



TRINTOC (PENAL) CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED

Empowering Our Members

2018

ANNUAL REPORT

ANNUAL GENERAL MEETING 2019



VISION

The Trintoc (Penal) Credit Union will be the preferred credit union providing maximum benefits to our members with heavy emphasis on transparency, accountability and equity in our relationships with all stakeholders.

MISSION

In accordance with the Co-operative Societies Act chapter 81:03 of 1971 and our bye-laws, the mission of the Trintoc (Penal) Credit Union is to promote the holistic growth and development of our membership by rendering prudent financial management, continuous member education and sound advice and services which exceed expectations.



THE NATIONAL ANTHEM

Forged from the love of liberty
In the fires of hope and prayer
With boundless faith in our Destiny
We solemnly declare

Side by side we stand
Islands of the blue Caribbean Sea
This our native land
We pledge our lives to thee

Here every creed and race
Find an equal place
And may God bless our Nation
Here every creed and race
Find an equal place
And may God bless our Nation

THE CREDIT UNION PRAYER

Lord, make me an instrument of thy peace
Where there is hatred, let me sow love
Where there is injury, pardon
Where there is doubt, faith
Where there is despair, hope
Where there is darkness, light, and
Where there is sadness, joy

O Divine master grant that I may not
So much seek to be consoled as to console
To be understood as to understand
To be loved as to love
For it is in giving that we receive
It is in pardoning that we are pardoned
And it is in dying that we are born
To eternal life



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NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty Fifth (65th) Annual General Meeting of the Trintoc (Penal) Credit Union Co-operative Society Limited will be held on:

Date : Saturday June 22, 2019
Time : 1:00 pm
Venue : G D M Camp & Retreat Center
#106 Penal Quinam Road
Penal

The main business of the meeting will be to:

1. Receive the Minutes of the 64th Annual General Meeting
2. Receive reports for the Year 2018 as follows:
 - a. Board of Directors
 - b. Credit Committee
 - c. Supervisory Committee
 - d. Nominations Committee
 - e. Auditors
3. Present the 2019 Budget
4. Propose Resolutions
5. Elect Board and Committee Members
6. Amendments to bye-laws
7. Transact any other business

Registration starts at 12:30pm; brochures can be viewed on our website www.trintocpenalcu.org and collected at our office prior to the meeting.

**For and on behalf of
TRINTOC (PENAL) CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED**

**SHARIDA ALI
HON. SECRETARY**

Published on June 06, 2019



AGENDA

- 1.0 Call to Order
- 2.0 Credential Report and Notice of the Annual General Meeting
- 3.0 The National Anthem of Trinidad and Tobago
- 4.0 The Credit Union Prayer & Minute of Silence
- 5.0 HSE Advisory
- 6.0 President's Address
- 7.0 Motion for Acceptance of the Standing Orders (to be taken as read)
- 8.0 Motion for Acceptance of the 2019 Brochure (to be taken as read)
- 9.0 Confirmation of Minutes of the 64th Annual General Meeting held on April 14th, 2018 and Business Arising
- 10.0 Adoption of Reports
 - 10.1 Board of Directors
 - 10.2 Credit Committee
 - 10.3 Supervisory Committee
 - 10.4 Education Committee
 - 10.5 Nominations Committee
 - 10.6 Auditors Report and Financial Statements for 2018
- 11.0 Budget Presentation
- 12.0 Resolutions
- 13.0 Election of Board and Committee Members
 - 13.1 Supervisory Committee - **Outgoing**
Mrs. Avien Browne
Mrs. Indra Jagassar
Mr. Wazir Khan
 - 13.2 Credit Committee - **Outgoing**
Mr. Peter W. David
Mr. Rudolph Felix
Mr. Kelvin Pustam
Mr. Winston Samm
Mr. Calvin Sargeant
 - 13.3 Board of Directors - **Outgoing**
Mr. Eric Forde
Mrs. Claudette Green-Lewis
Mr. Seunarine Surajbally – Deceased
Mr. Vade Cheddie - 1st Alternate
- 14.0 Amendments to bye-laws
- 15.0 Greetings from Guests
- 16.0 Other Business
- 17.0 Drawing of Door Prizes
- 18.0 Vote of Thanks



STANDING ORDERS

1. (a) A member shall stand when addressing the Chair.
(b) Speeches shall be clear and relevant to the subject before the Meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which, the members shall immediately be seated.
3. No member shall address the meeting except through the Chairman.
4. A member may not speak twice on the same subject except:
 - (a) The Mover of a Motion - who has the right to reply.
 - (b) Rising to object or explain (with the permission of the Chair).
5. No speeches are to be made after the “Question” has been put and carried or negated.
6. A member rising on a “Point of Order” shall state the point clearly and concisely.
(A “Point of Order” must have relevance to the “Standing Order”).
7. (a) A Member shall not call another member “to order” but may draw the attention of the Chair to the “Breach of Order”.
(b) On no account can a member call the chair to “order”.
8. Only one amendment shall be before the meeting at one and the same time.
9. When a motion is withdrawn, any amendments to it fail.
10. The Chairman shall have a right to a “casting vote”.
11. If there is an equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
12. The Chairman shall make provision for protection from vilification (personal abuse).
13. No member shall impute improper motives against another member.



MINUTES OF AGM 2018

Minutes of the 64th Annual General Meeting held at the Gospel Deliverance Ministries Camp & Retreat Center, #106 Penal Quinam Road, on Saturday 14th April, 2018

1.0 CALL TO ORDER

The meeting was called to order by a member of the Education Committee, Mr. O. Maraj, at 3:03 p.m., who then introduced the President, Mr. P. Jagdeo.

2.0 CREDENTIAL REPORT AND NOTICE OF THE ANNUAL GENERAL MEETING

Present were members of the Board of Directors, Credit Committee, Supervisory Committee, Education Committee, twelve (12) guests and two hundred and twenty-one (221) members as well as thirty-three (33) minors. The Chairperson advised that at 2:59 p.m., there were ninety-two (92) members present and, therefore, the meeting was properly constituted.

The Honorary Secretary, Ms. Sharida Ali, was invited by the President to read to the members present the Notice of the Annual General Meeting.



3.0 THE NATIONAL ANTHEM OF TRINIDAD AND TOBAGO

The National Anthem was played.

4.0 CREDIT UNION PRAYER

The Credit Union Prayer was recited and led by Ms. Christina Bahadoor-Hosein, Chairperson of the Education Committee.

5.0 MINUTE OF SILENCE

A minute of silence was observed for those members who passed away.

6.0 HSE ADVISORY

Mr. O. Maraj advised on the housekeeping aspects, safety procedures and muster point of the meeting's venue.



7.0 PRESIDENT'S ADDRESS

The President, in his opening address, extended a cordial welcome to all members, officers and special guests to the 64th Annual General Meeting.

Following is a text of his delivery:-

Good Afternoon All;

I would like to extend a warm welcome to each one of you, especially our invited guests and those who are following us on our AGM live stream.

Today, it's my distinct pleasure to have the opportunity to report to you on the stewardship of the Board of the Trintoc (Penal) Credit Union.

We are here today to talk about the Credit Union and what we see as the way forward against the current financial backdrop. Every year that background is given and this year it's no different. When you look at global scenarios, we have had literally flat growth and when you look at the region that was not much better either. With respect to Trinidad and Tobago, our local economy presented a very uncertain picture as we grappled with the fluctuations in oil and gas prices and loss of employment, which contributed to further contraction in our economy.

But how did the Trintoc (Penal) Credit Union respond?

Amidst the subdued economic conditions domestically, the Board of the Trintoc (Penal) Credit Union embarked on a five (5) year Strategic Plan in the month of May 2017 to chart a way forward. To ensure the effective Implementation of our Strategic Objectives, a Strategic Implementation Committee, led by our astute Treasurer, was formed. Based on the objectives outlined in our Strategic Plan, we are confident that we can continue to successfully move TPCU along a growth path by adopting prudent measures to stimulate and enhance our revenue, while effectively containing our cost. Our Strategic Plan identified several areas which require our attention, however four (4) areas of immediate focus are "Construction of a new Headquarters", Membership Growth and Expansion, "Technology upgrade and enhancement and "Revenue Growth".

Regarding the construction of our new headquarters, phase 1, which included clearing / grubbing of the site has been completed. Preparatory works for Phase 2, which included backfilling and geotechnical survey, is ongoing presently.

As a Credit Union, our main purpose is to act in the best interest of our membership. Every decision we make and every initiative we undertake is strategically focused on ensuring your financial well-being. We believe that we do have a responsibility to help you build a bright future. Moving ahead in 2018 our number one priority is to ensure that we continue to make a meaningful difference in your lives in a time of tremendous economic and social change.

Notwithstanding the tough new challenges, we will face in 2018, we intend to continue our disciplined cost management, build a stronger capital base and maintain a level of liquidity to meet our needs. We are confident that our strategic objectives set a road map for sustainable long-term growth with a dedicated focus on the delivery of exceptional service. What all this means however, is the Credit Union must be on a constant drive to transform itself, improve and adapt to the ever-changing circumstances of the environment in which we now operate. It is important that we encourage the kind of innovation and entrepreneurial thinking that our vision requires. This is the challenge which we must all respond to – Directors, Committee members and staff alike. How we respond to change would define our success.

We have steadfastly moved towards improving our product offerings to you by placing a high priority on our customer service delivery. Considering such a Marketing and Communication Committee has been



formed with a mandate to carefully analyze existing marketing and communication mediums with an intent to ensure continuous improvement. New and innovative methods have been initiated to meet the needs of our members and we continue to explore newer and more effective methods. In this regard, we urge all our members to embrace our technology inventions. Our efforts to improve the communication with our membership continue through our social media interventions in “Facebook” and “Instagram”.



In our effort to stimulate loan demand, whilst closely monitoring delinquency through our methodical reviews. We urge you however, to partner with us as we strive to enrich the quality of your life. We will again offer attractive loan interest rates to our members who participate in our loan products. Additionally, through the efforts of the Education Committee, we continue to provide value added service as we strive to achieve the mission objectives.

In 2017, your belief and confidence in us played an integral part in your credit union being the recipient of the following:

1. Most Improved Financial Performance – Medium
2. Best Financial Performance – Medium
3. Best HR Development – Medium

Now as we are within the folds of 2018, that trust and confidence you have in us to prudently manage your affairs coupled with the belief that the future holds promise, and opportunity will certainly allow us to aim high for our members and this organization that we have been building for the past sixty-four years.

In closing, I would like to say a sincere appreciation to my fellow Board members whose support I have enjoyed through the term. I also wish to say a heart felt thank you to the Staff and members of all committees of TPCU for their tireless effort in serving the membership.

8.0 MOTION FOR ACCEPTANCE OF THE STANDING ORDERS

The motion was moved by Mr. P. David and adopted by Mr. C. Sargeant. The House agreed.

9.0 MOTION FOR ACCEPTANCE OF THE 2018 BROCHURE

The President asked that the entire brochure be taken as read. Mr. W. Samm moved the motion and this was adopted by Mr. C. Jagassar. The House agreed.

10.0 CONFIRMATION OF THE MINUTES OF THE 63RD ANNUAL GENERAL MEETING HELD ON SATURDAY, 2017 APRIL 29

The Minutes was confirmed by Mr. R. Felix and seconded by Mr. C. Sargeant. The House agreed.

10.1 General Meeting

Omissions and Corrections

Nil.

10.2 Business Arising out of Minutes

Mr. A. Browne made reference to Page 9 of the 2017 AGM Brochure on “Site Preparations for our new Building” and enquired on its status. The President advised that the project was in three parts:-

- Phase 1: Clearing and Grubbing of Site
- Phase 2: Preparation of Site
- Phase 3: No award as yet – Awaiting Petrotrin’s input.

The President said, thus far, Phase 1 was completed. In an effort to do the leveling and grubbing, Petrotrin’s Civil Department was consulted and the job was awarded to Mr. Devon Jacob. Machinery used was from Contractor Mahabir. With regard to Phase 1, all documentation are in place and this aspect of the project was at a cost of \$21,000.00.

11.0 ADOPTION OF REPORTS

11.1 Board of Directors

This was moved by Mr. S. Grant and seconded by Mr. C. Jagassar. The House was unanimously in favour.

Matters Arising

On Page 22 of the Board of Directors’, Mrs. A. Browne asked about the positions of the President and Vice President. The President advised that after the AGM process, internal elections are carried out for respective positions on all committees.

On Page 23, Mrs. A. Browne enquired on the “major decisions to be taken that would impact significantly on the growth potential.” The President advised that thus far, TPCU is a ‘closed’ bond. Pertinent questions arise

with regard to “how do we deal with a closed bond as opposed to an open bond?” What would be the delinquency ratios if the bond was opened up.”

Mrs. Browne further enquired on the implementation of an Enterprise Risk Management (ERM) framework. The President advised that there are risks in TPCU, for example, delinquency; competitiveness with other financial institutions. He said that without the proper skill sets, there is an element of risk. A framework has been outlined, and implementation is yet to be done.

The Treasurer also advised that increases also occur and made reference to ‘Property maintenance, land rent and facilities’ as shown on Page 70 of the brochure.





11.2 Credit Committee Report

This was moved by Mr. S. Grant and seconded by Mr. C. Sargeant.

Matters Arising

Mr. A. Dyer enquired whether there was a tracking system. He was advised that the Office Staff has such information and feedback is given to the Credit Committee on such matters.

Mrs. I. Jagassar enquired about the category “Other” and wanted to know if there were any opportunities that we could leverage on in moving forward – personal loans, domestic loans, etc. Mr. W. Samm said that the Business Loans keep us going.

The President advised that there were a lot of net savers in the Credit Union. These members are just not borrowing. TPCU reviewed the interest rates to make it attractive for borrowing but, still, they are not borrowing. It is important for members, in good standing, to also borrow and not only save.

11.3 Supervisory Committee Report

This was moved by Mr. P. David and seconded by Mrs. I. Jagassar.

Matters Arising

Mr. A. Dyer enquired about the review on Delinquency: Reports, trends, repayments, arbitration with emphasis on the trends and repayments. Mr. W. Khan referred him to the Brochure – Page 27, 7.0 – 2017 Delinquency.

