Annual Report 2015
Consolidated

1970-2015

BARBADOS PUBLIC WORKERS'
CO-OPERATIVE CREDIT UNION LIMITED

CONTENTS

BARBADOS PUBLIC WORKERS'
CO-OPERATIVE CREDIT UNION LIMITED

MISSION STATEMENT

Our mission is to render
excellence in service to our members
while providing the
means for enhancing their
financial, economic
and social well being,
in consonance with
co-operative principles.

"Co-operating for your Financial Success"

VISION STATEMENT

Our vision is to be
the premier indigenous
co-operative financial services provider
in the region,
hand in hand with our membership.

OUR COMMON BOND

We commit to these values to guide our decisions and behaviour.

VALUES

Respect for Individuals

We treat each other and our members with respect and dignity, valuing individual differences. We communicate frequently and with candor, listening to each other regardless of level or position.

Dedicated to Helping Members

We truly care for each member. We build enduring relationships by understanding and anticipating our members' needs and by serving them better each time than the time before.

Highest Standards of Integrity

We are honest and ethical in all our business dealings, starting with how we treat each other. We keep our promises and admit our mistakes. Our personal conduct ensures that the Barbados Public Workers' Co-operative Credit Union Limited (BPWCCUL) name is always worthy of trust.

Service Quality, Diversity and Innovation

We believe service quality, innovation and diversity are the engines that will keep us vital and growing. Our culture embraces quality and creativity, seeks different perspectives and risks pursuing new opportunities.

Team Work

We encourage and reward both individual and team achievements. We freely join with our vendors and business partners across organisational boundaries to advance the interest of our members.

By living these values, BPWCCUL aspires to achieve a standard of excellence that will reward our members, and all BPWCCUL people.

OUR LEADERS

BOARD OF DIRECTORS

President
Bro. Glendon A. Belle

Vice President
Sis. Sandra Reece

Treasurer
Bro. Anthony Christie

Secretary
Bro. Raphael Holder

Assistant Secretary
Sis. Carole Layne-Browne

Director
Bro. Cedric Murrell

Director
Sis. Paula Byer

Director
Sis. Kerry-ann King

Director
Bro. Trevor Colucci

MANAGEMENT TEAM


Group Chief Executive Officer
Sis. Clorinda Alleyne


Group Financial Controller
Bro. LeVere Catlyn


General Counsel
Sis. Natalie Holder


Group Human Resource Manager
Sis. Tania Nicholls


Manager, Management Information Systems
Bro. Irwin Gibson


Internal Auditor
Bro. Eric Small


Member Relations Manager - Loans
Bro. Philip Babb


Member Relations Manager - Savings and Deposits
Bro. Zandre Bowen


Risk Manager
Sis. Rachel Belgrave


Manager, Business Facilitation and Innovation
Sis. Judith Sarjeant

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED MARCH 31, 2011 TO MARCH 31, 2015

In Bds $'000

	2015	2014	2013	2012	2011
Statement of financial position:					
Assets					
Cash and equivalents	56,129	72,274	65,137	49,215	35,509
Investments and other short term deposits	83,628	76,039	73,991	71,556	56,603
Loans to Members (net)	906,060	825,149	774,615	749,729	712,623
Property and Equipment	30,060	30,009	27,263	26,553	28,194
Other	14,801	13,578	10,279	9,512	9,378
	1,090,678	1,017,049	951,285	906,565	842,307
Liabilities					
Deposits	915,312	839,052	772,320	735,909	673,773
Loans Payable	52,035	63,966	74,476	80,101	85,188
Other	17,883	17,428	17,335	14,448	15,626
	985,230	920,446	864,131	830,458	774,587
Equity					
Share Capital	8,764	8,240	7,760	7,394	7,037
Reserve Fund	89,804	81,891	71,540	62,954	56,885
Other Reserves	2,773	1,907	1,078	1,633	1,579
Retained earnings	4,107	4,565	6,776	4,126	2,219
	105,448	96,603	87,154	76,107	67,720
	1,090,678	1,017,049	951,285	906,565	842,307
Statement of income:					
Interest Income	80,930	77,904	73,962	71,555	63,285
Interest Expense	31,176	29,172	28,444	28,615	25,352
Net Interest Income	49,754	48,732	45,518	42,940	37,933
Other income	3,730	3,446	4,032	3,640	3,250
Net income and other income	53,484	52,178	49,550	46,580	41,183
Loan impairment expense	3,951	4,699	4,890	3,993	5,593
Net operating income	49,533	47,479	44,660	42,587	35,590
Total operating expenses	39,756	36,132	31,534	33,163	29,538
Net income before taxes	9,777	11,347	13,126	9,424	6,052

