



Chartered Accountants
& Business Advisors

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

FINANCIAL STATEMENTS

31 DECEMBER 2020



Chartered Accountants
& Business Advisors

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

31 DECEMBER 2020

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AMECU Credit Union Co-operative Society Limited

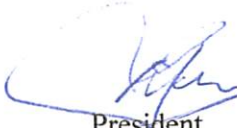
Management is responsible for the following:

- 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 2020, the statements of comprehensive income, changes in equity and cash flows for the year ended, and a summary of significant 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 the Society's 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
6th August, 2021


President
6th August, 2021



Chartered Accountants
& Business Advisors

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 2020, 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 2020 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 2020 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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Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville

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.

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
6 August 2021**

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS			
	Notes	31 December	
		2020	2019
		(\$)	(\$)
			(Restated)
Current Assets:			
Cash in hand and at bank	5	9,936,617	20,560,962
Other financial assets	6	30,734,175	23,443,260
Accounts receivable and prepayments	7	4,873,738	4,351,732
Amounts due from member companies	8	<u>1,828,620</u>	<u>977,315</u>
Total Current Assets		<u>47,373,150</u>	<u>49,333,269</u>
Non-Current Assets:			
Loans to members	9	100,259,725	107,874,320
Other financial assets	10	39,083,369	29,451,321
Employee benefit assets	11	6,627,000	6,219,000
Investment properties	12	13,359,128	13,377,246
Fixed assets	13	<u>5,446,840</u>	<u>5,769,660</u>
Total Non-Current Assets		<u>164,776,062</u>	<u>162,691,547</u>
Total Assets		<u>212,149,212</u>	<u>212,024,816</u>
LIABILITIES AND MEMBERS' EQUITY			
Current Liabilities:			
Accounts payable and accrued charges	14	1,148,302	1,351,925
Christmas Savings Plan	15	208,278	175,061
Education Savings Plan	16	<u>228,572</u>	<u>232,395</u>
Total Current Liabilities		<u>1,585,152</u>	<u>1,759,381</u>
Non-Current Liabilities:			
Members' savings and pooled funds	17	12,939,557	11,693,335
Employee benefit obligation	18	158,000	110,000
Members' shares	19	<u>168,088,295</u>	<u>168,299,907</u>
Total Non-Current Liabilities		<u>181,185,852</u>	<u>180,103,242</u>
Total Liabilities		<u>182,771,004</u>	<u>181,862,623</u>
Members' Equity:			
Reserve Fund	20	15,783,377	15,098,268
Building Fund	21	7,536	7,536
Education Fund	21	410,000	410,000
Charitable Fund	21	50,000	50,000
Investment Re-measurement Reserve	22	4,588,695	5,052,536
Undivided surplus		<u>8,538,600</u>	<u>9,543,853</u>
Total Members' Equity		<u>29,378,208</u>	<u>30,162,193</u>
Total Liabilities and Members' Equity		<u>212,149,212</u>	<u>212,024,816</u>

These financial statements were approved by the Board of Directors and authorised for issue on 6 August 2021 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>2020</u>	<u>2019</u>
		(\$)	(\$)
			(Restated)
Income:			
Interest on loans to members		9,134,963	9,646,883
Investment income	26	2,392,441	5,668,351
Lease interest income	7	276,684	289,844
Miscellaneous income	27	<u>676,856</u>	<u>711,617</u>
Total Income		<u>12,480,944</u>	<u>16,316,695</u>
Expenses:			
Administrative expenses	28	2,500,777	3,020,356
Board and committee expenses	29	100,718	167,127
Depreciation		710,054	737,798
Fund expenses	30	99,131	206,971
Interest on members' savings and pooled funds	31	27,444	32,777
Investment property expenses		123,865	121,264
Personnel costs	32	<u>1,944,114</u>	<u>1,961,556</u>
Total Expenses		<u>5,506,103</u>	<u>6,247,849</u>
Net surplus		6,974,841	10,068,846
Honorarium		<u>(192,000)</u>	<u>(192,000)</u>
Net surplus for the year		6,782,841	9,876,846
Other Comprehensive Income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Net unrealised (loss)/gain on investments		(463,841)	571,891
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Net actuarial gain/(loss) on employee benefit asset and obligation	33	<u>75,000</u>	<u>(137,000)</u>
Total Other Comprehensive (Loss)/Income for the year		<u>(388,841)</u>	<u>434,891</u>
Total Comprehensive Income		<u>6,394,000</u>	<u>10,311,737</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 2020

2020

	<u>Reserve Fund</u> (\$)	<u>Building Fund</u> (\$)	<u>Education Fund</u> (\$)	<u>Charitable Fund</u> (\$)	<u>Investment Re- measurement Reserve</u> (\$)	<u>Undivided Surplus</u> (\$)	<u>Total</u> (\$)
Balance as at 1 January 2020	15,098,268	7,536	410,000	50,000	5,052,536	9,543,853	30,162,193
Total comprehensive income	-	-	-	-	(463,841)	6,857,841	6,394,000
Transfer from net surplus	<u>678,284</u>	<u>-</u>	<u>44,623</u>	<u>54,508</u>	<u>-</u>	<u>(777,415)</u>	<u>-</u>
	15,776,552	7,536	454,623	104,508	4,588,695	15,624,279	36,556,193
Entrance fees	6,825	-	-	-	-	(6,825)	-
Fund expenses	-	-	(44,623)	(54,508)	-	99,131	-
Dividends paid – 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,177,985)</u>	<u>(7,177,985)</u>
Balance as at 31 December 2020	<u>15,783,377</u>	<u>7,536</u>	<u>410,000</u>	<u>50,000</u>	<u>4,588,695</u>	<u>8,538,600</u>	<u>29,378,208</u>

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

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CHANGES IN EQUITY (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2020

2019 - Restated

	<u>Reserve Fund</u> (\$)	<u>Building Fund</u> (\$)	<u>Education Fund</u> (\$)	<u>Charitable Fund</u> (\$)	<u>Investment Re- measurement Reserve</u> (\$)	<u>Undivided Surplus</u> (\$)	<u>Total</u> (\$)
Balance as at 1 January 2019	14,105,203	100,000	200,000	50,000	4,480,645	7,685,030	26,620,878
Total comprehensive income	-	-	-	-	571,891	9,739,846	10,311,737
Transfer from net surplus	<u>987,685</u>	<u>-</u>	<u>273,934</u>	<u>25,275</u>	<u>-</u>	<u>(1,286,894)</u>	<u>-</u>
	15,092,888	100,000	473,934	75,275	5,052,536	16,137,982	36,932,615
Entrance fees	5,380	-	-	-	-	(5,380)	-
Fund expenses	-	(92,464)	(63,934)	(25,275)	-	181,673	-
Dividends paid – 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,770,422)</u>	<u>(6,770,422)</u>
Balance as at 31 December 2019	<u>15,098,268</u>	<u>7,536</u>	<u>410,000</u>	<u>50,000</u>	<u>5,052,536</u>	<u>9,543,853</u>	<u>30,162,193</u>