Mr. A. Browne indicated that last year, he suggested that the Supervisory Committee should have a little more in-depth content in its report. Mr. W. Khan said that the Supervisory Committee does random sampling and presents findings. All items may not carry recommendations. Mr. A. Browne said that he does not accept that answer.



It was recommended that TPCU should look over its policies and with regard to membership status, repayments – the criteria should be reviewed.

Mrs. Avien Browne suggested that following the report, recommendations/responses provided by the Board should be included as a way in moving forward. The Treasurer advised that provisions made included the new IFRS-9 System.

Mrs. Browne also requested a synopsis of the initiatives used to reduce delinquency. Dr. G. Ransome said that the Credit Committee analyses each loan, looking carefully at all aspects and, in some cases, the Board reviews loans that are forwarded by the Credit Committee. Mrs. Browne said that in the current, uncertain, environment, she is concerned that TPCU needs to



be a little more prepared. She indicated too that often times, challenges may provide better opportunities.

Mrs. Browne was also advised that the training, under the Supervisory Committee Report – AML/CFT Workshop was part of a wider training attended by All Officers.

Mrs. I. Jagassar enquired on what are some of the

new lessons learnt. What is the leverage in going forward? Mr. W. Khan said that TPCU wants to ensure that your investments are safe and secure. There is a lot of liquidity in the Credit Union and we are here to ensure that investments grow. This also requires stringent and prudent management.

Mrs. I. Jagassar wanted to know what emerged during the past year. Mr. W. Khan said that Applications for Loans and Mortgages were closely scrutinized. TPCU has also been growing because of prudent investments.

Mr. A. Dyer indicated that there were some areas with which he was not satisfied – the new formula for the Provision for Doubtful Debts. He said that he is leaving the meeting without a clear understanding why the Bad Debts rose from \$420,462 in 2016 to \$1,019,235 in 2017.

Mr. J. Lewis said that the Supervisory Committee's role is not to deal with Delinquency. No-one could foreplan delinquency because an employee could lose his job. He also enquired if any attempt was made to deal with delinquency.

The President advised that delinquency has been “playing us for a while.” A Delinquency Committee was constituted in 2017. We looked at the Delinquency Policy as well as an Enterprise Risk Management system. TPCU extended invitations to other Credit Unions to have discussions and come up with an over-arching policy in How to Deal with Delinquency. During discussions with these Credit Unions, it was pointed out that members belonging to several credit unions were also delinquent in some of these credit unions. We also have to be mindful that within Petrotrin, the best paying member could become delinquent. Meetings were held with the Manager and Loans Officer with regard to possible delinquents and the names of the Delinquent Members were published in the Daily Newspapers. He also said that as TPCU continues to grow, the Board is trying to establish a certain skill set that would add value to its operations.

11.4 Education Committee Report

This was moved by Mr. S. Grant and seconded by Mr. K. Pustam.

Matters Arising

With regard to the Strategic Plan, Mrs. A. Browne asked whether it could be shared with the membership. Ms. C. Bahadoor-Hosein replied in the affirmative and said that she will discuss with the Board.

Ms. S. Felix suggested that the Education Committee could share a listing of scheduled events so that members could plan accordingly. Ms. Bahadoor-Hosein said that they would consider the suggestion.

Mrs. I. Jagassar said that the Strategic Plan is about innovation and she wanted to know to what extent the Education Committee is helping the membership. Ms. Bahadoor-Hosein responded that some of the programmes offered and sponsored by the Education Committee consist of:-

- Résumé Writing
- Financial Planning
- Investments

**11.5 Nominations Committee Report**

This was moved by Mrs. I. Jagassar and seconded by Mr. S. Grant.

Matters Arising

Nil.

11.6 Auditor's Report and Financial Statements as at December 31st, 2017

This was moved by Mr. R. Felix and seconded by Mr. W. Khan.

A representative from the Auditing Firm, Maharaj Mohammed & Co., Mr. Ravi Maharaj, read the Independent Auditor's Report.

The acceptance of the Auditor's Report was moved by Mr. K. Pustam and seconded by Mr. C. Sargeant.

Matters Arising

Nil



The Treasurer, went through the **Financial Statements as at December 31st, 2017**.

This was moved by Mr. C. Sargeant and seconded by Mr. K. Pustam.

Matters Arising

Ms. S. Felix enquired about the “Dividends paid in error” on Page 48 of the brochure. Dr. G. Ransome explained it was an Accounting Software error.

On Page 46, with respect to the Total Liabilities and Shareholders’ Equity of \$266,846,990 for 2017,

Dr. G. Ransome said that the increase was due to current assets, members’ loans and investments.

Mr. A. Browne also enquired about the Net Surplus in the graph. The Treasurer said that dividends come from the net surplus.

With regard to Property, plant and equipment on Page 46 of the brochure, Mr. A. Dyer asked if the land preparation started in 2017. The Treasurer responded that land preparation started in 2018.

12.0 PROPOSED BUDGET 2018

The Treasurer presented the 2018 budget.

This was moved by Mr. S. Grant and adopted by Mr. M. Ganga.

Matters Arising

The Treasurer mentioned that the Budget for 2018 was less than the 2017 Budget.

Mrs. A. Browne made reference to the Board & Committee Expenses on Page 72 as compared to Item 22 on Page 70. The Treasurer is to check on the “drill-down” and difference and revert to Mrs. Browne. The Treasurer advised that the new building should be completed in three – four years. Mrs. A. Browne emphasized that there must be control over expenses and suggested that the Budget be closely looked at again. She felt that each budgeted item should be looked at individually and that expenses should be decreased. TPCU should re-look the Board and Committee expenses. The Treasurer also explained that the Board meets about three to four times per month.

With regard to the Proposed Budget 2018, Mrs. Browne requested a response on the matter. Mrs. I. Jagassar suggested that there should be a narrative to the proposed budget. In moving forward, she enquired whether TPCU could access the Green Fund Levy. She said that the International Labour Organization (ILO) could help TPCU and, perhaps, the Education Committee could assist in seeking information.

Mrs. M. Johnson enquired about the \$150.00 yearly payment towards the Death Benefit Fund and whether there is any insurance covered on members’ shares. Mr. I. Mohamed, the Vice President, advised that TPCU has no Depositors’ Insurance. With regard to CUNA Insurance, Life Savings are up to \$30,000.00 and Loan Protection up to \$60,000.00. The Board is currently reviewing this matter as



follows: Life Savings - \$60,000.00 and Loan Protection up to \$300,000.00. However, additional costs will have to be paid by the member.

Ms. B. Johnson said that the figures on Page 72 and Page 50 “do not jive.” Dr. G. Ransome indicated that the figures will not be consistent.

13.0 RESOLUTIONS

The Secretary read the proposed resolutions:-

Resolution 1 – Appointment of Auditors

Whereas the Commissioner for Co-operative Development has drawn up a list of approved Auditors for the accounts of Co-operative Societies in accordance with Section 51 of the Co-operative Societies Act and Regulations thereof.

And whereas Bye-Law 22 (k) of the Trintoc (Penal) Credit Union requires the Annual General Meeting to appoint an Auditor for the ensuing term from the list of Auditors approved by the Commissioner.

Be it resolved that Maharaj Mohammed and Co. be appointed Auditors of the Trintoc (Penal) Credit Union Co-operative Society Limited for the financial year ending December 31st 2018.

This was seconded by Mr. W. Khan and approved by the membership.

Resolution 2 – Distribution of Surplus

Whereas the Credit Union has realized a net surplus for the financial year ended December 31st 2017; and whereas Bye-law 12 of the Society makes provision for the distribution of this surplus in accordance with the regulations of the Co-operative Societies Act.

Be it resolved that a dividend of 4% be declared on members’ shares as at December 31st, 2017 and credited to their share accounts.

And be it further resolved that any account which is in arrears, the said sum be credited to outstanding loan and interest.

This was seconded by Ms. S. Felix and approved by the membership.

Resolution 3 – Building Fund

Whereas Bye-Law 12 (g) of the Society states the balance of the net surplus may be used at the discretion of the General Meeting for the constitution of a Building Fund.

And whereas the Credit Union has to set aside funds for a new building as we are fast outgrowing our current facility.

Be it resolved that the sum of \$1,500,000.00 be allocated from the net surplus as at December 31st, 2017 to the Building Fund.

This was seconded by Mr. H. Louison and approved by the membership.

14.0 ELECTION OF BOARD AND COMMITTEE MEMBERS

At this stage, Dr. G. Bovell-Pitt, Co-operative Officer, Co-operative Development Division was asked by the Chairperson to conduct the elections. All outgoing positions were declared vacant.

Dr. G. Bovell-Pitt reminded members that election of officers in any organization was very important and that before nominating a member to serve on any Committee, that member should be closely



examined. Further, any member who served on the Supervisory Committee for three (3) consecutive years would not be eligible for re-election on the Supervisory Committee.

*At 6:00 p.m. – 221 members were present for the voting process.
Election results were as follows:*

14.1 Supervisory Committee

Names	No. of Votes
Wazir Khan <i>Nominated by : Adriana Vialva-Ralph Seconded by : Britney Johnson</i>	83
Avien Browne <i>Via the Nominations Committee</i>	81
Indira Jagassar <i>Via the Nominations Committee</i>	80
Rooplal Toolsie <i>Via the Nominations Committee</i>	66 (1 st Alternate)
Kimberley Pustam <i>Nominated by : Stephanie Juttlah Seconded by : Kelvin Pustam</i>	59 (2 nd Alternate)

Mr. Ashton Wharwood moved that nominations cease.
Mrs. Tahara Pustam seconded.

14.2 Credit Committee

Names	No. of Votes
Peter W. David <i>Via the Nominations Committee</i>	108
Winston Samm <i>Nominated by: Keisha Felix Seconded by: Stephanie Felix</i>	105
Rudolph Felix <i>Via the Nominations Committee</i>	104
Calvin Sargeant <i>Via the Nominations Committee</i>	101
Kelvin Pustam <i>Via the Nominations Committee</i>	97

At this point, Mr. Selvon Grant asked that nominations be ceased and Mr. Ananias Johnson reminded the Returning Officer that two (2) alternates were yet to be nominated.



Adriana Vialva-Ralph 11 (1st Alternate)
Nominated by: Wazir Khan
Seconded by: Omar Maraj

Omar Maraj 8 (2nd Alternate)
Nominated by: Anna-Marie Whyte
Seconded by: Avion Baptiste

Mr. Selvon Grant moved that nominations cease.
Mrs. Ayesha David seconded.

14.3 Board of Directors

Names	No. of Votes
Sharida Ali <i>Via the Nominations Committee</i>	92
Neal Johnson <i>Via the Nominations Committee</i>	86
Godfrey Ransome <i>Via the Nominations Committee</i>	84
Vade Cheddie <i>Via the Nominations Committee</i>	56 (1 st Alternate)
Camal Jagassar <i>Via the Nominations Committee</i>	41 (2 nd Alternate)

Mr. Imtiaz Mohamed moved that nominations cease.
Mr. Winston Samm seconded.

The Chairperson thanked Dr. G. Bovell-Pitt and her team for conducting the elections and congratulated the elected members.

Voting was carried out by ballots which were destroyed following a motion moved by Mr. E. Forde and seconded by Mr. C. Sargeant.



15.0 GREETINGS FROM GUESTS

Ms. Lydia Wildman-Tyson brought greetings on behalf of the Co-operative Credit Union League as well as Mr. Aldwin Ferguson Jr. of Palo Seco Credit Union, Ms. Marlene Joseph of Antilles Employees' Credit Union, Mr. Evans Cadogan of Zenith Credit Union, Mr. Simon Gowrie of CUNA Caribbean Insurance Society and Mr. W. Guadeloupe of the South West Regional Chapter.



16.0 DOOR PRIZE

The following door prizes were drawn and \$500.00 each will be credited to the Winners' respective share accounts ~

	<u>Drawn By</u>	<u>Winner</u>
16.1	Lydia Wildman-Tyson	Aasieyah Abdool #M 33
16.2	Rajiv Balkaran	Jeremy Maraj #194
16.3	Kaylee Anderson	Tahara Pustam #100

17.0 OTHER BUSINESS

Nil.

18.0 VOTE OF THANKS

The vote of thanks was moved by Mr. Winston Samm.

There being no further business for discussion, the Chairperson thanked the members for attending and declared the meeting closed at 7:35 p.m.

Respectfully submitted

Sharida Ali
Hon. Secretary

The Office Staff

MANAGER



Mrs. Nadraka Persad

ASSISTANT MANAGER



Mrs. Sharida Gaffar-Ramrattan

LOAN OFFICER (RETIRED MARCH 2019)



Ms. Lazina Hosein

CUSTOMER SERVICE REP.



Mrs. Ann Marie Lee-Pulchan

CUSTOMER SERVICE REP.



Mrs. Peaches Francis-Mc Nish

TECHNICAL ASST./OFFICE CLERK



Mr. Rawle Kanju

Board of Directors

PRESIDENT



Mr. Perry Jagdeo

VICE PRESIDENT



Mr. Imtiaz Mohamed

SECRETARY



Ms. Sharida Ali

TREASURER



Dr. Godfrey Ransome

ASSISTANT SECRETARY



Mrs. Claudette Green-Lewis

DIRECTOR



Mr. Eric Forde

DIRECTOR



Mr. Ananias Johnson

DIRECTOR



Mr. Neal Johnson

DIRECTOR (PASSED AWAY FEB. 05, 2019)



Mr. Seunarine Surajbally



BOARD OF DIRECTORS REPORT

Distinguished Guests, Fellow Co-operators, Members; the Board of Directors is pleased to present to the 65th Annual General Meeting the report on its stewardship for the period, January to December 2018.

The Board of Directors consists of the following members: -

Perry Jagdeo	-	President
Imtiaz Mohamed	-	Vice President
Sharida Ali	-	Secretary
Godfrey Ransome	-	Treasurer
Claudette Green-Lewis	-	Assistant Secretary
Eric Forde	-	Director
Ananias Johnson	-	Director
Neal Johnson	-	Director
Seunarine Surajbally	-	Director (passed away February 05, 2019)

Board Attendance Record

The Board of Directors held twelve (12) Statutory Board Meetings, seventeen (17) Special Meetings and five (5) All Officers' Meetings for the period.