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED MARCH 31, 2011 TO MARCH 31, 2015

In Bds $'000

	2015	2014	2013	2012	2011
Financial statistics in percent:					
Asset Growth	7.24	6.91	4.93	7.63	25.39
Loan Growth	9.81	6.52	3.32	5.21	30.64
Deposit Growth	9.09	8.64	4.95	9.22	21.16
Net Surplus Growth	-13.84	-13.55	39.28	55.72	-33.08
Return on Assets	0.93	1.15	1.41	1.08	0.80
Return on Equity	9.68	12.35	16.08	13.10	9.28
Operating Efficiency	80.26	76.10	70.61	77.87	83.00
Net Interest Margin	4.72	4.95	4.90	4.91	5.01

	2015	2014	2013	2012	2011
Other statistics					
Delinquency ratio (%)	6.8	6.7	7.5	7.2	3.9
# of members (000'S)	73.0	68.7	64.7	61.6	58.6
# of branches	4	4	4	3	3
Net income per member	$133.87	$165.25	$202.96	$152.94	$103.28

Principal Bankers

Barbados Public Workers' Co-operative Credit Union Limited - **Republic Bank (Barbados) Ltd.**
BPW Financial Holdings Inc. - **CIBC First Caribbean International Bank**
Capita Financial Services Inc. - **CIBC First Caribbean International Bank**

Auditors

KPMG – **Chartered Accountants**

BOARD OF DIRECTORS' REPORT

President
Bro. Glendon Belle

OVERVIEW

The Board of Directors is happy to report another year's commendable performance notwithstanding the volatile economic environment, and applauds management and staff for their commitment and contribution to this achievement.

At March 31st, 2015 membership exceeded 70,000, and based on our current growth path as a separate entity, the Credit Union is on target to meet the one billion dollar mark in assets during the coming year. These are significant milestones.

In the process of reviewing our past year's performance, we evaluated those things which impacted us in the pursuit of achieving our strategic objectives, with a view to seeing how these could either be improved or mitigated depending on the impact.

In undertaking this exercise we sought to make a comparison with the global Credit Union movement. The World Council of Credit Unions in their 2013 report noted that, "In 2013, our top challenges across the globe were more universal than ever before. Large, small, emerging and mature systems, regardless of their differences, all reported the same top challenges: increased regulatory burden, payments innovation, young adult membership growth and small credit union sustainability." These revelations almost perfectly mirror our domestic Credit Union environment today.

As we seek to learn from our counterparts across the globe to improve our individual operation and performance, we must also examine those things that impact the movement as a whole with a view to keeping Credit Unions alive and well in Barbados. In evaluating each of these trends we remain convicted in our efforts thus far and our vision for the future.

RAPIDLY CHANGING REGULATORY ENVIRONMENT

Today the Credit Union stands at a significant cross-road. The new regulatory world, the dynamic technological future and landscape, increased and intensified competition in the financial services sector have all impacted on the operation of financial institutions, and more significantly on Credit Unions.

During the last financial year, we saw the implementation of the asset tax on Credit Unions. While this was only imposed on Credit Unions with assets of forty million dollars or more, the impact was material as it is not our business model to pass cost on through fees to our members as most other financial institutions typically would. Through rigorous scenario planning and budgeting exercises we were able to mitigate the effects of this impact on our Credit Union.

Additionally, the introduction of the Foreign Asset Tax Compliance Act (FATCA) and the reduction of the world to a global village through technological advancements also affected our operations this year. The implementation of FATCA required changes to our internal operating procedures and extensive training for operational staff which was championed by our internal compliance team.

ACCESS TO SERVICES

The review of products and services is an ongoing process and we must continue to be informed by diligent market research so that we remain appropriate and relevant to our members' needs and expectations. Our delivery channels must ensure that doing business with the Credit Union is fast, accurate and efficient.

Through an analysis of behavioural data, management saw that more and more of our members were engaging the Credit Union through mobile devices and responded with the launch of our mobile banking application at the beginning of the second half of the year. This was further supported by a revamp of our corporate website which is now mobile friendly.

Successive reports from our annual member survey have noted a call for an expanded branch network. We are pleased to report that the branch at Emerald City which registered strong performances from inception, will shortly be relocated to more commodious surroundings at the Emerald City Complex, Six

Roads. This branch which commenced operations on May 6th, 2008 will include the installation of two additional full serviced ATMs and a coin counter. There will also be a modest increase in staff complement to support increased member activity.

With this expansion members will now have access to our ATM service twenty-four hours a day. The branch will be able to more adequately accommodate the provision of the full suite of services available at our other locations. Our expectations are that the convenience, accessibility, service and satisfaction levels to our members will be tremendously enhanced.