(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>2020</u>	<u>2019</u>
	(\$)	(\$)
		(Restated)
Cash Flows from Operating Activities:		
Net surplus for the year	6,782,841	9,876,846
Employee Benefit/Obligation - IAS #19 Adjustment	(285,000)	(247,000)
Depreciation	710,054	737,798
Loss on disposal of fixed assets	-	1,629
Gain on disposal of investments	-	(3,988,552)
Provision for loan losses expense	<u>1,078,776</u>	<u>1,091,792</u>
	8,286,671	7,472,513
Adjusted net surplus for the year		
Net change in amounts due from member companies	(851,305)	(230,765)
Net change in accounts receivable and prepayments	(522,006)	308,244
Net change in accounts payable and accrued charges	(203,623)	(69,962)
Net change in Christmas savings plan	33,217	7,020
Net change in Education savings plan	<u>(3,823)</u>	<u>(11,428)</u>
Cash generated from Operating Activities	<u>6,739,131</u>	<u>7,475,622</u>
Cash Flows from Investing Activities:		
Net movement in members' loans	6,535,819	(2,570,680)
Net change in fixed assets and investment properties	(369,116)	(3,427,008)
Additions to investments	(17,705,828)	(7,185,158)
Sale of investments	<u>319,024</u>	<u>15,207,597</u>
Cash (used in)/generated from Investing Activities	<u>(11,220,101)</u>	<u>2,024,751</u>
Net cash flow before financing activities	(4,480,970)	9,500,373
Cash Flows from Financing Activities:		
Net change in members' savings and pooled funds	1,246,222	1,119,751
Net change in members' shares	(211,612)	2,060,890
Dividends paid	<u>(7,177,985)</u>	<u>(6,770,422)</u>
Cash used in Financing Activities	<u>(6,143,375)</u>	<u>(3,589,781)</u>
Net change in cash and cash equivalents	(10,624,345)	5,910,592
Cash and cash equivalents at beginning of year	<u>20,560,962</u>	<u>14,650,370</u>
Cash and cash equivalents at end of year	<u><u>9,936,617</u></u>	<u><u>20,560,962</u></u>
Represented by:		
Cash in hand and at bank	<u><u>9,936,617</u></u>	<u><u>20,560,962</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 2020

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 28th 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 -**

- i) The Society has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Society or have no material impact on its financial statements.

IFRS 1 First-time Adoption of Financial Reporting Standards - Amendments regarding subsidiary as first-time adopter (effective for accounting periods beginning on or after 1 January 2022).

IFRS 3 Business Combinations - Amendments regarding the definition of a business (effective for accounting periods beginning on or after 1 January 2020).

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Summary of Significant Accounting Policies (Cont'd):

(c) New Accounting Standards and Interpretations -

IFRS 3	Business Combinations - Amendments regarding the reference to the conceptual framework (effective for accounting periods beginning on or after 1 January 2022).
IFRS 4	Insurance Contracts - Amendments regarding the interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021).
IFRS 4	Insurance Contracts - Amendments regarding IFRS 17 and the extension of the temporary exemption from applying IFRS 9 (effective for accounting periods beginning on or after 1 January 2023).
IFRS 7	Financial Instruments: Disclosures - Amendments regarding additional disclosures arising from interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021).
IFRS 9	Financial Instruments - Amendments regarding fees in the 'ten percent' test for derecognition of financial liabilities (effective for accounting periods beginning on or after 1 January 2022).
IFRS 16	Leases - Amendments regarding Covid-19 related rent concessions (effective for accounting periods beginning on or after 1 June 2020).
IFRS 16	Leases - Amendments regarding the interest rate benchmark reform (effective for accounting periods beginning on or after 1 January 2021).
IFRS 16	Leases - Amendments regarding the accounting treatment of lease incentives (effective for accounting periods beginning on or after 1 January 2022).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023).
IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material (effective for accounting periods beginning on or after 1 January 2020).
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities as current and non-current (effective for accounting periods beginning on or after 1 January 2023).

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Summary of Significant Accounting Policies (Cont'd):

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

IAS 7	Statement of Cash Flows - Amendments regarding the definition of material (effective for accounting periods beginning on or after 1 January 2020).
IAS 16	Property, Plant and Equipment - Amendments regarding proceeds before intended use (effective for accounting periods beginning on or after 1 January 2022).
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding onerous contracts and cost of fulfilling a contract (effective for accounting periods beginning on or after 1 January 2022).
IAS 41	Agriculture - Amendments regarding taxation in fair value measurements (effective for accounting periods beginning on or after 1 January 2022).

(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%

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

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

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

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):

(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 -

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of:

- (i) the entity's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

The credit union reassess its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

Principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money and for credit and other risks associated with the principal outstanding. Interest also has a profit margin element.

Initial measurement

All financial instruments are initially measured at the fair value of consideration given or received.

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):

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

The credit union measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The credit union uses a fair value hierarchy that categorises valuation techniques into three levels:

- (i) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Assets and liabilities are classified as Level 1 if their value is observable in an active market. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value.
- (ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.
- (iii) Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Subsequent measurement

Those financial assets such as members' loans and receivables, which are held within a business model with the sole objective of collecting contractual cash flows which comprise principal and interest only, are subsequently measured at amortised cost. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as movements in Expected Credit Loss (ECL). When a financial asset measured at amortised cost is derecognised, the gain/loss is reflected in profit or loss.

Those financial assets such as bonds, which are held within a business model with the objectives of (i) collecting contractual cash flows which comprise principal and interest only, as well as (ii) selling the financial assets, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI). Gains/losses arising on remeasurement of such financial assets are recognised in OCI as *'Items that may be reclassified subsequently to P&L'* and are called *'Net FV gain/(loss) on financial assets classified as at FVOCI'*.

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):

(f) Financial instruments (cont'd)

Subsequent measurement (cont'd)

All other financial assets are subsequently measured at Fair Value Through Profit and Loss (FVTPL), except for equity investments, which the credit union has opted, irrevocably, to measure at FVTOCI. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as '*Net FV gain/(loss) on financial assets classified at FVTPL*'. When a financial asset measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Gains/losses arising on remeasurement of equity investments, which the credit union has opted, irrevocably, to measure at FVTOCI, are recognised in OCI as '*Items that may not be reclassified subsequently to P&L*' and are called '*Net FV gain/(loss) on equity financial assets classified as at FVOCI*'. When an equity investment measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but instead, transferred within equity.

Reclassification

If the business model under which the credit union holds financial assets changes, the financial assets affected are reclassified accordingly from the first day of the first reporting period following the change in business model. Equity instruments which the credit union opted to treat at FVTOCI cannot be reclassified.

Impairment

Financial assets are amortised costs are impaired at one of two levels:

- (i) Twelve-month Expected Credit Loss – These are losses that result from default events that are possible within twelve months after the reporting date. Such financial assets are at 'Stage 1'.
- (ii) Lifetime ECL - These are losses that result from all possible default events over the life of the financial instrument. Such financial assets are at 'Stage 2' or 'Stage 3'.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the twelve-month ECL.