Director	Statutory Meetings	Special Meetings	All Officers' Meetings	Excused
Perry Jagdeo	10	17	4	3
Imtiaz Mohamed	10	14	5	5
Sharida Ali	11	17	4	2
Godfrey Ransome	12	15	5	2
Claudette Green-Lewis	10	13	4	7
Eric Forde	12	15	4	3
Ananias Johnson	11	17	5	1
Neal Johnson	11	13	3	7
Seunarine Surajbally (passed away February 05, 2019)	9	11	3	11



1.0 Introduction

TPCU has been operating for the past sixty-five years, the 2018 financial year has been undoubtedly one of its most challenging year. Amidst the background of an already unstable labour climate, the sudden and unexpected closure of Petrotrin - to which 37% of our membership belonged – tested every fabric of our institution.

As a result, the credit union was obliged to temporarily set aside the strategic objectives from its 2018-2022 Strategic Plan to focus on maintaining the stability of the organization and addressing the needs of its members.

The closure of Petrotrin precipitated both an unprecedented demand of some \$25M in share withdrawals at end 2018. However, there was positive action by the board which resulted in significant cash deposits and repayment of loans from recipients of termination packages.

Nevertheless, although somewhat bruised from the impact, the credit union has ably braved the Petrotrin storm and must now restore itself by paving the way on to sustainable growth. To this end, the immediate task ahead is to seek approval from our members to amend the bye-laws.

We must also highlight that for yet another year, the CCULTT at its annual award ceremony in October 2018 recognized TPCU as the best financial performer among the medium-sized credit unions in Trinidad and Tobago..

As we celebrate 65 years as a consistently strong and stable organization, we continue to seek your support, especially now at this critical juncture. TPCU is now obligated to expand our membership beyond the traditional Petrotrin family which once accounted for 37% of our membership.

2.0 Financial highlights

TPCU's 2018 financial performance shows that your credit union has managed to stay afloat despite an intense struggle to swim against two strong countercurrents: a continued sluggish economy and the drastic unexpected closure of Petrotrin.

The results, therefore, reflect moderate success with a net surplus of \$9.5 million (M), a decrease of \$3.2M from 2017. An important element to be highlighted is the mandatory adoption of IFRS9, an International Financial Reporting Standard which addresses how financial institutions and other entities classify and measure financial instruments. As a result of adopting this Standard, the expected credit loss provision for 2018 increased expenses by \$3.7M.

Given the challenging industrial climate, some key financial parameters underwent undue setbacks when compared to 2017. Members' shares experienced a 6% decline to \$207.7M, whilst loans fell significantly by 25% to \$93.3M. Nevertheless, total assets decreased by 1% to \$263.4M as cash at the credit union increased markedly by 160% to \$57.4M.

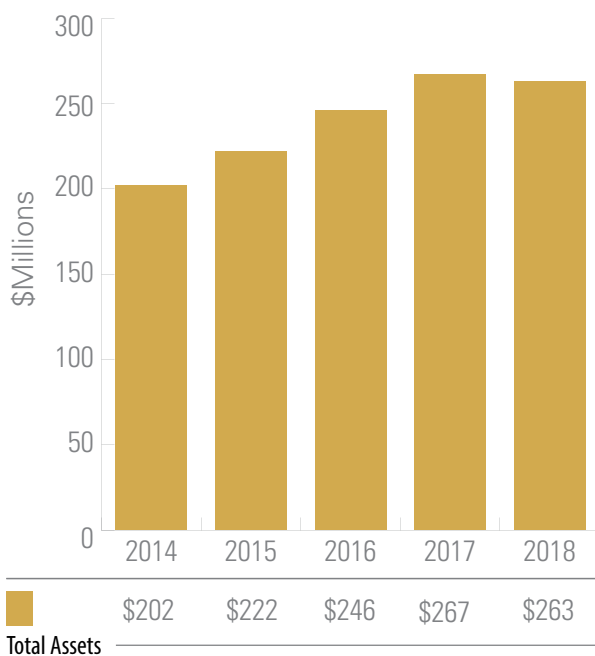
It is indeed reassuring to note that despite the setbacks, the organization remains stable with an institutional capital to assets ratio of 10% in line with recommended standards.



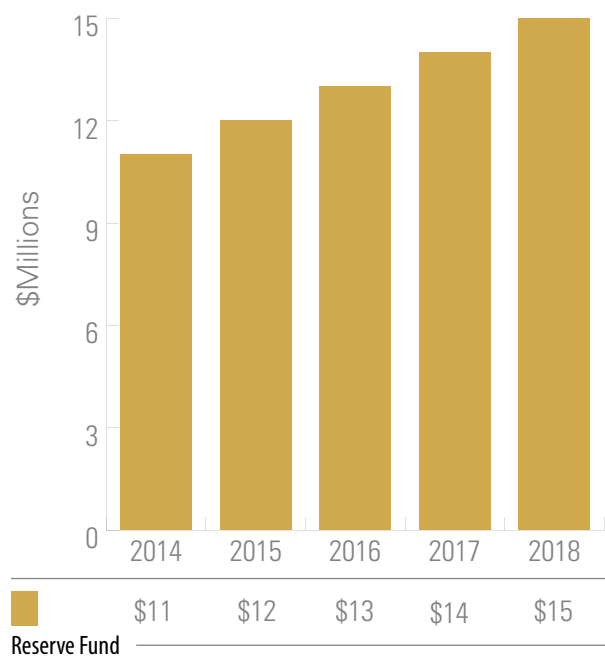
Performance Comparative for the period 2014 – 2018

Items	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000
Total Assets	201,855	221,562	245,821	266,847	263,447
Reserve Fund	10,858	11,795	12,934	14,204	15,159
Members' Shares	169,138	186,020	203,449	220,103	207,741
Loan Balances	95,213	108,898	119,463	124,661	93,283
Investment	78,051	87,937	103,593	116,845	111,647
Expenses	3,716	4,322	4,006	4,815	7,548
Income	12,087	13,662	15,382	17,488	17,078
Net Surplus	8,371	9,340	11,375	12,674	9,531
	2014	2015	2016	2017	2018
Membership	2542	2652	2760	2874	2940

Total Assets 2014-2018

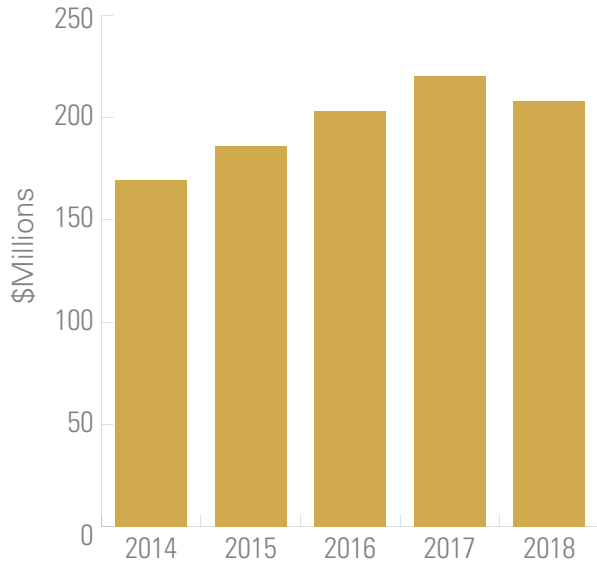


Reserve Fund 2014-2018



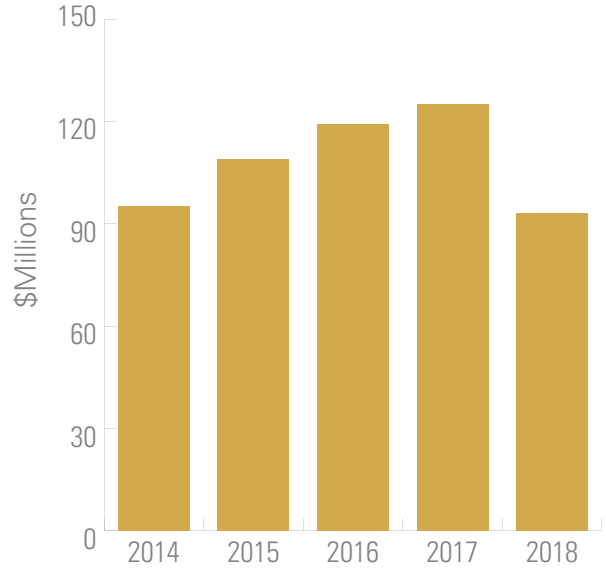


Members Shares 2014-2018



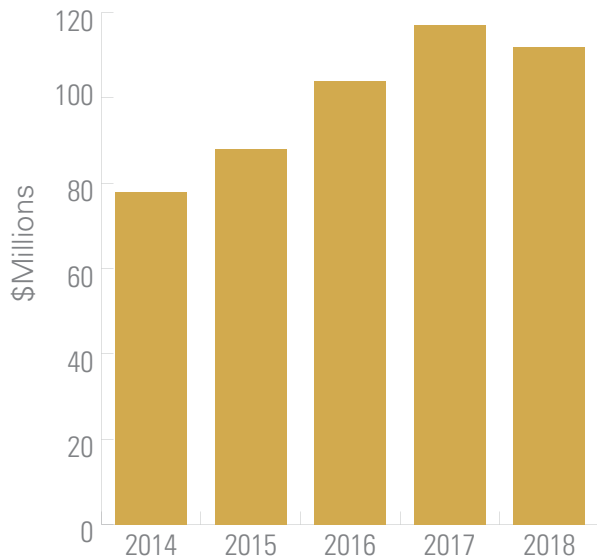
Members Shares

Loan Balances 2014-2018



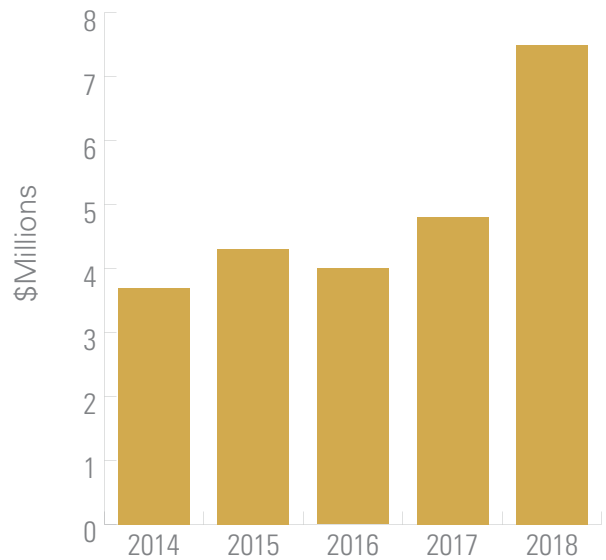
Loan Balances

Investments 2014-2018



Investments

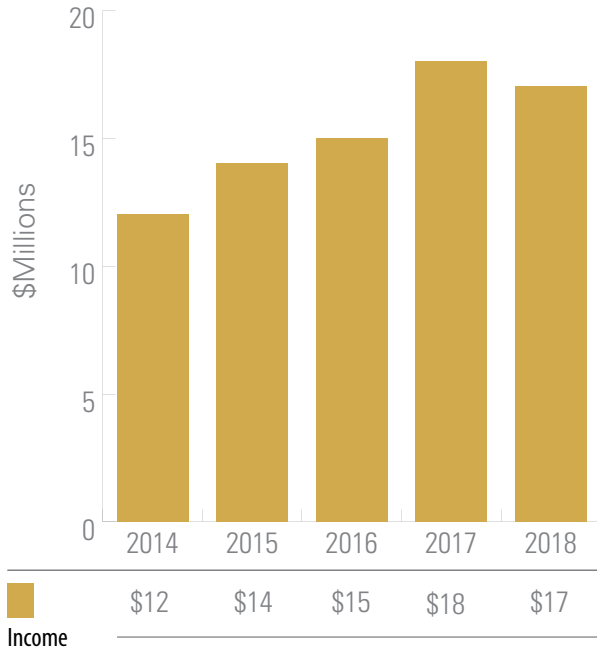
Expenses 2014-2018



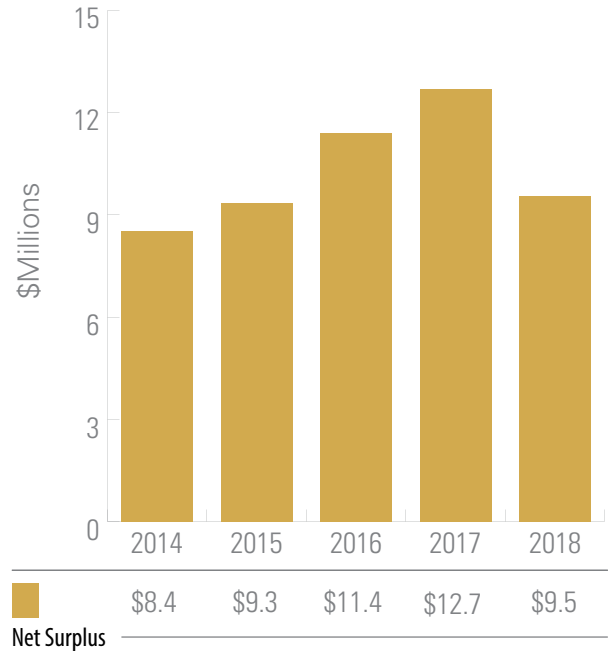
Expenses



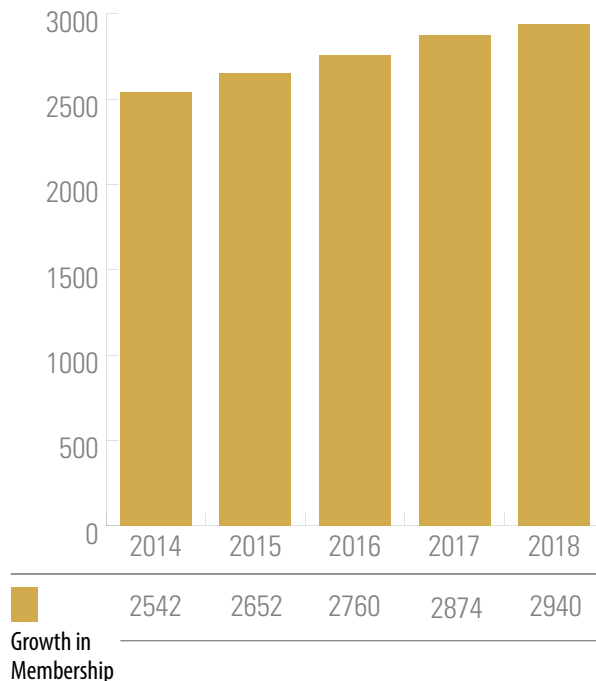
Income 2014-2018



Net Surplus 2014-2018



Growth in Membership 2014-2018





3.0 DIVIDEND

The Board of Directors is proposing a dividend of 3% for ratification by members at this Annual General Meeting for the financial year ended December 31, 2018.

