	2,535	1,655
Gain on foreign exchange	29,702	169,564
Gain on disposal of investment property (see Note 7)	581,431	-
Other income	<u>3,799</u>	<u>3,508</u>
	<u><b>1,444,716</b></u>	<u><b>784,809</b></u>

### 28. Administrative Expenses:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Advertising and promotion	23,831	15,547
Annual general meeting	186,899	265,336
Bad and doubtful debts	698,039	252,000
Bank charges	22,659	18,626
Cable expenses (Flow)	304	3,652
Computer expenses	38,536	43,727
CUNA premiums	808,953	825,591
Electricity	42,858	41,633
Insurance	73,267	69,471
Investment commissions and fees	12,033	243
League dues	48,516	52,648
Legal and professional fees	437,155	141,797
Loss on disposal of fixed assets	3,172	-
Maintenance	121,777	101,011
Member relation expense	12,141	8,377
Office expenses	80,252	47,763
Postage and courier	20,650	19,555
Printing and stationery	66,197	57,470
Rates and taxes	9,444	10,052
Security	102,624	93,807
Subscriptions	21,316	-
Telephone and internet	<u>114,185</u>	<u>76,824</u>
	<u><b>2,944,808</b></u>	<u><b>2,145,130</b></u>

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

29. Board and Committee Expenses:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Committee stipend allowance	70,445	90,475
Committee meeting expenses	32,260	32,052
Honorarium	192,000	189,817
Sport Committee expenses	18,100	38,351
	<u>312,805</u>	<u>350,695</u>

30. Fund Expenses:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Charity Fund expenses	10,700	11,498
Education Fund expenses	50,891	75,470
Retirees Fund expenses	30,827	37,783
	<u>92,418</u>	<u>124,751</u>

31. Interest on Members' Savings and Pooled Funds:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Interest on members' savings and pooled funds	33,618	37,586
Special deposit interest	8,055	5,931
Education savings plan interest	2,074	1,735
Christmas savings plan interest	5,701	5,732
	<u>49,448</u>	<u>50,984</u>

## AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

32. Personnel Costs:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Annuity	18,942	14,771
Contract services	3,200	37,730
Employee Assistance Program	-	2,400
Employee Benefit Asset/Obligation – IAS #19 adjustment	(200,000)	(215,000)
Group life insurance	16,418	16,565
Incentives and bonuses	68,204	66,125
Medical insurance plan	41,871	42,159
National Insurance scheme	146,580	126,005
Pension fund	27,994	27,034
Salaries	1,754,897	1,591,257
Sports day	-	140
Training	30,131	29,455
Travelling and subsistence allowance	9,364	-
Uniforms	<u>11,195</u>	<u>15,338</u>
	<u><b>1,928,796</b></u>	<u><b>1,753,979</b></u>

33. Net Actuarial (Loss)/Gain on Employee Benefit Assets/Obligation:

	31 December	
	<u>2017</u>	<u>2016</u>
	(\$)	(\$)
Actuarial loss on Employee Benefit Asset	(132,000)	(81,000)
Actuarial (loss)/gain on Employee Benefit Obligation	<u>(13,000)</u>	<u>52,000</u>
	<u><b>(145,000)</b></u>	<u><b>(29,000)</b></u>