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):

(f) Financial instruments (cont'd) -

Impairment (cont'd)

ECL is a probability-weighted estimate of the present value of credit losses, measured as the present value of the difference between (i) the cash flows due to the credit union under contract; and (ii) the cash flows that the credit union expects to receive, discounted at the asset's effective interest rate.

Performing financial assets – Stage 1

For performing assets and those expected to perform normally, the loss allowance is the 12-month ECL and is done immediately at initial recognition of asset.

Significant increase in credit risk – Stage 2

When an asset becomes 30 days past due, the credit union considers that a significant increase in credit risk has occurred and the asset is deemed to be at Stage 2 and the loss allowance is measured as the lifetime ECL.

Credit-impaired financial assets – Stage 3

A financial asset is 'credit-impaired' when events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about one or more of the following events:

- (i) significant financial difficulty of the borrower or issuer;
- (ii) a breach of contract such as a default or past due event;
- (iii) granted to the borrower of a concession that the lender would not otherwise consider;
- (iv) the disappearance of an active market for a security because of financial difficulties; or
- (v) the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):

(e) Financial instruments (cont'd) -

Impairment (cont'd)

The credit union assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date. There is a rebuttable presumption that financial assets that are in defaulted for more than ninety (90) days are credit impaired. The credit union also considers a financial asset to be credit impaired if the borrower is unlikely to pay its credit obligation. To determine this, the credit union takes into account both qualitative indicators such as unemployment, bankruptcy, divorce or death and quantitative indicators, such as overdue status. The credit union used its historical experience and forward-looking information that is available without undue cost or effort. If there has been a significant increase in credit risk the credit union will measure the loss allowance based on lifetime rather than twelve-month ECL.

Modification and Derecognition of Financial Assets

The credit union renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. This occurs particularly where, although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened. The revised terms usually include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan and /or a reduction in the amount of cash flows due. When a financial asset is modified, the credit union assesses whether this modification results in derecognition of the original loan, such as when the renegotiation gives rise to substantially different terms.

In the case where the financial asset is derecognised, the new financial asset will have a loss allowance measured based on twelve-month ECL. If, however, there remains a high risk of default under the renegotiated terms, the loss allowance will be measured based on lifetime ECL.

When the modification does not result in derecognition, the credit union will measure loss allowance at an amount equal to lifetime ECL.

Write-off

Loans and receivables are written off when the credit union has no reasonable expectations of recovering the financial asset, for example, when the credit union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the credit union's enforcement activities will result in gains.

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):

(f) Financial instruments (cont'd) -

Financial liabilities

Since the credit union does not trade in financial liabilities, and since there are no measurement or recognition inconsistencies, all financial liabilities are initially measured at fair value, net of transaction costs and subsequently, at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition. Financial liabilities recognised at amortised cost are not reclassified.

Measurement of ECL

The key inputs used for measuring ECL are:

- (i) probability of default (PD);
- (ii) loss given default (LGD); and
- (iii) exposure at default (EAD).

The credit union measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The credit union's financial instruments are grouped on the basis of shared risk characteristics, such as:

- (i) credit risk grade;
- (ii) collateral type;
- (iii) date of initial recognition;
- (iv) remaining term to maturity;
- (v) industry;
- (vi) geographic location of the borrower;
- (vii) income bracket of the borrower; and
- (viii) the value of collateral relative to the financial asset.

The groupings are reviewed on a regular basis to ensure that each grouping is comprised of homogenous exposures.

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. **Significant Accounting Policies (Cont'd):**(f) **Financial instruments (cont'd) -**

An analysis of the credit union's credit risk exposure without taking into account the effects of collateral is provided in the following tables. The amounts in the table represent gross carrying amounts.

	Stage 1 12 mth ECL (\$)	Stage 2 Lifetime ECL (\$)	Stage 3 Lifetime ECL (\$)	Total (\$)
Loans				
Low risk	56,951,686	280,361	1,310,690	58,542,737
Medium Risk	41,260,748	77,527	179,682	41,517,957
Substandard	-	-	231,467	231,467
Doubtful	-	-	140,262	140,262
Impaired	-	-	5,689,808	5,689,808
Total gross carrying amount	<u>98,212,434</u>	<u>357,888</u>	<u>7,551,909</u>	<u>106,122,231</u>

The table below analyses the movement of the loss allowance on loans to members at amortised cost during the year.

	Stage 1 (\$)	Stage 2 (\$)	Stage 3 (\$)	Total (\$)
Loss allowance, start of year	-	394	5,770,572	5,770,966
Transfer to stage 1	-	(36)	(161,849)	(161,885)
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	(240)	476,043	475,803
Increases/(decreases) due to change in credit risk	-	(118)	(362,699)	(362,817)
Write-offs	-	-	-	-
Loss allowance on new loans	-	89	140,350	140,439
Loss allowance, end of year	<u>-</u>	<u>89</u>	<u>5,862,417</u>	<u>5,862,506</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):(f) **Financial instruments (cont'd) -****Collateral held as security**

The credit union holds the following types of collateral to mitigate credit risk associated with financial assets:

General loans	Shares in the credit union
Mortgage lending *	Deed of Mortgage on property
Vehicle loans	Deed of Mortgage on vehicles

*The credit union holds residential properties as collateral for the mortgage loans it grants to its members. The value of the collateral for residential mortgage loans is typically based on the collateral value at origination, updated based on changes in house prices. For credit-impaired loans, the value of collateral is based on the most recent appraisals.

Assets obtained by taking possession of collateral

The credit union obtained the following assets during the year by taking possession of collateral held as security against loans held at the year end. The credit union's policy is to realise collateral on a timely basis.

	(\$)
Property	-
Shares	1,210,810
Other	<u>5,000</u>
Total assets obtained by taking possession of collateral	<u><u>1,215,810</u></u>

IFRS 9 versus IAS 39

The following tables reconcile the carrying amount of the financial assets from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2020:

	IAS 39 carrying value 31/12/19 (\$)	Reclassifications (\$)	ECL Remeasurement (\$)	IFRS 9 carrying value 1/1/20 (\$)
Amortised Cost				
Accounts receivable and prepayments	4,351,732	-	-	4,351,732
Impairment allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>4,351,732</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,351,732</u></u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):(f) **Financial instruments (cont'd) -**

	IAS 39 carrying value 31/12/19 (\$)	Reclassifications (\$)	ECL Remeasurement (\$)	IFRS 9 carrying value 1/1/20 (\$)
Amortised Cost				
Loans to members	112,658,050	-	-	112,658,050
Impairment allowance	<u>(4,783,730)</u>	<u>-</u>	<u>(987,236)</u>	<u>(5,770,966)</u>
	<u>107,874,320</u>	<u>-</u>	<u>(987,236)</u>	<u>106,887,084</u>

The carrying value of the Loans to Members was not adjusted as at 1 January 2020. The increase in the impairment allowance due to the ECL Remeasurement of **\$987,236** for 2019 was reported in the Statement of Comprehensive Income for the year ended 31 December 2020.