4.0 MEMBERSHIP

Membership as at 1 st January, 2018	-	2874
New members joined in 2018	-	76
Deaths	-	10
Resignations	-	-
Membership as at 31 st December, 2018	-	2940

5.0 CONDOLENCES

We offer heartfelt sympathy to the families of our departed members who have loyally contributed to Trintoc (Penal) Credit Union's success over the years.

- Prema Sankar
- Delano Simms
- Kelly Chandarjeet
- Sahadeo Samaroo
- Hayden Louison
- Ramchit Thomas
- Robert Lalchan
- Francis Rajpaul
- Roy Ramlakhan
- Kenneth Ramlochan

6.0 CUNA

CUNA Caribbean Insurance Society remain the primary insurance provider for our credit union and as such our professional relations remain intact. In 2018, CUNA announced that it will no longer offer the LS Plus Plan i.e. a death benefit of \$24,000.00 and will be focused on developing new products. Coverage under the LS Plus Plan ends on October 31st, 2019.

7.0 DELINQUENCY CONTROL AND LOAN COLLECTION

Loan delinquency for 2018 was adversely impacted by the domino effects of:

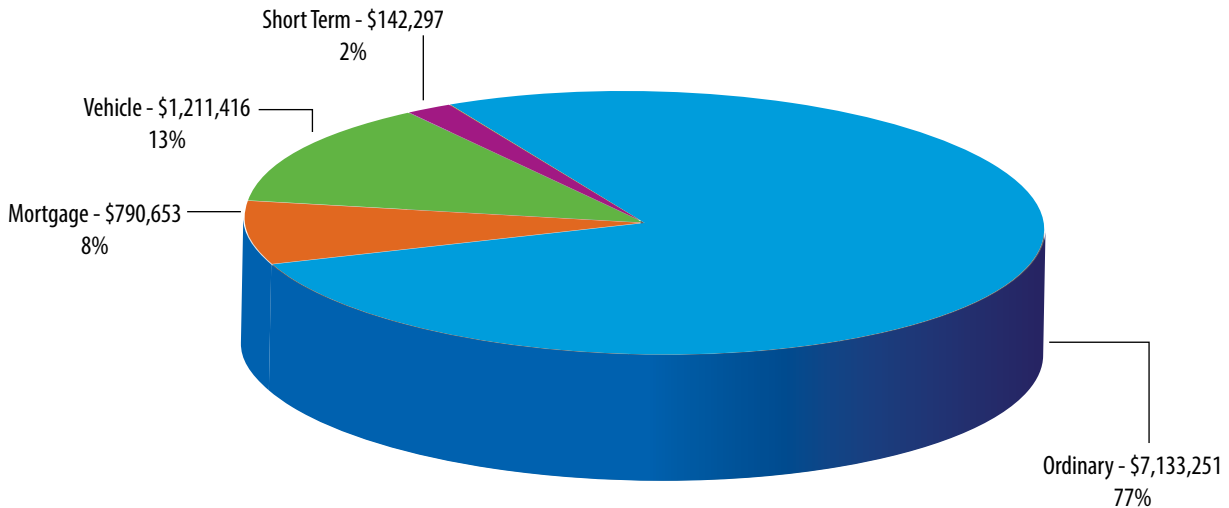
- Petrotrin's closure
- the full implementation of IFRS 9 from January 1, 2018. Consequently, average delinquency jumped from 2.4% in 2017 to 9% in 2018.

A Board sub-committee continues to meet regularly with these members to discuss a mutually acceptable way forward.

We take this opportunity to urge our members who are experiencing difficulties in making payments to their account, to contact the credit union as we make every effort to assist you.

Recovery efforts continue to be vigorously pursued by the Board and office staff, and ultimately through the Commissioner for Co-operative Development, Arbitration Department. A bailiff has also been contacted to assist with the Credit Union's recoveries.

Provision For Bad And Doubtful Debts (IFRS9) by Loan Type, Values And Percentage



8.0 COMMUNITY CONTRIBUTIONS

The Trintoc (Penal) Credit Union continues to render assistance to charitable causes within the community and its immediate environs.

9.0 TRAINING AND DEVELOPMENT

The TPCU continues to invest in educating its members through seminars, training programmes and short courses.

10.0 MANAGEMENT SYSTEMS

10.1 EMORTELLE (Credit Union Management Information System)

The credit union continues to use the EMORTELLE software to manage the membership's information.

10.2 BYE-LAWS

Review of Bye-Laws completed and recommendations made.

10.3 FINANCIAL INTELLIGENCE UNIT (FIU) TRAINING

The Co-operative Credit Union League of Trinidad and Tobago (CCULTT) continues to provide the required annual training in Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) procedures for all officers and employees.

10.4 AUTOMATIC CLEARING HOUSE FACILITY

This facility is currently being offered to our members. Members can request that their loans, deposits and shares withdrawals be sent to their bank account. For more information please contact our office.

11.0 AUDITOR

We hereby recommend to this House, the appointment of Maharaj Mohammed and Company, Chartered Accountants, as Auditor for year ending December 31, 2019.



12.0 ACKNOWLEDGEMENT

The Board of Directors extends sincerest thanks to the dedicated and hard-working officers, committee members and staff of the Trintoc (Penal) Credit Union for providing efficient and timely service, and to you our members for your continued trust and support.

For and on behalf of
The Board of Directors

Sharida Ali
Hon. Secretary

Credit Committee

CHAIRMAN




Mr. Winston Samm

SECRETARY



Mr. Calvin Sargeant

MEMBER



Mr. Peter W. David

MEMBER



Mr. Rudolph Felix

MEMBER



Mr. Kelvin Pustam



CREDIT COMMITTEE REPORT

The Credit Committee is pleased to report on its Loan Performance for the period January to December 2018.

The Credit Committee comprises the following members :-

Winston Samm	-	Chairman
Calvin Sargeant	-	Secretary
Peter W. David	-	Member
Rulolph Felix	-	Member
Kelvin Pustam	-	Member

During the period under review, the Credit Committee held fifty-one (51) weekly meetings and was invited to attend one (1) Special Meeting and five (5) All Officers' meetings.

Attendances were as follows:-

Name	Regular Meetings	Special Meetings	All Officer's Meetings	Excused
Winston Samm	51	1	5	-
Calvin Sargeant	48	1	4	4
Rudolph Felix	51	1	4	1
Peter W. David	49	1	5	2
Kelvin Pustam	51	1	5	-

For period January to December 2018, a total of **957** loans amounting to **\$31,458,067** were granted. This total represented a 34.2% decrease when compared to **\$47,785,856** for period January to December 2017.

The largest category of loans as shown on the pie chart below is Property/Repairs/Furnishings which represent 40% of the total loans granted in 2018. Loans under the category "Other" on pie chart below representing 8% are loans taken by members for the purpose of Christmas expenses, Personal, Domestic Expenses, Funeral Expenses and Weddings etc.

The Credit Committee has been very active during the year in meeting with members whilst offering guidance and conducting site visits to ensure that loans were used for the purpose granted.

Members are advised to continue to make use of our loan facilities especially our net savers as our success depends on you.

The members of the Credit Committee wish to thank the Board of Directors, Officers of the Supervisory Committee, Education Committee, and Office Staff for their support and the membership for the opportunity to serve for another year.

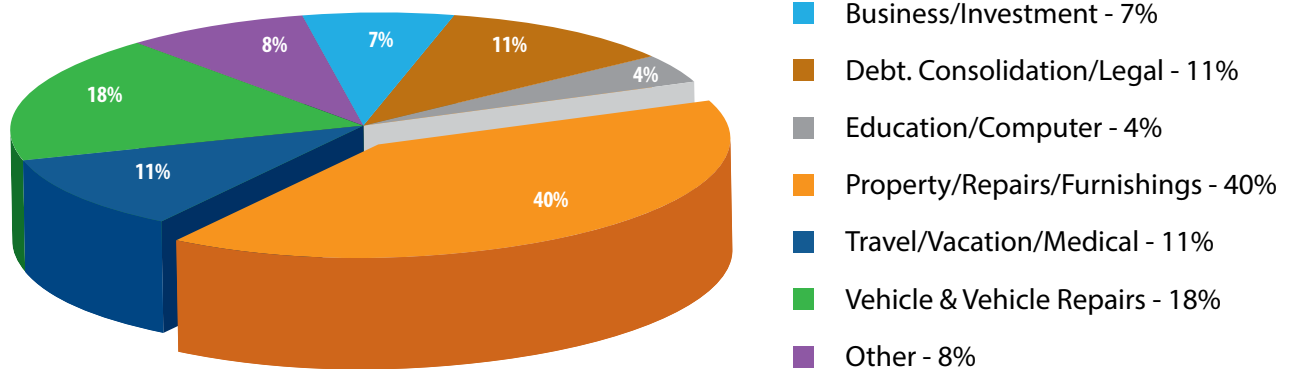
Calvin Sargeant
Secretary



COMPARISON OF LOANS DISBURSED FOR PERIOD JANUARY - DECEMBER 2017 & 2018

Statistical Data Related to Loans				
PURPOSE OF LOAN	TOTAL \$ (2018)	NO. OF LOANS (2018)	TOTAL \$ (2017)	NO. OF LOANS (2017)
Business/Investment	2,311,546.74	77	3,372,500.00	46
Debt. Consolidation/Legal	3,473,457.79	75	7,460,112.95	129
Education/Computer	1,400,800.00	69	1,787,800.00	107
Property/Repairs/Furnishings	12,690,729.73	173	15,195,652.31	267
Travel/Vacation/Medical	3,458,531.74	165	3,815,261.45	168
Vehicle & Vehicle Repairs	5,703,748.05	163	9,721,092.09	229
Other (Personal, domestic, Christmas and Short term Loans)	2,419,253.06	235	6,433,437.20	589
TOTAL	31,458,067.11	957	47,785,856.00	1535

2018 Loans Disbursed



Supervisory Committee

CHAIRMAN



Mr. Wazir Khan

SECRETARY



Mrs. Indira Jagassar

MEMBER



Mrs. Avien Browne



SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is pleased to report on the affairs of the Trintoc (Penal) Credit Union Co-operative Society Limited for the calendar year ended December 31st, 2018 for consideration and adoption at the Credit Union's 65th Annual General Meeting.

At the 64th Annual General Meeting held on Saturday 14th April 2018, three (3) members and two (2) alternates were elected. The following appointments were made by unanimous choice at the inaugural meeting.

Mr. Wazir Khan - Chairman
Mrs. Indira Jagassar - Secretary
Mrs. Avien Browne - Member

Committee Members Attendance Record

Attendance for Supervisory Committee members is recorded by calendar year. The record of attendance for outgoing members have been included, since the functions and responsibilities of the Supervisory Committee applies for the period between Annual General Meetings.

Committee Members	Meeting Types			
	Statutory	Non-Statutory	All Officers	Excused
Wazir Khan	10	5	4	1
Indira Jagassar	7	5	5	-
Avien Browne	7	5	4	1
Adriana Vialva-Ralph	3	-	-	-
Camal Jagassar	2	-	-	-

Functions, Responsibilities and Activities

The Trintoc (Penal) Credit Union Supervisory Committee has the responsibility to independently assess, review and examine the affairs of the Credit Union, perform random audit of its books and make the necessary recommendations to ensure compliance in accordance with TPCU Bye-Laws, Credit Union Co-operative Societies Act, Chap. 81:03 of 1971, International Financial Reporting Standard (IFRS-9), Policies, Procedures, Guidelines and Financial best practices.

Our work in 2018 pointed to the need for all shareholders to understand that their participation in the decision making and management of the Credit Union cannot continue with 'a business as usual approach'. Measures for sustained growth beyond embracing the challenges of PETROTRIN was a declared commitment of the Credit Union and its Executive and Management recalibrated and kept the TPCU's positive reputation intact.

The 2018 budget was the main planned instrument communicated to shareholders. While there were no deliberate decisions or planned performance measures applicable to the broader mission-based social and economic dimensions of the Credit Union, the TPCU monitored aspects of its financial health as regards inter alia, loan delinquency, investment returns and membership trends.

Outlined hereunder is a summary of the Supervisory Committee's examination of the affairs of the Credit Union with suggested recommendations:

- **Board of Directors Minutes** – Board minutes were reviewed and it was recommended that (i) decisions made should be clearly documented and communicated to relevant persons



(ii) the template for Board Minutes should be reformatted so as to more clearly include actions taken and details on their close-out.

- **Policies and Procedures** – There continued to be a need for review and updating of current policies and procedures as well as drafting and developing of new ones in keeping with a sustained growth path for the Credit Union. Obvious areas included, officers' orientation and appraisal procedures and an office operations manual for staff.

In addition to managing day to day operations, the Credit Union took the opportunity to stand back and review the bigger performance picture. In this regard, there was evidence that time was spent thinking about more regular communication and engagement with shareholders, growth areas and challenges (informed by some analyses on strengths, weaknesses, opportunities and threats) albeit without targets or structured policies and procedures. Because of the need to change 'the business as usual approach', it is imperative that the Credit Union leverage this valuable experience by moving to formalised policies and procedures and enabling deployment and monitoring of same with a complementary strategic management skills set. The Credit Union could consider outsourced services for documenting and formalizing its policies and procedures.

- **Board and Committee Expenses** – There was need for explanation of some expenses. As such, the Supervisory Committee recommended that Board and Committee expenses be tracked and reported on for improved transparency.
- **Minutes of AGM** – The Supervisory Committee advised the Board that Minutes of the AGM should be made ready for the post mortem/review meeting which is held immediately after the annual AGM thus providing opportunities for careful articulation of matters arising out of the AGM and relevant ensuing actions.
- **Petty Cash Management** – There was a need for procedures to be followed for more effective management of petty cash. The Supervisory Committee provided guidance and recommendations for immediate implementation.
- **Monitoring of Mortgage loans** –The Supervisory Committee recommended that a more comprehensive report should be placed on record after all site visits. The associated costs for site visits should be those of the borrower of the mortgage loan. This action would lend to greater transparency and value for money. It was recommended that the procedures for this exercise be reviewed and improved towards prudent management of mortgage loans.
- **Approved 2018 Budget – Income / Expenditure** – Although there was a request for revision of the Budget, the budget was accepted at the AGM. As such the Board, at the first All Officers meeting had agreed that there would be all efforts to keep all costs to a minimum.
- **Auditor's Management Letter** – This letter is critical to the Credit Union and the anomaly of the lateness of the provision of this document was noted as unacceptable. A policy and procedure should be embarked upon to ensure that any external auditing services procured by the Credit Union stipulate conditions to include the provision of this letter in a stated time frame.
- **Officers loan applications and disbursements** – Loan files of officers were examined. No officer was found delinquent and loan requests were scrutinized to ensure proper procedures were followed. Some areas of uncertainty were highlighted, and clarity was provided.
- **Project: New TPCU Office Building** – The Board has met with challenges in getting permission for lease to own arrangements for the current property. Further, the closure of Petrotrin has hastened the need to source a new building. This project remains outstanding.
- **Terms of Reference** – The Supervisory Committee observed that the various committees had no Terms of Reference and highlighted their importance. The Supervisory Committee



developed its own Terms of Reference and suggested it be used as a template for the creation of TORs for the other Committees. No further TOR's were developed.

The Supervisory Committee held non-statutory meetings with various stakeholders to review processes and strategies for the overall improvement of the organization. Meetings were held with the Vice President, Education Committee, Manager and office staff and officers of Co-operative Division of the Ministry of Labour and Small Enterprise Development. The committee appreciated the opportunity to specifically dialogue with officers of the Co-operative Division in Siparia, and those discussions reminded us on how good governance practices are fundamental to the strength of the entire credit union movement... and in this context the invaluable importance of the Credit Union Co-operative Societies Act, Chap 81:03 of 1971 in informing the statutory requirements of the TPCU and its operationskey being the guidelines for informing the decision making process for a healthy loan portfolio.

From our findings, observations and reviews, we conclude that the financial and accounting practices and records of the credit union are in accordance with accounting standards and governing bodies.

Training, Seminars and Workshop Sessions

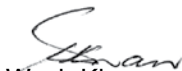
In keeping with TPCU commitment for continuous training of all officers and staff, Supervisory Committee members participated in various workshops, seminars and training sessions during the year as follows:

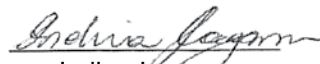
1. Caribbean Confederation of Credit Unions 61st Annual International Convention in Port of Spain, Trinidad and Tobago
2. Internal Audit Functions and AML/CFL workshop facilitated by the Co-operative Credit Union League of Trinidad and Tobago (CCULTT)
3. Governance in a Changing World facilitated by T&T Chamber of Industry of Commerce
4. Introduction to Credit Union Management facilitated Cipriani College of Labour & Co-operative Studies
5. Overview of the Emortelle Software used by TPCU facilitated by the Manager

Closing Statement

The Supervisory Committee understands that the Credit Union's Mission and Vision means that its role cannot only be judged by quantifiable measures as assets and membership. Because the Credit Union is also uniquely positioned to afford its shareholders opportunities for becoming more independent and empowered to take control of their lives and future as well as contribute positively to the communities in which they live, the Credit Union should deliberately track and report on its aggregate impact to its shareholders and wider local and international credit union movement. Our work in 2018 pointed to the need for improved robustness of policies, procedures, documented work flows and processes and the implementation of same; clearer documentation of decision making and a set of applied skills that are more aligned to a large institution which the Credit Union has evolved with the new complex dynamics facing the TPCU.

We wish to express our sincere thanks and gratitude to the Board of Directors, Manager, Office Staff, fellow TPCU officers and officers of the Co-operative Division of the Ministry of Labour and Small Enterprise Development for their co-operation, guidance and support during our tenure. We also wish to thank the membership for the confidence placed in us by electing us to serve on your behalf. Trintoc (Penal) Credit Union Co-operative Society Limited is a leader of credit unions of this size, we must continue to support our Credit Union and ensure its survival for the benefit of future generations.


Wazir Khan
Chairman


Indira Jagassar
Secretary

Education Committee

CHAIRPERSON



Ms. Christina Bahadoor-Hosein

SECRETARY



Mrs. Hyacinth Smith

MEMBER



Mr. Omar Maraj

MEMBER



Mrs. Sharida Gaffar-Ramrattan

MEMBER



Ms. Shalini Ramnarine



EDUCATION COMMITTEE REPORT

The Education Committee is pleased to report on its activities/programs during the year in review. We have been encouraged and inspired by the attendance and support from the members and assure the membership that we remain quite committed in our pursuits towards the prosperity and growth of the Credit Union.

The Education Committee held twelve (12) regular meetings and attended five (5) all officers' meetings as follows: -

Record of Attendance

Name	Regular Meetings	All Officers' Meetings	Excused
Christina Bahadoor-Hosein	12	4/5	1
Sharida Gaffar-Ramrattan	12	5	0
Omar Maraj	12	5	0
Shalini Ramnarine	6/6	1/3	2
Hyacinth Smith	6/6	2/3	1
Anna-Marie Whyte	3/4	1/2	2
Rawle Kanju	4/4	2/2	0

During our year of operations Ms. Anna-Marie Whyte resigned from the committee, Mr. Rawle Kanju was reassigned, and we welcomed two new members, Ms. Shalini Ramnarine and Mrs. Hyacinth Smith.

Interfaith Service

Our traditional Interfaith Service was held on 2018 January 14, at the Petrotrin Penal Barrackpore Club. The President, Mr. Perry Jagdeo brought greetings and remarks on behalf of the Board of Directors. Inspirational messages from various faiths, motivational guest speakers and entertaining musical performances defined the special occasion which conclude with a Sunday Brunch.

Information Sharing Session

'Land Ownership and Mortgages' was the topic of discussion on 2018 February 21 during an interactive session held with the Credit Union's Attorney-at-Law. The membership was educated on the legal aspects of land and property ownership and were offered the opportunity to satisfy their questions and concerns on all aspects of owning, transferring and the mortgage of property.

An 'Investment Workshop' was facilitated by the Trinidad and Tobago Credit Union Deposit Insurance Fund (TTCUDIF), JMMB Investments (Trinidad and Tobago) and KCL Capital Market Brokers Limited on 2018 November 14. The topics of discussions included *Understanding Investments, Starting an Investment Portfolio, Understanding Stock and Bonds, Assessing the Best Financial Opportunities for Investments and Determining the best opportunities for Financial Investments.*

Walk-a-thon

Our annual Walk-a-Thon was held on 2018 April 08. Accompanied by the St. Patrick's Brigade Cadets, over 100 members and their families participated. Health Service providers inclusive of *Dulan's Dentistry, Optometrists Today* and *Eddy's Pharmacy* were available to all attendees as well as aerobics display and an interactive discussion on *Cancer Awareness*. Participants were also treated to a healthy fruit breakfast and fish broth.



Training and Development for Young Adults

On 2018 September 22 and 2018 November 10, members attended sessions on *Resume Writing and Interview Tips*. In preparation for the work environment, TPCU provided an avenue for its members to focus on resume development, interviewing guidelines and how to effectively highlight their knowledge, experience and abilities and how to present themselves to employers.

Children's Christmas Party for Young Members

Trintoc (Penal) Credit Union held its first children's *Christmas Party* on 2018 December 08 for our young members under the age of twelve years. This event was well attended by approximately (100) one hundred young members. They all had an afternoon of engaging activities including a magic show, a visit from Santa who presented each child with a gift. Light refreshments were available for all in attendance.

Officers' Training and Development for all officers

Directors and officers participated in both foreign and local conferences inclusive of the *19th Annual Regional Leadership Conference, the Caribbean Confederation of Credit Union (CCCU) Conference* and the *2018 Governance and Leadership Conference* and hosted by the Co-operative Credit Union League of Trinidad and Tobago Limited and the Trinidad and Tobago Credit Union Deposit Insurance Fund Co-operative Society Limited (TTCUDIF) respectively.

Other courses hosted by the Co-operative Credit Union League of Trinidad and Tobago (CCULTT) included Report/Letter Writing/ Presentations, *Suspicious Activity Reporting/Suspicious Transactions Reporting/Risk Assessment, Anti- Money Laundering/Counter Financing and terrorist Activity, Annual FIU compliance Retraining and Annual Compliance Workshop*.

Officers, alternates and staff also participated in the 10-week programme, *Introduction to Co-operative Management* hosted by the Cipriani College of Labour and Co-operative Studies and a program entitled, 'Governance in a Changing World' offered by the Trinidad and Tobago Chamber of Industry and Commerce.

Young Achievers

Children of members continue to excel in the field of sports, education and cultural arts. TPCU recognized these young achievers who excelled in 2018 and they received awards at the *Annual Interfaith Service* in 2019 January. The recipients were:-

SEA

Aydon Caruth
Vernon Dhalai
Sherika George
Rhys Jaggan

CSEC (> 8 Distinctions)

Jarod Esareesingh

CAPE

Jerel Chablal
Nishaad Mahabir

Cultural Arts

Shana K. Ramrattan

Conclusion

The Education Committee recognizes its role in contributing to the strategic development of the Credit Union and as such remains committed to reaching the membership through programmes, social media, texts and other necessary means to ensure that this Credit Union remains a cohesive entity.

We wish to express our sincere appreciation to the Board of Directors, Credit and Supervisory Committees and the Administrative Staff for their unstinting support over the past year. We look forward to your unwavering co-operation as we continue our mandate of keeping members educated, empowered and informed.

Hyacinth Smith
Secretary



NOMINATIONS COMMITTEE REPORT

Committee Members

Mr. Imtiaz Mohamed	-	Chairman
Mrs. Desarie Barclay	-	Secretary
Mr. Neal Johnson	-	Member
Mrs. Chanardaye Musrap	-	Member
Mrs. Pearl Lewis-Browne	-	Member

1. The committee held a total of three meetings to review all nomination forms submitted.
2. Mr. Mohammed reminded committee members of their responsibilities in the nomination process – that is, to ensure the nominees qualify for the relevant position and that all nomination forms were completed and submitted within the required deadline.
3. A total of nine (9) nomination forms were received. The applications were passed to each member for review, ensuring the nominees met the criteria and that all required documents were submitted.
4. The committee adhered to the Bye-Laws and the Nomination procedure when evaluating all nomination forms.

The following members submitted completed forms with all required supporting documents:

Board of Directors

Mr. Eric Forde
Mr. Peter W David
Mr. Vade Cheddie
Mrs. Claudette Green-Lewis
Ms. Christina Bahadoor-Hosein

The following members submitted forms however; some supporting documents were not submitted:

Credit Committee

Mr. Kelvin Pustam
Mr. Winston Samm
Mr. Rudolph Felix
Mr. Calvin Sargeant

There were no submissions for the Supervisory Committee.

N.B COMMITTEE AUTHORITY

- (A) Co-operative Societies Act 81:03
- (B) TPCU Bye-Laws (para 26 page 21)
- (C) Nomination Procedure

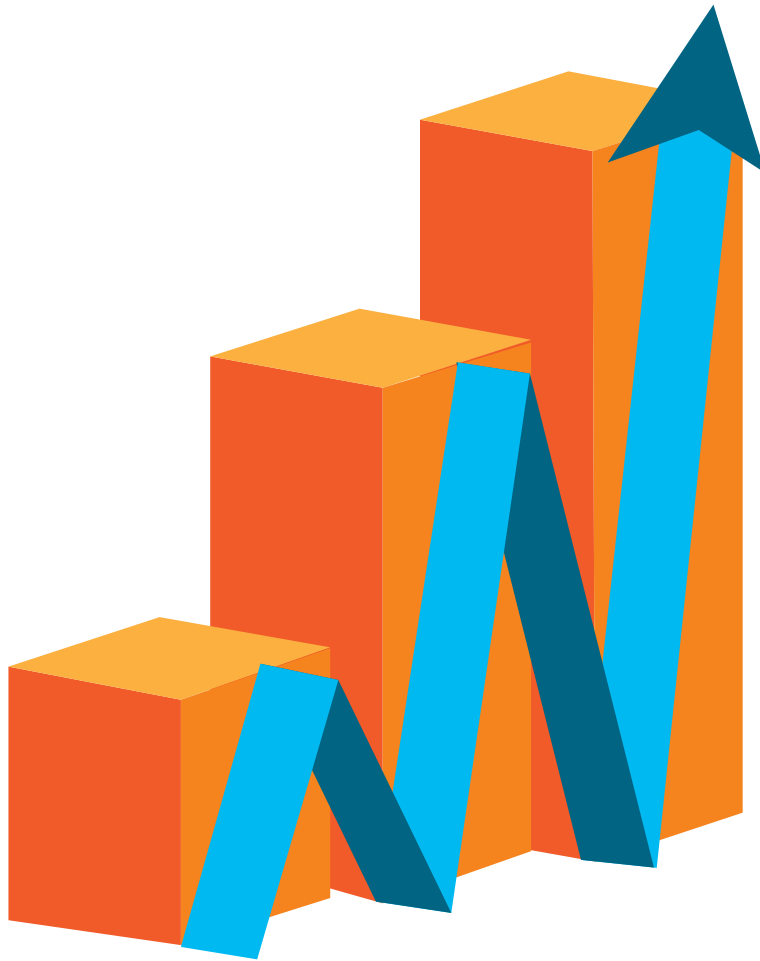
The committee sincerely wish to thank the board and office staff for their support.