	IAS 39 carrying value 31/12/19 (\$)	Reclassifications (\$)	ECL Remeasurement (\$)	IFRS 9 carrying value 1/1/20 (\$)
Amortised Cost				
Bank Fixed Deposits	4,130,000	-	-	4,130,000
Impairment allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,130,000</u>	<u>-</u>	<u>-</u>	<u>4,130,000</u>

	IAS 39 carrying value 31/12/19 (\$)	Reclassifications (\$)	ECL Remeasurement (\$)	IFRS 9 carrying value 1/1/20 (\$)
FVTOCI				
Bond Investments	15,005,064	-	-	15,005,064
Impairment allowance	<u>(233,870)</u>	<u>-</u>	<u>-</u>	<u>(233,870)</u>
	<u>14,771,194</u>	<u>-</u>	<u>-</u>	<u>14,771,194</u>

	IAS 39 carrying value 31/12/19 (\$)	Reclassifications (\$)	ECL Remeasurement (\$)	IFRS 9 carrying value 1/1/20 (\$)
FVTOCI				
Equity investments	14,680,127	-	-	14,680,127
Impairment allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>14,680,127</u>	<u>-</u>	<u>-</u>	<u>14,680,127</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):

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

Members' shares

Given their non-permanent nature members' shares' are classified as a liability and stated at fair value. In accordance with the Society's bye-laws, shareholdings comprise of the following:-

- a) Section 5 (c) requires every new member, to pay an entrance fee of five dollars (\$5.00) and an operational fee five dollars (\$5.00) both of which shall go towards the Reserve Fund; and
- b) Section 5 (c) requires that every member shall purchase at least one (1) ordinary share valued at five dollars (\$5.00) each.

(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.

(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.

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Significant Accounting Policies (Cont'd):

(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.

(l) 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.

(m) Restatement

The Society over-accrued interest on bond investments and loans to members of **\$91,389** and **\$152,279**, respectively, in 2019 and prior years. This resulted in the overstatement of accounts receivable and income balances totalling **\$243,668** as at 31 December 2019.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a decision was made to restate the financial statements for the year ended 31 December 2019 and the following are the restated balances:

	Previously Reported Balance	Restated Balance
Accounts Receivable and Prepayments	\$ 4,595,400	\$ 4,351,732
Interest on Loans to Members	\$ 9,799,162	\$ 9,646,883
Investment Income	\$ 5,759,740	\$ 5,668,351
Net Surplus for the Year	\$ 10,120,514	\$ 9,876,846

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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:

	2020	
	<u>Carrying Value</u>	<u>Fair Value</u>
	(\$)	(\$)
Financial Assets		
Cash in hand and at bank	9,936,617	9,936,617
Other financial assets (Short-term investments)	29,513,742	30,734,175
Accounts receivables and prepayments	4,873,738	4,873,738
Amounts due from Members' Companies	1,828,620	1,828,620
Loans to members	100,259,725	100,259,725
Other financial assets (Long-term investments)	35,715,108	39,083,369
Employee benefit assets	6,627,000	6,627,000
Financial Liabilities		
Accounts payable and accrued charges	1,148,302	1,148,302
Members' deposits: Christmas Saving Plan (short-term)	208,278	208,278
Members' deposits: Education Saving Plan (short-term)	228,572	228,572
Members' savings and pooled funds (long-term)	12,939,557	12,939,557
Employee benefit obligation	158,000	158,000
Members' shares	168,088,295	168,088,295

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

	2019	
	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>
	(\$)	(\$)
Financial Assets		
Cash in hand and at bank	20,560,962	20,560,962
Other financial assets (Short-term investments)	22,616,597	23,443,260
Accounts receivables and prepayments	4,351,732	4,351,732
Amounts due from Members' Companies	977,315	977,315
Loans to members	107,874,320	107,874,320
Other financial assets (Long-term investments)	25,225,447	29,451,321
Employee benefit assets	6,219,000	6,219,000
Financial Liabilities		
Accounts payable and accrued charges	1,351,925	1,351,925
Members' deposits: Christmas Saving Plan (short-term)	175,061	175,061
Members' deposits: Education Saving Plan (short-term)	232,395	232,395
Members' savings and pooled funds (long-term)	11,693,335	11,693,335
Employee benefit obligation	110,000	110,000
Members' shares	168,299,907	168,299,907

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 2020****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 2020

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.

	2020					
	Effective Rate (\$)	Up to 1 year (\$)	1 to 5 years (\$)	Over 5 years (\$)	Non- Interest Bearing (\$)	Total (\$)
Financial Assets						
Cash in hand and at bank	0.00%	4,380,903	-	-	5,555,714	9,936,617
Other financial assets	5.37%	30,734,175	-	-	-	30,734,175
Accounts receivables and prepayments	-	-	-	-	4,873,738	4,873,738
Amounts due from Members' Companies	-	-	-	-	1,828,620	1,828,620
Loans to members	12.00%	14,725,537	47,808,441	37,725,747	-	100,259,725
Other financial assets	4.00%	-	756,007	38,327,362	-	39,083,369
Employee benefit assets	5.00%	-	-	-	6,627,000	6,627,000
Financial Liabilities						
Accounts payable and accrued charges	-	-	-	-	1,148,302	1,148,302
Members' deposits: Christmas Saving	0.50%	208,278	-	-	-	208,278
Members' deposits: Education Saving	1.00%	228,572	-	-	-	228,572
Members' savings and pooled funds	0.75%	12,939,557	-	-	-	12,939,557
Employee benefit obligation	5.00%	-	-	-	158,000	158,000
Members' shares	5.00%	168,088,295	-	-	-	168,088,295

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

	2019					
	<u>Effective Rate</u> <u>(\$)</u>	<u>Up to 1 year</u> <u>(\$)</u>	<u>1 to 5 years</u> <u>(\$)</u>	<u>Over 5 years</u> <u>(\$)</u>	<u>Non- Interest Bearing</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Financial Assets						
Cash in hand and at bank	0.00%	11,559,795	-	-	9,001,167	20,560,962
Other financial assets	3.09%	23,443,260	-	-	-	23,443,260
Accounts receivables and prepayments	-	-	-	-	4,351,732	4,351,732
Amounts due from Members' Companies	-	-	-	-	977,315	977,315
Loans to members	12.00%	12,450,543	53,143,953	42,279,824	-	107,874,320
Other financial assets	4.00%	-	756,007	28,695,314	-	29,451,321
Employee benefit assets	5.00%	-	-	-	6,219,000	6,219,000
Financial Liabilities						
Accounts payable and accrued charges	-	-	-	-	1,351,925	1,351,925
Members' deposits: Christmas Saving	0.50%	175,061	-	-	-	175,061
Members' deposits: Education Saving	1.00%	232,395	-	-	-	232,395
Members' savings and pooled funds	0.75%	11,693,219	-	-	-	11,693,219
Employee benefit obligation	5.00%	-	-	-	110,000	110,000
Members' shares	5.00%	168,299,907	-	-	-	168,299,907

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 2020

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.