Respectfully submitted

Desarie Barclay
Secretary

2019 May 13

**INDEPENDENT AUDITORS' REPORT
& FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018**



Chartered Accountants
34 St. Vincent Street,
San Fernando,
Trinidad, W.I.
Tel: (868) 652 5245
Fax: (868) 653 6053
Email: info@maharajmohammed.com



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
TRINTOC (PENAL) CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

Opinion

We have audited the financial statements of Trintoc (Penal) Credit Union Co-Operative Society Limited which comprises the statement of financial position as at 31st December 2018, statement of comprehensive income, statement of changes in equity, statement of cash flows and receipts and payments account for the year then ended, and incorporating summary of significant accounting policies and other explanatory notes, as stated on pages 45 to 70.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Trintoc (Penal) Credit Union Co-Operative Society Limited as at 31st December 2018 and the results of its operations and 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society 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

Management is responsible for the other information. The other information comprises the information included in the Society's annual 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, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Society's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- ▶ 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Rudranand Maharaj.

A handwritten signature in black ink that reads 'Maharaj Mohammed & Co.' in a cursive script.

Maharaj Mohammed & Co.
Chartered Accountants
Trinidad & Tobago

5th April 2019

STATEMENT OF MANAGEMENT’S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the financial statements of TRINTOC (Penal) Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31st December, 2018, the statements of comprehensive income, changes in equity, statement of receipts and payments and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Credit Union 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 Credit Union’s assets, detection/prevention of fraud, and the achievement of Credit Union’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 Cooperative Societies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, Management utilized the International Financial Reporting Standard, 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 TRINTOC (Penal) Credit Union Co-operative Society Limited 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 authorized for issue, if later.

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



President
2019



Treasurer
2019

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2018

<u>ASSETS</u>	Notes	2018	2017
		\$	\$
Current assets			
Cash and cash equivalents	6	57,381,699	21,835,002
Accounts receivable and prepayments	9	<u>821,006</u>	<u>3,185,451</u>
		<u>58,202,705</u>	<u>25,020,453</u>
Non-current assets			
Property, plant and equipment	5	314,576	320,570
Members' loans	7	93,282,647	124,661,313
Investments	13	<u>111,646,614</u>	<u>116,844,654</u>
		<u>205,243,837</u>	<u>241,826,537</u>
Total Assets		<u>263,446,542</u>	<u>266,846,990</u>
<u>MEMBERS' EQUITY AND LIABILITIES</u>			
Members' equity			
Reserve fund	15	15,158,855	14,204,426
Education fund	16	1,683,632	1,482,995
Building fund	17	2,340,000	840,000
Investment reserve	14	3,330,970	2,431,820
Retained earnings		<u>11,163,294</u>	<u>14,866,944</u>
		<u>33,676,751</u>	<u>33,826,185</u>
Current liabilities			
Accounts payable and accruals	10	<u>982,476</u>	<u>895,763</u>
		<u>982,476</u>	<u>895,763</u>
Non-current liabilities			
Members' shares	19	207,741,195	220,102,930
Members' deposits	18	<u>21,046,120</u>	<u>12,022,112</u>
		<u>228,787,315</u>	<u>232,125,042</u>
Total Liabilities		<u>229,769,791</u>	<u>233,020,805</u>
Total Liabilities and Shareholders' Equity		<u>263,446,542</u>	<u>266,846,990</u>

The accompanying notes on pages 50 to 70 form an integral part of these financial statements.



: President



: Treasurer



: Supervisory Chairman

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue			
Interest on loans		11,951,101	12,609,026
Investment income		5,082,359	4,787,520
Other income		<u>44,931</u>	<u>91,780</u>
Total		<u>17,078,391</u>	<u>17,488,326</u>
Expenses			
Administrative and other	22	859,813	902,002
Bank charges and interest on members deposits		637,060	537,000
CUNA insurance premiums		666,521	685,366
Expected credit loss provision on loans (IFRS 9)	8	3,650,643	-
Provision for loan losses (IAS 39)		-	1,019,235
Green fund levy	2(h)	51,453	57,263
New building site		21,543	-
Officers' expenses	21	642,125	636,514
Staff costs	23	<u>1,018,540</u>	<u>977,262</u>
		<u>7,547,698</u>	<u>4,814,642</u>
Net surplus for the year		<u>9,530,693</u>	<u>12,673,684</u>
Appropriations			
Transfer to reserve fund (10%)	2 (l)	953,069	1,267,368
Transfer to education fund (5%)	2 (m)	<u>428,881</u>	<u>570,316</u>
		<u>1,381,950</u>	<u>1,837,684</u>
Net surplus after appropriations		<u>8,148,743</u>	<u>10,836,000</u>

The accompanying notes on pages 50 to 70 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018**

	Reserve Fund \$	Education Fund \$	Building Fund \$	Revaluation Reserve \$	Retained Earnings \$	Total \$
Balance at 1 st December 2018	14,204,426	1,482,995	840,000	2,431,820	14,866,944	33,826,185
Impact of initial adoption of IFRS 9					<u>(2,246,355)</u>	<u>(2,246,355)</u>
Restated balance as at 1 st January 2018	14,204,426	1,482,995	840,800	2,431,820	12,620,589	31,579,830
Operating surplus	-	-	-	-	9,530,693	9,530,693
Appropriations	953,069	428,881	-	-	(1,381,950)	-
Expenditure	-	(228,244)	-	-	228,244	-
Entrance fees	1,360	-	-	-	-	1,360
Building fund	-	-	1,500,000	-	(1,500,000)	-
Revaluation reserve	-	-	-	899,150	-	899,150
Dividends paid	-	-	-	-	<u>(8,334,282)</u>	<u>(8,334,282)</u>
Balance at 31 st December 2018	<u>15,158,855</u>	<u>1,683,632</u>	<u>2,340,000</u>	<u>3,330,970</u>	<u>11,163,294</u>	<u>33,676,751</u>
Balance at 1 st January 2017	12,934,758	1,210,471	240,000	2,793,336	12,924,324	30,102,889
Operating surplus	-	-	-	-	12,673,684	12,673,684
Appropriations	1,267,368	570,316	-	-	(1,837,684)	-
Expenditure	-	(297,792)	-	-	297,792	-
Entrance fees	2,300	-	-	-	-	2,300
Building fund	-	-	600,000	-	(600,000)	-
Revaluation reserve	-	-	-	(361,516)	-	(361,516)
Adjustment to loan interest rate	-	-	-	-	(12,932)	(12,932)
Dividends paid	-	-	-	-	<u>(8,578,240)</u>	<u>(8,578,240)</u>
Balance at 31 st December 2017	<u>14,204,426</u>	<u>1,482,995</u>	<u>840,000</u>	<u>2,431,820</u>	<u>14,866,944</u>	<u>33,862,185</u>

The accompanying notes on pages 50 to 70 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2018**

	Note	2018 \$	2017 \$
Operating activities			
Net surplus for the year		9,530,693	12,673,684
Adjustment for non-cash items			
Depreciation of property, plant and equipment		82,299	68,081
Initial impact of IFRS 9 implementation		(2,246,355)	-
Revaluation of investments		899,150	(361,516)
Loss on disposal of property, plant and equipment		<u>22,883</u>	<u>6,434</u>
Operating income before working capital changes		8,288,670	12,386,683
Movements in working capital			
Decrease / (increase) in loans to members		31,378,666	(5,198,579)
Increase in members' deposits		9,024,008	587,326
Decrease in accounts receivable and prepayments		2,364,445	4,991,318
Increase in payables and accruals		<u>86,710</u>	<u>61,599</u>
Net cash generated from operating activities		<u>51,142,499</u>	<u>12,828,347</u>
Investing activities			
Purchase of property, plant and equipment		(99,188)	(144,550)
Sale / (purchase) of investments		<u>5,198,040</u>	<u>(13,251,687)</u>
Net cash provided by / (used in) investing activities		<u>5,098,852</u>	<u>(13,396,237)</u>
Financing activities			
(Decrease) / increase in members' shares		(12,361,735)	16,653,969
Dividends paid		(8,334,282)	(8,578,240)
Adjustment to interest rates		-	(12,932)
Membership fee		<u>1,360</u>	<u>2,300</u>
Net cash (used in) / provided by financing activities		<u>(20,694,657)</u>	<u>8,065,097</u>
Net increase in cash and cash equivalents		<u>35,546,695</u>	<u>7,497,207</u>
Cash and cash equivalents			
- at the beginning of the year		21,835,002	14,337,795
- at the end of the year	6	<u>57,381,697</u>	<u>21,835,002</u>
		<u>35,546,695</u>	<u>7,497,207</u>

The accompanying notes on pages 50 to 70 form an integral part of these financial statements.

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2018

RECEIPTS	2018 \$	2017 \$	PAYMENTS	2018 \$	2017 \$
Accounts receivables	295,975	7,709,392	Advertising	33,295	21,514
CUNA insurance claim	257,775	289,650	Accounts payable	64,576	67,793
Commission – CUNA	11,159	80,733	Annual general meeting	111,207	113,736
Deposit account	8,618,091	2,689,743	Audit fees	9,937	58,725
Entrance fee	1,360	2,280	Bank charges	5,000	61,268
Education committee	9,058	20,485	Board & committee	602,994	607,854
Interest from loans	4,688,190	4,370,594	Building and repairs	92,347	90,338
Investment income	1,678,845	2,137,060	Building site preparation	21,000	-
Investments	33,779,010	29,961,258	CUNA FIP	227,136	143,092
Loans	28,441,222	17,334,270	CUNA insurance claim	424,350	120,000
Members fixed deposit	-	20,000	CUNA insurance premium	666,521	1,039,366
Members' shares	31,204,992	28,938,771	Computer maintenance	49,742	47,783
Office equipment	-	18,630	Deposit account	3,743,996	4,067,299
Payroll clearing account	29,131,073	28,818,344	Donation and subscription	49,974	54,562
Sale of promotional items	12,402	10,415	Education committee	217,088	302,339
Stale dated cheques	800	1,800	Green fund levy	44,355	49,785
Sundry expenses	-	8,386	Investments	25,054,179	41,838,152
Early withdrawal fee	5,867	-	Legal and bailiff fees	20,400	16,500
			League dues	24,167	24,467
			Loans	30,160,851	45,636,954
			Members' shares	39,720,818	19,202,368
			Members fixed deposit	-	71,775
			Office stationery and supplies	94,290	104,581
			Property, plant and equipment	73,142	147,044
			Salary	837,125	789,084
			Security service – CIT	12,037	13,241
			Staff pension & NI	194,854	188,873
			Sundry	4,317	8,741
			Telephone and internet	<u>29,424</u>	<u>27,370</u>
	<u>138,135,819</u>	<u>122,411,811</u>		<u>102,589,122</u>	<u>114,914,604</u>
Balance at beginning of the year:			Balance at the end of the year:		
Float – Deposit withdrawal	11,300	3,950	Float – Deposit withdrawal	17,700	11,300
Petty cash	2,500	2,500	Petty cash	2,500	2,500
Treasury	3,060	12,000	Treasury	-	3,060
USD savings account	1,442,605	1,192,520	USD savings account	330,278	1,442,605
RBC current account	171,077	191,508	RBC current account	-	171,077
Republic current account	<u>20,204,460</u>	<u>12,935,317</u>	Republic current account	<u>57,031,221</u>	<u>20,204,460</u>
	<u>21,835,002</u>	<u>14,337,795</u>		<u>57,381,699</u>	<u>21,835,002</u>
	<u>159,970,821</u>	<u>136,749,606</u>		<u>159,970,821</u>	<u>136,749,606</u>

The accompanying notes on pages 50 to 70 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

1. Incorporation and principal activities

Trintoc (Penal) Credit Union Co-operative Society Limited (“the Credit Union”) was incorporated in 1954 under the Co-operative Societies Act of Trinidad and Tobago. Its registered office and principal place of business is Clarke Road, Penal. It was formed in order to improve the economic and social conditions of its members, chiefly by promoting savings among its members, and providing loans to members at reasonable and legitimate rates of interest for provident and productive purposes.

2. Significant Accounting Policies

The principal accounting policies applied to the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

(a) Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. These financial statements were prepared under the historical cost convention, except for the measurement at fair value of hold to collect and sell investments and certain other financial instruments.

(i) New, revised and amended standards which are effective and have been adopted by the Credit Union.

- IFRS 9, Financial Instruments, was adopted on January 1, 2018. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. As permitted by the standard an election was made not to restate prior period accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

2. Significant Accounting Policies (continued)

(ii) New, revised and amended standards and interpretations not yet effective

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Credit Union has not early-adopted.

- IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

The Credit Union is assessing the impact that this amendment will have on its 2019 financial statements.

(b) Functional and presentation currency

The Credit Union's functional and presentation currency is Trinidad and Tobago dollars which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Society.

i) Foreign currency transactions and balances

Foreign currency transactions during the year are translated into Trinidad and Tobago dollars at the exchange rates ruling at the dates of the transactions. Currents assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Gains or losses thus arising are included in the statement of income.

(c) Revenue recognition

Interest income is accounted for on the accrual basis for investment. Interest on loans is accounted for on the accrual basis, at the rate prescribed by the Bye-Laws of the Credit Union.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR 31ST DECEMBER 2018**

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on a reducing balance basis at varying rates to write-off the cost of the assets over their estimated useful lives.

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

Furniture and fixtures	10%
Air conditioning	10%
Office equipment	20%
Computer equipment	33.3%

The assets' residual values and useful lives are reviewed at each reporting date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

(e) Cash and cash equivalents.

Cash and cash equivalents comprise cash on hand and bank balances that are readily convertible to known amounts of cash which are subject to insignificant risk of change in value.

(f) Accounts receivable

Trade receivables are measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(g) Accounts payable

Accounts payable are obligations on the basis of normal credit terms and do not bear interest.