	2020			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>
Financial Assets				
Cash in hand and at bank	9,936,617	-	-	9,936,617
Other financial assets	30,734,175	-	-	30,734,175
Accounts receivables and prepayments	4,873,738	-	-	4,873,738
Amounts due from Members' Companies	1,828,620	-	-	1,828,620
Loans to members	14,725,537	47,808,441	37,725,747	100,259,725
Other financial assets	-	756,007	38,327,362	39,083,369
Employee benefit assets	-	-	6,627,000	6,627,000
Financial Liabilities				
Accounts payable and accrued charges	1,148,302	-	-	1,148,302
Members' deposits: Christmas Saving	208,278	-	-	208,278
Members' deposits: Education Saving	228,572	-	-	228,572
Members' savings and pooled funds	12,939,557	-	-	12,939,557
Employee benefit obligation	-	-	158,000	158,000
Members' shares	168,088,295	-	-	168,088,295

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

	2019			
	<u>Up to 1 year</u> (\$)	<u>1 to 5 years</u> (\$)	<u>Over 5 years</u> (\$)	<u>Total</u> (\$)
Financial Assets				
Cash in hand and at bank	20,560,962	-	-	20,560,962
Other financial assets	23,443,260	-	-	23,443,260
Accounts receivables and prepayments	4,351,732	-	-	4,351,732
Amounts due from Members' Companies	977,315	-	-	977,315
Loans to members	12,450,543	53,143,953	42,279,824	107,874,320
Other financial assets	-	756,007	28,695,314	29,451,321
Employee benefit assets	-	-	6,219,000	6,219,000
Financial Liabilities				
Accounts payable and accrued charges	1,351,925	-	-	1,351,925
Members' deposits: Christmas Saving	175,061	-	-	175,061
Members' deposits: Education Saving	232,395	-	-	232,395
Members' savings and pooled funds	11,693,335	-	-	11,693,335
Employee benefit obligation	-	-	110,000	110,000
Members' shares	168,299,907	-	-	168,299,907

(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 2020

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 2020

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 Fair Value through Profit and Loss, Fair Value through Other Comprehensive Income or Amortised Cost.
- ii) Which depreciation method for plant and equipment is used.
- iii) Business model assessment:

The credit union reassess its business models each reporting period to determine whether they continue to be appropriate and if there need to be a prospective change to the classification of financial assets. This assessment includes judgement regarding:

- how the performance of the assets is evaluated and measured; and
- the risks that affect the performance of the assets and how these risks are managed.

- iv) Significant increase of credit risk:

The credit union computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.

- v) Establishing groups of assets with similar credit risk characteristics:

When ECL is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The credit union monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. Judgement is required in determining whether and when to move assets between portfolios.

- vi) Valuation models and assumptions used:

The credit union uses various valuation models and assumptions in measuring the fair value of financial assets, as well as in estimating ECL. Judgement is applied in identifying the most appropriate valuation model for each type of asset, as well as in determining the assumptions to be used for each model.

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

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

i) Impairment of assets

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

ii) Probability of default (PD)

PD is an estimate of the likelihood of default over a given period of time, the calculation of which includes historical data, assumptions and expectations of future conditions. PD constitutes a key input in measuring ECL.

iii) Loss Given Default (LGD):

LGD is an estimate of the percentage loss arising on default, and is based on the difference between the contractual cash flows due and those that the credit union would reasonably expect to receive, taking into account cash flows from collateral. It requires forecasting the future valuation of collateral taking into account sale discounts, the time and cost associated with realising collateral and seniority of claim. LGD is a key input in measuring ECL.

iv) Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the credit union uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the credit union uses valuation models to determine the fair value of its financial instruments.

v) Exposure at Default (EAD)

EAD is an estimate of the total loss incurred when a member defaults, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest. EAD is a key input in measuring ECL.

vi) Plant and equipment

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

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

5. Cash in Hand and at Bank:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Cash in hand	18,500	18,000
Cash and cheques in transit	538,665	-
Trinidad and Tobago Unit Trust Corporation:		
- TT\$ Income Fund	4,216,622	2,179,951
- US\$ Money Market Fund	164,281	9,379,844
RBC Royal Bank (Trinidad and Tobago) Limited		
- Dividend Account	489,427	49,241
- Multiplier Account	1,065,878	477,386
First Citizens Bank Limited		
- TT\$ Current Account	3,277,078	7,570,012
- US\$ Current Account	<u>166,166</u>	<u>886,528</u>
	<u>9,936,617</u>	<u>20,560,962</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. Other Financial Assets:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Trinidad and Tobago Unit Trust Corporation		
- Income and Growth Fund	40,640	40,594
RBC Royal Bank (Trinidad and Tobago) Limited		
- ROYTRIN Mutual Funds	4,289,703	3,646,941
Mutual Fund held with Republic Securities – MSCI	534,710	518,236
Ansa Merchant Bank Limited - Income Fund	7,113,111	7,026,599
Firstline Securities Limited	4,264,225	4,130,000
Home Mortgage Bank – Mortgage Participation Fund	6,908,961	5,813,916
Guardian Asset Management Limited	2,492,805	2,266,974
ANSA Merchant Bank Limited		
- TTMF TT\$265M Fixed Rate Bond due 2 April 2021	2,000,000	-
KCL Captial Market Brokers Limited		
- Participation Investment	1,050,230	-
Aspire Fund Management		
- AUM USD Commercial Paper	<u>2,039,790</u>	<u>-</u>
	<u>30,734,175</u>	<u>23,443,260</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

7. Accounts Receivable and Prepayments:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
		(Restated)
Interest receivable on fixed deposits	34,931	33,415
Interest on loans	172,848	258,042
Lease receivable (see note below)	3,919,498	3,710,314
Prepayments	56,437	138,042
Family Indemnity Plan claims	105,000	14,842
Bond interest receivable	385,408	196,753
Trade receivable income	99,344	-
Staff advances	-	3,958
Other receivables	74,660	2,589
Rent receivable	<u>25,612</u>	<u>(6,223)</u>
	<u>4,873,738</u>	<u>4,351,732</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 2017. 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