(h) Taxation

The Credit Union is subject to Green Fund Levy based on the stipulated rate for the respective year. The profits arising from the Society are exempt from Income Tax as per the Co-operative Societies Act Chapter 81:03 sections 76-77.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

2. Significant Accounting Policies (Continued)

(i) Financial assets

The Credit Union has adopted IFRS 9 and classifies its financial assets based on the following business models:

- Hold for trading
- Hold to collect and sell or
- Hold to collect

The classification depends on the purpose for which financial assets were acquired or originated. Based on these factors, the Credit Union classifies its assets into one of the following three measurement categories:

- Amortised cost (2017: and loans and receivables)

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in “Interest income” using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI):(2017: held to maturity financial assets and available for sale)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the asset cash flows represents solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). These include certain equity instruments, corporate bonds and notes.

These financial assets are initially recognized at fair values plus transaction cost that are directly attributable to their cost. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument’s amortised cost which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognized in “Net Investment Income”. The interest income from these financial assets is included in “interest Income” using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

- Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the income statement within “Gains from investments securities” in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented in “Investment Interest Income”. Interest income from these financial assets is included in “Interest income” using the effective interest rate method.

1) Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer’s perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Credit Union’s business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

Credit Union’s Business model

The business model reflects how the Credit Union manages the assets in order to generate cash flows. An assessment is made at a portfolio level and includes an analysis of factors such as:

- The stated objective and policies of the portfolio and the operation of those in practice. More specifically whether the Credit Union’s objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of the assets.
- Past experience on how the cash flows for these assets were collected.
- Determination of performance targets for the portfolio, how evaluated and reported to key management personnel.
- Managements identification of and response to various risks, which includes but not limited to, liquidity risk, market risk, credit risk, interest rate risk.
- Management classify its assets based on historical sales and forecasted liquidity requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

1) Debt instruments (continued)

Solely payments of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Credit Union assesses whether flows represent solely payment of principal and interest (SPPI test). In making this assessment, the Credit Union considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Credit Union reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

2) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Credit Union subsequently measures all equity investments at fair value through profit or loss, except where the Credit Union's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. These financial assets are presented within investment securities held to collect and sell. The Credit Union's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Credit Union's right to receive payments is established.

Gain and losses on equity investments classified as FVPL are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

2. Significant Accounting Policies (Continued)

(j) Impairment

Financial assets (continued)

The Credit Union assesses on a forward-looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. (excluding equity instruments)

The Credit Union measures loss allowances on its debt instruments at an amount equal to lifetime credit losses, except in the following cases, for which the amount recognized is 12 months credit losses. For receivables, the Society applies the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognized from initial recognition of receivables.

(2017: Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available – for – sale financial asset is calculated by reference to its fair value).

All impairment losses are recognized in the statement of comprehensive income. Any cumulative loss in respect of investments measured at fair value through other comprehensive income recognized previously in equity is transferred to the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and fair value through other comprehensive income (2017: an available for sale financial asset) that are debt securities, the reversal is recognized in the statement of comprehensive income. For investments measured at fair value through other comprehensive income (2017: an available for sale financial asset) that are equity securities, the reversal is recognized directly in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

2. Significant Accounting Policies (Continued)

(j) Impairment (continued)

Non-financial assets

The carrying amounts of the Society's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is adjusted to reflect the revised estimate.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets of groups of assets. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

(k) Loans to members

Loans and advances granted to members by the Credit Union are stated at principal amounts outstanding net of allowances for loan losses.

A loan is classified as non-accrual when principal or interest is past due, or when in the opinion of management, there is reasonable doubt as to the ultimate collectability of principal or interest. Non-accrual loans may revert to performing status when all payments become fully current or when management has determined there is no reasonable doubt of ultimate collectability.

Loan balances considered as doubtful and or uncollectable are written off to the statement of comprehensive income even though collections efforts continue. The Credit Union maintains a loan loss provision, is calculated in line with IFRS 9.

The provision for the year, less recoveries of amounts previously written off and the reversal of provisions no longer required, is disclosed in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

2. Significant Accounting Policies (Continued)

(l) Reserve fund

In accordance with Bye Law 12 of the Credit Union and The Co-operative Society Act, 1971 Section 47 (2), at least ten percent (10%) of the net surplus of the Credit Union for the year is to be transferred to a Reserve Fund. All losses on investments, which are beyond the control of the Credit Union, are written off to the Reserve Fund.

(m) Education fund

In accordance with Bye Law 12 of the Credit Union, an amount of not less than five percent (5%) of the net surplus for the year, after making provision to the Reserve Fund, may be credited to the Education Fund. This fund is to be used for education purposes.

(n) Building fund

In accordance with Bye Law 12(g) of the Credit Union, the balance of the net surplus may be used at the discretion of the General Meeting for the constitution of a Building Fund.

(o) Members' deposits

A member may deposit money into his account in the Credit Union subject to the terms and conditions specified by the Board.

(i) Members' savings deposits

Members' savings deposits are stated at their current balance.

(ii) Members' fixed deposits

Members' fixed deposits are stated at their current balance. Interest on members fixed deposits is calculated generally at rates between 1% and 2.5%.

(p) Interest on members' loans

Interest on loans is accounted for on an accrual basis. The interest charged on loans is calculated at the rate of 0.5% to 1% per month on the reducing balance at the end of each month.

(q) Unclaimed shares

Under Bye Law 13, the Board may transfer any shares and or interest not claimed (net of any amounts due to the Society) within one year from the date of the last transaction of a member, whose whereabouts are unknown, to an Unclaimed Shares Account. Any sums remaining unclaimed for two (2) years may be transferred to the Reserve Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

2. Significant Accounting Policies (Continued)

(r) Employee benefits / pension obligations

The Credit Union operates a defined contribution plan and pays contributions to administered pension insurance plans. The Credit Union has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available.

(s) Provisions

Provisions are recognised when the society has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(t) Comparative

Where necessary, comparative figures have been adjusted to take account of the changes in presentation in the current year.

3. Financial Risk Management

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

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, customer deposits and other funding instruments. The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

3. Financial Risk Management (Continued)

i) Bonds

The Society invests mainly in medium to long term bonds consisting of both floating rate and 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. As these assets are being held to maturity and are not traded, any changes in market value will not impact the statement of comprehensive income. The society actively monitors bonds with maturities greater than ten years, as well as the interest rate policies of the Central Bank of Trinidad and Tobago.

ii) Loans

The Society generally invests in fixed rate loans. These are funded mainly from member deposits and shares.

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 Credit Union 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 Credit Union's lending philosophy; provide policy guidelines to team members involve 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 Credit Union'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 Credit Union has policies to limit the amount of exposure to any single financial institution.

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 Credit Union has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. The Credit Union is able to make daily calls on its available cash resources to settle financial and other liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

3. Financial Risk Management (continued)

Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Credit Union. The Credit Union employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Credit Union's assets as well as generating sufficient cash from new and renewed members' deposits and shares. To manage and reduce liquidity risk the Credit Union's management actively seeks to match cash inflows with liability requirements

d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Credit Union's measurement currency. The Credit Union 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 Credit Union's information technology and control systems, as well as the risk of human error and natural disasters. The Credit Union's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

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 Commissioner for Co-operative Development, as well as by the monitoring controls applied by the Credit Union.

g) Reputation risk

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

3. Financial Risk Management (continued)

h) Capital risk management

The Credit Union's objectives when managing capital are to safeguard the Credit Union's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4. Critical Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in the process of applying the Credit Union's accounting policies (see basis of preparation). Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The 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. The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

i) *Allowances for credit losses*

Loans and investments accounted are evaluated for impairment.

ii) *Financial assets and liabilities classification*

The Society's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories. In classifying financial assets or liabilities as "fair value through the profit and loss", the Society has determined that it meets the description of trading assets and liabilities

iii) *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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

5. Property, plant and equipment

31st December 2018	Office Furniture & Fittings	Air Conditioning	Office Equipment	Computer Equipment	Total
Cost	\$	\$	\$	\$	\$
Balance January 1, 2018	165,667	29,446	272,303	259,380	726,796
Additions	7,397	-	86,712	5,079	99,188
Disposal	<u>-</u>	<u>-</u>	<u>(101,466)</u>	<u>(3,550)</u>	<u>(105,016)</u>
Balance December 31, 2018	<u>173,064</u>	<u>29,446</u>	<u>257,549</u>	<u>260,909</u>	<u>720,968</u>
Accumulated Depreciation					
Balance January 1, 2018	88,449	10,287	172,768	134,722	406,226
Charge for the year	7,888	1,916	30,094	42,401	82,299
Disposals	<u>-</u>	<u>-</u>	<u>(78,792)</u>	<u>(3,341)</u>	<u>(82,132)</u>
Balance December 31, 2018	<u>96,337</u>	<u>12,203</u>	<u>124,070</u>	<u>173,782</u>	<u>406,392</u>
Net book value 2018	<u>76,727</u>	<u>17,243</u>	<u>133,479</u>	<u>87,127</u>	<u>314,576</u>
31st December 2017	Office Furniture & Fittings	Air Conditioning	Office Equipment	Computer Equipment	Total
Cost	\$	\$	\$	\$	\$
Balance January 1, 2017	158,524	26,596	226,796	236,409	648,325
Additions	7,144	2,850	45,506	89,050	144,550
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,079)</u>	<u>(66,079)</u>
Balance December 31, 2017	<u>165,668</u>	<u>29,446</u>	<u>272,302</u>	<u>259,380</u>	<u>726,796</u>
Accumulated Depreciation					
Balance January 1, 2017	80,531	8,211	154,770	154,279	397,791
Charge for the year	7,918	2,076	17,998	40,089	68,081
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,646)</u>	<u>(59,646)</u>
Balance December 31, 2017	<u>88,449</u>	<u>10,287</u>	<u>172,768</u>	<u>134,722</u>	<u>406,226</u>
Net book value 2017	<u>77,219</u>	<u>19,159</u>	<u>99,534</u>	<u>124,658</u>	<u>320,570</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

6. Cash and cash equivalents

Cash and cash equivalents consist of cash-on-hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts.

	2018	2017
	\$	\$
Cash on hand	2,500	2,500
Cash at Credit Union	<u>57,379,199</u>	<u>21,832,502</u>
	<u>57,381,699</u>	<u>21,835,002</u>

7. Members' loans

	2018	2017
	\$	\$
Fully secured	8,534,349	11,253,385
Mortgage	29,967,697	33,211,467
Ordinary	51,623,122	65,533,288
Short term	1,585,774	2,925,330
Vehicle	<u>10,849,322</u>	<u>15,118,462</u>
	102,560,264	128,041,932
Less: Expected credit loss provision (See note 8 below)	<u>(9,277,617)</u>	<u>(3,380,619)</u>
	<u>93,282,647</u>	<u>124,661,313</u>

8. Loans to members are stated at principal outstanding net of a provision for loan losses. In 2018 Management applied the loan loss provisions along the guidelines IFRS 9 which resulted in a higher loan loss provision for 2018.

<i>Expected credit loss provision</i>	2018	2017
	\$	\$
Opening balance as at 1 st January	3,380,619	2,361,384
Impact of initial adoption of IFRS 9	2,246,355	-
Current year expected credit losses	3,650,643	-
Provision for loan losses (IAS 39)	<u>-</u>	<u>1,019,235</u>
Closing balance as at 31 st December	<u>9,277,617</u>	<u>3,380,619</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

9. Accounts receivable and prepayments	2018	2017
	\$	\$
Trade receivables	813,929	3,169,146
Prepayments	<u>7,077</u>	<u>16,305</u>
	<u>821,006</u>	<u>3,185,451</u>

10. Accounts payable and accruals	2018	2017
	\$	\$
Trade payables	914,440	749,250
Accruals	<u>68,036</u>	<u>146,513</u>
	<u>982,476</u>	<u>895,763</u>

11. Employees	2018	2017
The number of persons employed at year end	<u>7</u>	<u>7</u>

12. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Society. A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market prices.

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

	2018	2017
	\$	\$
Deposits and other liabilities	511,000	526,472
Dividends	397,346	375,933
Key management compensation	423,748	428,079
Loans	7,053,660	8,355,857
Shares	8,983,658	9,346,184
Stipend to directors and related committee members	515,400	511,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

13. Investments

Financial assets measured at fair value through other comprehensive income

	2018	2017
	\$	\$
(a) Hold to collect (2017: Held-to-maturity)		
ANSA secured fund	50,000	1,330,180
Government of Trinidad and Tobago (GOTT) bonds	48,384,139	45,526,451
Guardian Holdings Ltd 2016	-	2,194,752
Guardian Holdings Ltd 2019	10,025,000	10,025,000
Guardian Holdings Ltd 2023	133,483	140,343
Petrotrin USD Bond 2019	1,131,691	1,260,142
Petrotrin USD Bond 2022	<u>315,801</u>	<u>444,821</u>
	<u>60,040,114</u>	<u>60,921,689</u>
(b) Hold to collect and sell (2017: Available-for-sale)		
ANSA TT\$ Income Fund	69,739	1,562,302
First Citizens Bank Limited – Abercrombie fund	18,194	3,698,583
First Citizens Bank - IPO	13,634,539	12,843,840
First Citizens Bank – 2022	5,238,000	5,238,000
KCL Capital Market Brokers Limited	8,092,515	11,710,558
KCL Capital Market Brokers Limited - UDS	1,352,460	-
National Investment Fund	2,267,224	-
Republic Bank Limited Money Market Fund	12,156	12,001
Trinidad and Tobago Unit Trust Corp. 2 nd unit scheme	429	57,982
Trinidad and Tobago Unit Trust Corp - growth & income fund	901	131,347
Trinidad and Tobago Mortgage Finance Co. Ltd.	10,000,000	10,000,000
T&T National Gas Ltd – IPO	2,820,343	2,568,354
TSTT – Tranche 1	3,100,000	3,100,000
TSTT – Tranche 2	<u>5,000,000</u>	<u>5,000,000</u>
	<u>51,606,500</u>	<u>55,922,967</u>
Total Investments	<u>111,646,614</u>	<u>116,844,654</u>