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8. Amounts due from Members' Companies:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Alstons Marketing Company Limited	141,879	-
Alstons Shipping Limited	42,998	42,952
Alstons Building Enterprises Limited	111,453	118,244
Ansa Finance and Merchant Bank Limited	5,661	12,349
Ansa Polymer	56,078	69,097
Burmac Limited	9,193	8,793
Classic/Diamond Mc Eneaney Motors Limited	87,864	84,714
Penta Paints Caribbean Limited	139,153	124,962
Ansa Mc Al Limited	60,511	60,089
Maibrol	-	19,662
Brick Fource Limited/Bestcrete	80,764	78,226
Standard Distributors Limited	76,597	102,698
Caribbean Development Company Limited	542,693	(5,368)
Tatil Life - Agents	19,297	52,128
Trinidad Match Factory Limited	5,014	4,803
OTC payroll group	97,083	77,650
Carib Glassworks Limited	173,072	153,316
Other	-	(27,000)
Tatil Life Assurance	70,308	-
Ansa McAL Chemicals Limited	84,774	-
M.B.M Crown and Equipment	17,458	-
Ansa Technologies	6,770	-
	<u>1,828,620</u>	<u>977,315</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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>2020</u>	<u>2019</u>
	(\$)	(\$)
Loans to members	106,122,231	112,658,050
Less: Provision for loan losses	<u>(5,862,506)</u>	<u>(4,783,730)</u>
	<u>100,259,725</u>	<u>107,874,320</u>
<u>Provision for loan losses</u>		
Balance at beginning of year	4,783,730	3,694,438
Charge for the year	1,078,776	1,091,792
Amounts recovered	<u>-</u>	<u>(2,500)</u>
Balance at end of year	<u>5,862,506</u>	<u>4,783,730</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

10. Other Financial Assets:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
<u>Bond Investments</u>		
Government of the Republic of Trinidad and Tobago	4,757,720	1,158,563
Government of Belize	233,870	233,870
Petroleum Company of Trinidad and Tobago Limited	756,007	756,007
National Investment Fund Holding Company Limited	897,000	897,000
National Insurance Property Development Company Limited	1,220,773	1,220,773
National Infrastructure Development Company Limited	1,009,472	1,009,472
First Citizens Bank Limited	4,899,064	499,808
Trinidad and Tobago Mortgage Finance Company Limited	1,498,264	1,507,174
Urban Development Corporation of Trinidad and Tobago Limited	4,000,000	4,002,397
Home Mortgage Bank	4,440,000	3,720,000
Guardian Holdings Limited	<u>1,765,564</u>	<u>-</u>
	25,477,734	15,005,064
Less: Provision for diminution of investment	<u>(233,870)</u>	<u>(233,870)</u>
	<u>25,243,864</u>	<u>14,771,194</u>
<u>Equity Investments</u>		
Angostura Holdings Limited – 11,000 shares (2019: 1,000)	180,400	16,200
Ansa Mc Al Limited – 19,000 shares (2019: 19,000)	1,016,500	1,048,800
Ansa Merchant Bank Limited – 11,500 shares (2019: 11,500)	459,655	412,390
CLICO Investment Fund – 32,900 shares (2019: 32,900)	830,725	937,650
East Caribbean Financial Holdings Ltd. – 25,000 shares (2019: 25,000)	294,634	279,000
First Caribbean International Bank Ltd. – 7,600 shares (2019: 7,600)	53,504	60,040
First Citizens Bank Limited – 103,301 shares (2019: 103,301)	4,445,042	4,596,895
Grace Kennedy and Company Limited – 75,000 shares (2019: 75,000)	288,750	296,250
Guardian Media Limited – 3,000 shares (2019: 3,000)	10,260	22,500
Jamaica Money Market Brokers Limited – 10,000 shares (2019: 10,000)	19,200	25,700
Massy Holdings Limited – 18,900 shares (2019: 18,900)	1,152,711	1,152,900
National Enterprises Limited – 25,000 shares (2019: 25,000)	78,250	144,000
One Caribbean Media Limited – 10,000 shares (2019: 10,000)	48,400	85,000
Point Lisas Industrial Port Development Corporation Ltd. – 22,191 shares (2019: 22,191)	69,902	79,888
Prestige Holdings Limited – 39,817 shares (2019: 39,817)	302,609	358,353
Republic Bank Limited – 4,800 shares (2019: 4,800)	647,952	629,856
Royal Bank of Canada – 1,659 shares (2019: 1,659)	926,317	891,015
Sagicor Financial Corporation – 7,000 shares (2019: 7,000)	76,300	76,300
Scotiabank Trinidad and Tobago Limited – 19,000 shares (2019: 19,000)	1,102,000	1,159,000
Trinidad Cement Limited – 28,200 shares (2019: 28,200)	70,500	56,400
Trinidad and Tobago NGL Limited – 61,713 shares (2019: 61,713)	1,049,121	1,478,644
Unilever Caribbean Limited – 9,901 shares (2019: 9,901)	164,852	227,723
West Indian Tobacco Company Limited – 15,591 shares (2019: 15,591)	<u>551,921</u>	<u>645,623</u>
	<u>13,839,505</u>	<u>14,680,127</u>
	<u>39,083,369</u>	<u>29,451,321</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

11. Employee Benefit Assets:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
<u>Amount Recognised in the Statement of Financial Position</u>		
Present value of the Defined Benefit Obligation	3,324,000	3,356,000
Fair value of Plan assets	<u>(9,951,000)</u>	<u>(9,575,000)</u>
	(6,627,000)	(6,219,000)
Unrecognised asset due to Limit in Paragraph 58	<u>-</u>	<u>-</u>
Asset recognised on the Statement of Financial Position	<u>(6,627,000)</u>	<u>(6,219,000)</u>
<u>Net Amount Recognised in the Statement of Comprehensive Income</u>		
Current service cost	70,000	67,000
Net interest cost	(340,000)	(303,000)
Administrative expenses	<u>6,000</u>	<u>4,000</u>
Income recognised in the Statement of Comprehensive Income	<u>(264,000)</u>	<u>(232,000)</u>
<u>Net Amount Recognised in Other Comprehensive Income</u>		
Experience (gains)/losses - Demographic	(185,000)	20,000
Experience losses - Financial	72,000	112,000
Effect of Limit in Paragraph 58 (b)	<u>-</u>	<u>-</u>
Actuarial (gains)/losses recognised in Other Comprehensive Income	<u>(113,000)</u>	<u>132,000</u>
<u>Movement in Asset Recognised in the Statement of Financial Position</u>		
Employee Benefit Asset as at end of year	(6,219,000)	(6,089,000)
Net amount recognised in the Statement of Comprehensive Income	(264,000)	(232,000)
Net amount recognised in Other Comprehensive Income	(113,000)	132,000
Contributions	<u>(31,000)</u>	<u>(30,000)</u>
Employee Benefit Asset as at end of year	<u><u>(6,627,000)</u></u>	<u><u>(6,219,000)</u></u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

11. Employee Benefit Assets (Cont'd):

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Local Equities	29%	29%
Local Bonds	36%	38%
Foreign Investments	23%	23%
Real Estate/Mortgages	2%	2%
Short Term Securities	<u>10%</u>	<u>8%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Actual Return on Plan Assets	<u><u>(156,000)</u></u>	<u><u>351,000</u></u>

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

	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Discount Rate at December 31	5.00%	5.00%
Future Salary increases	3.00%	3.00%

The Company is expected to contribute **\$31,700** to its defined benefit plan in fiscal 2021.

Sensitivity of Present Value of Defined Benefit Obligation

	1% increase	1% increase
Discount Rate	(333,000)	414,000
Salary Growth	131,000	(118,000)

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

12. Investment Properties:

	<u>Borde Street Apartments</u> (\$)	<u>Borde Street Offices</u> (\$)	<u>Dundonald Street</u> (\$)	<u>St. Augustine</u> (\$)	<u>Total</u> (\$)
Cost					
Balance as at 1 January 2020	4,517,725	3,620,464	4,485,649	3,248,828	15,872,666
Additions	123,630	83,892	-	-	207,522
Assets written-off	<u>(110,698)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,698)</u>
Balance as at 31 December 2020	<u>4,530,657</u>	<u>3,704,356</u>	<u>4,485,649</u>	<u>3,248,828</u>	<u>15,969,490</u>
Accumulated Depreciation					
Balance as at 1 January 2020	1,334,773	924,168	236,479	-	2,495,420
Charge for the year	119,849	81,192	24,579	-	225,620
Assets written-off	<u>(110,678)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,678)</u>
Balance as at 31 December 2020	<u>1,343,944</u>	<u>1,005,360</u>	<u>261,058</u>	<u>-</u>	<u>2,610,362</u>
Net Book Value					
Balance as at 31 December 2020	<u><u>3,186,713</u></u>	<u><u>2,698,996</u></u>	<u><u>4,224,591</u></u>	<u><u>3,248,828</u></u>	<u><u>13,359,128</u></u>
Balance as at 31 December 2019	<u><u>3,182,952</u></u>	<u><u>2,696,296</u></u>	<u><u>4,249,170</u></u>	<u><u>3,248,828</u></u>	<u><u>13,377,246</u></u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

12. Investment Properties (Cont'd):

	<u>Borde Street Apartments</u> (\$)	<u>Borde Street Offices</u> (\$)	<u>Dundonald Street</u> (\$)	<u>St. Augustine</u> (\$)	<u>Total</u> (\$)
Cost					
Balance as at 1 January 2019	4,514,748	3,519,095	4,467,049	-	12,500,892
Additions	2,977	-	18,600	3,248,828	3,270,405
Transfer from fixed assets	-	101,369	-	-	101,369
Balance as at 31 December 2019	<u>4,517,725</u>	<u>3,620,464</u>	<u>4,485,649</u>	<u>3,248,828</u>	<u>15,872,666</u>
Accumulated Depreciation					
Balance as at 1 January 2019	1,209,848	844,645	210,798	-	2,265,291
Charge for the year	<u>124,925</u>	<u>79,523</u>	<u>25,681</u>	-	<u>230,129</u>
Balance as at 31 December 2019	<u>1,334,773</u>	<u>924,168</u>	<u>236,479</u>	-	<u>2,495,420</u>
Net Book Value					
Balance as at 31 December 2019	<u><u>3,182,952</u></u>	<u><u>2,696,296</u></u>	<u><u>4,249,170</u></u>	<u><u>3,248,828</u></u>	<u><u>13,377,246</u></u>
Balance as at 31 December 2018	<u><u>3,304,900</u></u>	<u><u>2,674,450</u></u>	<u><u>4,256,251</u></u>	-	<u><u>10,235,601</u></u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

13. **Fixed Assets:**

	<u>Land and Building</u> (\$)	<u>Office Improvements</u> (\$)	<u>Computer Equipment</u> (\$)	<u>Furniture and Equipment</u> (\$)	<u>Total</u> (\$)
Cost					
Balance as at 1 January 2020	5,603,963	-	934,453	2,082,311	8,620,727
Additions	-	16,025	50,814	94,775	161,614
Assets written-off	<u>-</u>	<u>-</u>	<u>(473,726)</u>	<u>(358,043)</u>	<u>(831,769)</u>
Balance as at 31 December 2020	<u>5,603,963</u>	<u>16,025</u>	<u>511,541</u>	<u>1,819,043</u>	<u>7,950,572</u>
Accumulated Depreciation					
Balance as at 1 January 2020	286,777	-	823,150	1,741,140	2,851,067
Charge for the year	88,287	-	82,106	314,041	484,434
Assets written-off	<u>-</u>	<u>-</u>	<u>(473,726)</u>	<u>(358,043)</u>	<u>(831,769)</u>
Balance as at 31 December 2020	<u>375,064</u>	<u>-</u>	<u>431,530</u>	<u>1,697,138</u>	<u>2,503,732</u>
Net Book Value					
Balance as at 31 December 2020	<u>5,228,899</u>	<u>16,025</u>	<u>80,011</u>	<u>121,905</u>	<u>5,446,840</u>
Balance as at 31 December 2019	<u>5,317,186</u>	<u>-</u>	<u>111,303</u>	<u>341,171</u>	<u>5,769,660</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

13. Fixed Assets (Cont'd):

Cost	<u>Land and Building</u> (\$)	<u>Office Improvements</u> (\$)	<u>Computer Equipment</u> (\$)	<u>Furniture and Equipment</u> (\$)	<u>Total</u> (\$)
Balance as at 1 January 2019	5,693,950	11,382	825,086	2,038,798	8,569,216
Additions	-	-	109,367	47,236	156,603
Transfer to Investment Properties	(101,369)	-	-	-	(101,369)
Transfers	11,382	(11,382)	-	-	-
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,723)</u>	<u>(3,723)</u>
Balance as at 31 December 2019	<u>5,603,963</u>	<u>-</u>	<u>934,453</u>	<u>2,082,311</u>	<u>8,620,727</u>
Accumulated Depreciation					
Balance as at 1 January 2019	198,810	-	722,311	1,424,371	2,345,492
Charge for the year	87,967	-	100,839	318,863	507,669
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,094)</u>	<u>(2,094)</u>
Balance as at 31 December 2019	<u>286,777</u>	<u>-</u>	<u>823,150</u>	<u>1,741,140</u>	<u>2,851,067</u>
Net Book Value					
Balance as at 31 December 2019	<u>5,317,186</u>	<u>-</u>	<u>111,303</u>	<u>341,171</u>	<u>5,769,660</u>
Balance as at 31 December 2018	<u>5,495,140</u>	<u>11,382</u>	<u>102,775</u>	<u>614,427</u>	<u>6,223,724</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

14. Accounts Payable and Accrued Charges:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Accounts payable and accrued charges	311,408	494,905
Honoraria provision	192,000	202,849
CUNA Insurance premium	39,949	149,059
CUNA Indemnity Insurance Plan	215,643	227,596
National Insurance Payable	(638)	-
Suspense account	210,595	190,556
Apartment rental deposit	52,290	51,790
Members' Special Deposit interest payable	(128)	(128)
Members' Education savings interest payable	119	119
Members' dividend deposits	29,331	28,441
Annuity payable	4,808	5,778
Accrued vacation leave	4,802	-
Net salaries payable	-	960
CUNA Family Indemnity Plan	88,123	-
	<u>1,148,302</u>	<u>1,351,925</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 0.5% 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>2020</u>	<u>2019</u>
	(\$)	(\$)
Members' pooled fund and accrued interest	434,729	1,317,819
Members' savings deposits	9,445,981	8,301,335
Members' special deposit	3,058,847	2,074,181
	<u>12,939,557</u>	<u>11,693,335</u>

AMGECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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18. Employee Benefit Obligation:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
<u>Amount Recognised in the Statement of Financial Position</u>		
Present value of the Defined Benefit Obligation	<u>158,000</u>	<u>110,000</u>
Liability recognised on the Statement of Financial Position	<u>158,000</u>	<u>110,000</u>
<u>Net Amount Recognised in the Statement of Comprehensive Income</u>		
Current service cost	10,000	14,000
Interest cost	<u>6,000</u>	<u>5,000</u>
Cost recognised in the Statement of Comprehensive Income	<u>16,000</u>	<u>19,000</u>
<u>Net Amount Recognised in Other Comprehensive Income</u>		
Experience losses - Demographic	<u>38,000</u>	<u>5,000</u>
Actuarial losses recognised in Other Comprehensive Income	<u>38,000</u>	<u>5,000</u>
<u>Movement in Liability Recognised in the Statement of Financial Position</u>		
Employee Benefit Obligation as at beginning of year	110,000	90,000
Net amount recognised in the Statement of Comprehensive Income	16,000	19,000
Net amount recognised in Other Comprehensive Income	38,000	5,000
Contributions	<u>(6,000)</u>	<u>(4,000)</u>
Employee Benefit Obligation as at end of year	<u>158,000</u>	<u>110,000</u>

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18. Employee Benefit Obligation (Cont'd):

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

	31 December	
	<u>2020</u>	<u>2019</u>
	(<u>\$</u>)	(<u>\$</u>)
Discount Rate at 31 December	5.00%	5.00%
Future Medical Claims Inflation	3.00%	3.00%

The Company is expected to contribute **\$6,500** to its post retirement medical plan in 2020.

Sensitivity of Present Value of Defined Benefit Obligation

	1% increase	1% decrease
Medical Inflation Rate	<u>25,000</u>	<u>(19,000)</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.

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NOTES TO THE FINANCIAL STATEMENTS

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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 2019, a decision was taken to use the Building Fund for the renovation of the Port of Spain Office. This fund would not be replenished.

At a Meeting of the Board of Directors held on 15 January 2020, a decision was taken to increase the Education Fund from \$200,000 to \$410,000 as at 31 December 2020.

22. Investment Re-measurement Reserve:

In accordance with IFRS #9, 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. Related parties to the Credit Union include the directors, committee members, key management personnel and their family members

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:

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

23. **Related Party Transactions (Cont'd):**

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
<u>Assets, Liabilities and Members' Equity</u>		
Loans and other receivables		
Loans to members	4,896,182	6,495,439
Shares, deposits and other liabilities		
Shares and members' savings and pooled funds	5,108,922	4,928,217
<u>Income and expenses</u>		
Interest on loans to related parties	271,079	357,770
Interest on members' savings and pooled funds	611	434
<u>Key management compensation</u>		
Short-term benefits	637,349	571,891

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 2020

24. Fair Values (Cont'd):

c) Investments

The fair values of investments are determined on the basis of market prices available at 31 December 2020.

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:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
		(Restated)
Interest on fixed deposits and savings accounts	135,742	131,004
Gain on disposal of investments	-	3,988,553
CUNA commissions	114,843	96,933
Dividends, interest on bonds and other investments	<u>2,141,856</u>	<u>1,451,861</u>
	<u>2,392,441</u>	<u>5,668,351</u>

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27. Miscellaneous Income:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Loan processing fees	115,109	85,212
Rental income – Car park	50,400	54,000
Rental income – Apartments	500,600	509,000
Entrance fees	6,825	5,380
(Loss)/gain on foreign exchange	(2,604)	48,088
Other income	<u>6,526</u>	<u>9,937</u>
	<u>676,856</u>	<u>711,617</u>

28. Administrative Expenses:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Advertising and promotion	33,662	46,713
Annual general meeting	182,269	196,383
Bad and doubtful debts	1,078,776	1,091,792
Bank charges	32,011	37,201
Computer expenses	64,103	54,607
CUNA premiums	528,445	717,413
Electricity	34,409	30,149
Enterprise Risk Management Program	-	(27,844)
Green Fund Levy	34,934	206,546
Insurance	78,211	73,322
Investment commission and fees	34,220	1,483
League dues	48,516	48,516
Legal and professional fees	(94,730)	137,784
Loss on disposal of fixed assets	-	1,629
Maintenance	77,424	48,452
Member relation expense	10,019	21,559
Office expenses	66,471	47,375
Postage and courier	13,876	17,740
Printing and stationery	38,031	43,730
Rates and taxes	8,532	9,243
Security	100,981	112,760
Subscriptions	34,071	4,805
Telephone and internet	<u>96,546</u>	<u>98,998</u>
	<u>2,500,777</u>	<u>3,020,356</u>

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NOTES TO THE FINANCIAL STATEMENTS

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29. **Board and Committee Expenses:**

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Committee stipend allowance	80,155	99,855
Committee meeting expenses	20,526	50,285
Sport Committee expenses	<u>37</u>	<u>16,987</u>
	<u>100,718</u>	<u>167,127</u>

30. **Fund Expenses:**

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Charitable Fund expenses	54,508	25,275
Education Fund expenses	44,623	63,934
Building Fund expenses	-	92,464
Retirees Fund expenses	<u>-</u>	<u>25,298</u>
	<u>99,131</u>	<u>206,971</u>

31. **Interest on Members' Savings and Pooled Funds:**

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Interest on members' savings and pooled funds	10,541	18,772
Special deposit interest	13,274	9,605
Education savings plan interest	1,027	1,681
Christmas savings plan interest	<u>2,602</u>	<u>2,719</u>
	<u>27,444</u>	<u>32,777</u>

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NOTES TO THE FINANCIAL STATEMENTS

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32. Personnel Costs:

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Annuity	20,987	18,031
Employee Benefit Asset/Obligation – IAS #19 adjustment	(285,000)	(247,000)
Group life insurance	18,944	17,853
Incentives and bonuses	39,505	38,985
Medical insurance plan	47,504	40,146
National Insurance scheme	154,391	150,617
Pension fund	30,815	29,726
Salaries	1,912,065	1,873,675
Training	24,053	16,554
Travelling and subsistence allowance	(39,200)	234
Uniforms	15,248	22,735
Vacation costs	<u>4,802</u>	<u>-</u>
	<u>1,944,114</u>	<u>1,961,556</u>

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

	31 December	
	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Actuarial gain/(loss) on Employee Benefit Asset	113,000	(132,000)
Actuarial loss on Employee Benefit Obligation	<u>(38,000)</u>	<u>(5,000)</u>
	<u>75,000</u>	<u>(137,000)</u>

34. Impact of COVID-19:

COVID-19 is not expected to have a significant impact on the operations of the Credit Union. Management has determined that there is no material uncertainty that casts doubt on the Society's ability to continue as a going concern. The Society renegotiated some loans and granted payment deferrals to some borrowers for up to 90 days. Once the deferral period ended, the payments status of the loan would be the same to what previously existed before the granting of the deferral.