14. Investment Reserve

Investments are recognized in the Statement of Financial Position at the market value. The carrying amounts of the Credit Union's Investment Reserve at the end of the reporting period is as follows:

	2018	2017
	\$	\$
Opening balance	2,431,820	2,793,336
Net change in market value for the period	<u>899,150</u>	<u>(361,516)</u>
Ending balance	<u>3,330,970</u>	<u>2,431,820</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

15. Reserve fund	2018	2017
	\$	\$
Opening balance as at 1 st January	14,204,426	12,934,759
Appropriations	953,069	1,267,367
New membership fees	<u>1,360</u>	<u>2,300</u>
Closing balance as at 31 st December	<u>15,158,855</u>	<u>14,204,426</u>
16. Education fund	2018	2017
	\$	\$
Opening balance as at 1 st January	1,482,995	1,210,471
Appropriations	428,881	570,316
Expenditure for the period	<u>(228,244)</u>	<u>(297,792)</u>
Closing balance as at 31 st December	<u>1,683,632</u>	<u>1,482,995</u>
17. Building fund	2018	2017
	\$	\$
Opening balance as at 1 st January	840,000	240,000
Appropriations	1,500,000	600,000
Expenditure for the period	<u>-</u>	<u>-</u>
Closing balance as at 31 st December	<u>2,340,000</u>	<u>840,000</u>
18. Members deposits	2018	2017
	\$	\$
Opening balance as at 1 st January	12,022,112	11,434,785
Net increase for the period	<u>9,024,008</u>	<u>587,327</u>
Closing balance as at 31 st December	<u>21,046,120</u>	<u>12,022,112</u>
19. Members- shares		
<p>In accordance with existing IFRSs and given the substance and the nature of Members' shares, this balance is accounted for as a liability and not as equity of the Credit Union. The Credit Union Bye Laws allow for the issue of shares at \$5.00 each. No member may hold at any time more than one fifth (1/5) of the total paid up share capital of the Credit Union.</p>		
	2018	2017
	\$	\$
Shares at year end	<u>207,741,195</u>	<u>220,102,930</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

20. Capital Risk Management

The Credit Union manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members, and providing value to its members by offering loan and savings facilities. The Credit Union's overall strategy remains unchanged from previous years. The capital structure of the Credit Union consists of equity attributable to members, and comprises members' shares, reserves and retained earnings.

21. Officers' expenses	2018	2017
	\$	\$
Board of directors/ committee expenses	631,579	602,820
Delinquency committee expenses	3,750	10,876
Entertainment	1,000	22,818
Marketing committee	<u>5,796</u>	<u>-</u>
	<u>642,125</u>	<u>636,514</u>
22. Administrative and other	2018	2017
	\$	\$
Advertising and promotions	11,079	14,756
Annual general meeting expenses and tokens	115,949	115,798
Audit fees	39,125	35,625
Bailiffs', professional and legal fees	30,338	18,000
Computer, software maintenance and support services	48,926	50,250
Depreciation	82,298	68,081
Donations	44,329	52,472
Education committee expenses	228,244	297,792
Insurance	24,657	22,825
Loss on disposal of property, plant and equipment	22,883	6,434
League dues	24,167	24,467
Office supplies, stationery and postage	56,037	61,549
Property maintenance, land rent and facilities	74,022	78,322
Subscriptions	10,751	9,563
Security fees	14,445	14,445
Telephone and internet	<u>32,563</u>	<u>31,623</u>
	<u>859,813</u>	<u>902,002</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

23. Staff costs	2018 \$	2017 \$
Insurance	5,830	5,909
Medical plan – employer contribution	24,008	22,752
National insurance – employer contribution	68,539	64,815
Pension plan – employer contribution	64,388	64,388
Salaries and travelling	826,844	807,470
Training	<u>28,931</u>	<u>11,928</u>
	<u>1,018,540</u>	<u>977,262</u>

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.

c) Investments

The fair values of investments are determined on the basis of quoted market prices available at December 31, 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2018

25. Dividends

Dividends are recommended by the Board of Directors and are subject to confirmation by the members at the Annual General Meeting. The dividend is 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.

The Board of Directors has proposed a dividend of 3.0% of the average value of members' shares in issue throughout the year, for the year ended December 31, 2018. This dividend amounting to \$6,062,055 (projected), (2017: \$8,334,282), is not recorded as a liability in the Statement of Financial Position, consistent with IAS 10 - Events after the Reporting Period.

26. Impact of adoption of IFRS 9

The adoption of IFRS 9 on January 1st 2018 resulted in changes to the accounting policies for recognition, classification and measurement of financial assets. As permitted by the transitional provisions of IFRS 9, an election was made not to restate prior period results; accordingly all comparative period information is presented in accordance with the previous accounting policies.

Applicable adjustments to carrying amounts of the financial assets and liabilities at the date of initial application (January 1st 2018) were recognized in the opening statement of financial position as shown below:

	IAS 39		IFRS 9
	As at	Impact of	As at
	December	IFRS 9	January
Assets	31 st 2017	Impairment	1 st 2018
Loans to members	<u>124,661,313</u>	<u>(2,246,355)</u>	<u>122,414,958</u>
Members Equity			
Retained earnings	<u>14,866,944</u>	<u>(2,246,355)</u>	<u>12,620,589</u>

27. Impact of the closure of Petrotrin

During the year, on 30th November 2018, the Petroleum Company of Trinidad and Tobago Limited (Petrotrin) was shut down. With the closure, all of the employees were retrenched from the company. As at year end the net exposure to the Credit Union from loans held by retrenched employees was \$30,524,688.

Several meetings were held with these members who gave commitments to continue to pay their loans. Subsequent to year end these loans were being serviced as arranged. The exposure to the Credit Union as at 31st March 2019 was reduced to \$28,012,683. The directors have produced cash flows and do not believe that the closure will impact on their assessment that the Credit Union will continue as a going concern.



PROPOSED BUDGET 2019

	Budget 2018	Actual 2018	Variance	Budget 2019
INCOME	\$	\$	\$	\$
Interest on Loans	12,736,773	11,951,101	(785,672)	9,068,826
Income from Investments/Fixed Deposits	5,148,335	5,082,359	(65,976)	6,216,962
Other Income	75,000	44,931	(30,069)	45,000
TOTAL INCOME	17,960,109	17,078,391	(881,718)	15,330,788
EXPENDITURE				
All Officers Meetings/Social Events	30,000	1,000	(29,000)	1,000
Advertising	31,000	11,079	(19,921)	8,000
Annual General Meeting	120,000	115,949	(4,051)	100,000
Audit Fees	39,125	39,125	0	39,125
Bank / Finance Charge/Brokerage Fees	500,000	484,369	(15,631)	500,000
Board & Committee Expenses	626,100	606,673	(19,427)	610,000
Building Maintenance	80,000	74,022	(5,978)	75,000
Building Upgrade	220,000	21,543	(198,457)	300,000
Capital Expenditure - furniture, bldg plans, etc	190,000	12,476	(177,524)	12,000
Computer software & Office Equipment & Maintenance	140,000	135,637	(4,363)	160,000
Credit Union League Dues	25,000	24,167	(834)	24,167
CUNA LP/LS	700,000	666,521	(33,479)	670,000
Depreciation	72,000	82,298	10,298	80,000
Disposal of Assets	5,000	22,883	17,883	5,000
Donations/ Sponsorship	55,000	44,329	(10,671)	50,000
Education Committee	300,000	228,244	(71,756)	305,000
Green Fund Levy	60,000	51,453	(8,547)	45,992
Insurance & Pension	250,000	181,591	(68,409)	181,412
Interest on Members Fixed Deposits & Savings	140,400	152,691	12,291	1,300,000
Office Expense	66,000	59,145	(6,855)	70,000
Professional Fees - IT, legal, compliance, bailiff	38,000	30,338	(7,663)	35,000
Provision for bad and doubtful debts	1,000,000	3,650,643	2,650,643	3,000,000
Salary/Contract Labour	900,000	833,557	(66,443)	872,000
Security fee (CIT) & CCTV Maintenance	60,000	14,445	(45,555)	16,000
Subscriptions/sundry	10,000	7,643	(2,357)	7,000
Telephone & Internet	46,000	32,564	(13,436)	32,000
Training and Development	40,000	62,498	22,498	63,000
TOTAL EXPENDITURE	5,743,625	7,646,883	1,903,258	8,561,696
SURPLUS	12,216,484	9,431,508	(2,784,975)	6,769,092



RESOLUTIONS

Resolution 1 – Appointment of Auditors

Whereas the Commissioner for Co-operative Development has drawn up a list of approved Auditors for the accounts of Co-operative Societies in accordance with Section 51 of the Co-operative Societies Act and Regulations thereof;

And whereas Bye-Law 22(k) of the Trintoc (Penal) Credit Union requires the Annual General Meeting to appoint an Auditor for the ensuing term from the list of Auditors approved by the Commissioner;

Be it resolved that Maharaj Mohammed & Co. be appointed Auditors of the Trintoc (Penal) Credit Union Co-operative Society Limited for the financial year ending December 31st 2019.

Resolution 2 – Distribution of Surplus

Whereas the Credit Union has realized a net surplus for the financial year ended December 31st 2018; and whereas Bye-law 12 of the Society makes provision for the distribution of this surplus in accordance with the regulations of the Co-operative Societies Act;

Be it resolved that a dividend of 3.0% be declared on members' shares as at December 31st 2018 and credited to their share accounts;

And be it further resolved that any account which is in arrears, the said sum be credited to outstanding loan and interest.

Resolution 3 – Maximum Liability

Whereas Bye-Law 22(i) of the Society states that the Annual General Meeting can set the maximum liability of the Society:

Be it resolved that the maximum liability of the Society be set at forty-three million TT dollars (\$43,000,000).

This is to facilitate the increase in the members fixed deposits, deposits accounts and payables.



PRODUCTS AND SERVICES

Term / Fixed Deposits

Term/Fixed Deposits – where the member agrees to place a fixed amount of money for a specific period of time to receive an interest rate for the duration of that time period. TPCU interest rates vary between 1% - 2% per annum. Deposits are repayable on demand however penalties apply.

Shares

The Credit Union's strength is represented by its Share Capital.

Members purchase shares which contribute to the pool of resources, members can then borrow in their time of need. The members accumulated shares increases the total resources of the Credit Union.

As a shareholder you are part-owner of the Credit Union, entitled to benefit from all services provided by the Credit Union. Your share balance is considered in your eligibility for loans.

Members are required to purchase at least one share (cost \$5.00) each month in order to keep an active status. Benefits include:

- Free loan protection and life savings insurance on shareholdings.
- The use of Shares as collateral for loans
- Dividends are paid annually on shareholdings on rates of interest as determined at Annual General Meetings

Loans

At TPCU, we provide a variety of personal loans for our members designed to help them achieve their short- and long-term goals:

- Vehicle loans
- Mortgage loans
- Education loans
- Vacation loans
- Debt consolidation loans
- Carnival loans
- Life Event loans e.g. for weddings, christenings, funerals etc.
- Investment loans
- Insurance loans
- Share builder loans
- Miscellaneous loans



CUNA Caribbean Insurance is the leading provider of insurance protection and retirement solutions for credit unions and co-operative societies across the Caribbean. Trintoc (Penal) Credit Union has enjoyed a very long and beneficial partnership with the company whose focus is to ensure that our members can have access to insurance products that they can trust and afford. As partners with CUNA Caribbean Insurance, we are able to provide a few of the insurance products to our membership.

LIFE SAVINGS INSURANCE (LS)

Pre-approved insurance coverage can automatically double your savings upon death.

- Your savings are insured up to a maximum of \$30,000
- At no direct cost to you
- Approval is automatic
- You can leave your family an inheritance

LOAN PROTECTION INSURANCE (LP)

Leave your family an inheritance, not a debt. Enjoy the security of knowing that your family will be taken care of.

- Get insurance coverage for your loan of up to a maximum of \$60,000 if you become permanently disabled or pass away
- Insurance coverage at no direct cost to you
- Only your family will receive the benefits.

THE FAMILY INDEMNITY PLAN (FIP)

The Family Indemnity Plan offers peace of mind during a difficult time by providing a cash benefit to cover funeral expenses in the event of the member or his eligible family members' death. Coverage is provided for a maximum of six eligible (6) family members as follows:

- Member
- Spouse or significant other
- Children between the ages 1 through 25
- Members' parents below the age of 76 (any two (2) persons you choose from your parents and parents-in-law)

Advantages of the Family Indemnity Plan:

- No medical questions
- One monthly premium covers up to 6 family members (including any two persons you choose from your parents and parents-in-law enrolled by age 76)
- Full benefit is paid (per person) every time a claim is made
- Payments for claims are made within 2 working days
- Lifetime insurance coverage

Choose the option that best suits you:

Plan	Premium	Benefit
PLAN A	\$52.80 monthly	\$10,000
PLAN B	\$79.20 monthly	\$15,000
PLAN C	\$105.60 monthly	\$20,000
PLAN D	\$158.40 monthly	\$30,000
PLAN E	\$211.20 monthly	\$40,000
PLAN F	\$343.20 monthly	\$65,000



We strongly recommend this plan to all members since it provides a measure of relief for bereaved families at a crucial time.

THE FAMILY INDEMNITY PLAN WITH CRITICAL ILLNESS (FCI)

We are happy to introduce a new solution designed just for you, a living benefit option for FIP Plan F. You can now access \$25,000 as a partial payment of the Plan F face amount to help with medical expenses if you are diagnosed with one of the following critical illnesses:

- Cancer
- Heart Attack
- Stroke
- Paralysis
- Major Burns

Benefit

- \$25,000 – if primary insured/owner is diagnosed with a critical illness
- \$40,000 – in the event of the primary insured/owner death, the balance of the benefit is paid
- \$65,000 – in the event of the primary insured/owner death and no critical illness claim was submitted
- \$65,000 – coverage for all other dependents enrolled

Premium

- \$400 – FIP Plan F with FCI (\$343.20 Plan F + \$56.80 CI)
- The CI Rider premium (\$56.80) would be refunded if the member dies before age 75 and did not submit a critical illness claim

Sign up today and give yourself a reason to be comforted in difficult times!