Additionally, our relentless search for the placement of an ATM in the north of the island has paid off. We are delighted to report that there are ATMs at the Jordan's Complex in Speightstown and at Junction Enterprises, Mile-and–a Quarter, St. Peter, which have been operational since August and December 2014 respectively. During the course of the coming year it is anticipated that a branch will be established in St. Peter. Regulatory approval has already been granted.

YOUTH ACTIVITY

We continue in our commitment to the development of our young people. This investment has served us well as we continue to see the growth in the young adult segment of our membership. Our ability to attract and retain young members is what will sustain us in the years to come. There were multiple initiatives throughout the year targeted at this group.

In response to the announcement that Barbadian students attending the University of the West Indies would have to pay tuition fees, we developed a special facility to assist our members with the completion, and in some cases commencement of their studies.

Additionally, the Credit Union remains steadfast in its promise to provide educational grants, scholarships and special academic awards to our young members at all levels of their development. During the year under review alone, we disbursed just under half million dollars in educational grant funding.

To ensure that the philosophical importance of co-operatives is passed on, we also hosted a workshop for secondary school teachers to facilitate the teaching of Co-operative Principles, Credit Union Studies and Financial Literacy in their schools.

In addition, we continue to develop this relationship by providing programs through our Thrift Club Schools Savers initiative in both the primary and secondary schools.

Further learning and developmental opportunities were also realized through our Annual Easter Seminar and Summer Camp.

SMALL CREDIT UNION SUSTAINABILITY

While it is the remit of the Credit Union League to create initiatives to ensure the relevance of small Credit Unions, our philosophy of "People Helping People" must be constantly exemplified and applied as we respond positively to the challenges of smaller Credit Unions reaching out to us.

Consistent with this conviction we were able to facilitate the transfer of assets from the Goodwill Co-operative Credit Union Limited. The exercise and associated processes were finalized and concluded with regulatory cancellation of Goodwill's registration by the Financial Services Commission on April 16th 2015.

Additionally, we have been positioning ourselves to lend support including but not limited to the sharing of technology and other skills and expertise resident in our Credit Union.

LEGACY FOUNDATION, REGISTERED CHARITY NO. 978

As we continue to grow and develop as a financial co-operative operating in a small open economy, tackling developmental issues impacting our membership will become even more critical. These include issues surrounding the advancement of vulnerable and at-risk sectors of our nation. It was with this view in mind that Legacy Foundation, Registered Charity No. 978 was formed.

Much of Legacy Foundation's work this year has been around creating awareness and building capacity, with one of its major undertakings being the development of a website - www.legacybarbados.org. The site, which is still being improved, highlights some of the activities undertaken to date, lists the trustees and most importantly, includes an application guide which provides information on the types of initiatives that can be funded.

In order to further advance the work of Legacy Foundation, the Board is focused on the creation and execution of an annual work plan. This includes a relook at the organization's structure as more day-to-day operational support will be required for execution.

FINANCIAL SNAPSHOT

Barbados Public Workers' Co-operative Credit Union Limited

During the period under review the Credit Union's total assets increased from $876.6 million at March 31st, 2014 to $930.2 million at March 31st, 2015. This represented an increase of 6.1% or $53.6 million over prior year.

Deposit growth continued to be robust peaking in the last quarter of the financial year. During the period under review deposits grew by $53.3 million or 7.4% over the previous period culminating in a year-end balance of $775.1million.

For the first time in the Credit Union's history, an Asset Tax was levied on the assets of the Credit Union during this financial

BOARD OF DIRECTORS' REPORT

(continued)

year. It impacted negatively on net income for the year by $1.4 million.

CAPITA Financial Services Inc.

For the year ended March 2015, CAPITA Financial Services Inc. registered a consolidated pre-tax profit of $1.1 million, representing a decrease in profitability of $246K or 18.4% compared to the previous year.

This marginal decrease is a direct consequence of the implementation of the asset tax on financial institutions, for which CAPITA attracted a tax of $253K. Notwithstanding, total interest income increased to $12.4 million from $11.4 million in prior year.

As at March 31st, 2015 CAPITA recorded assets of $201 million, an increase of 12.1% over prior year.

Positive growth was also recorded in total loans and advances which increased from $141 million to $160 million an increase of 13.3%. Customer deposits moved from $137 million to $160 million or 16.9%.

The insurance division recorded yet another good year, earning net commissions of $743K, surpassing the 2014 earnings by 33.5%. As of September 11, 2014 this division started functioning as a separate brokerage entity rebranded as CAPITA Insurance Brokers Inc. (CIB).

The performance of the Credit Union and its subsidiary is to be highly commended given the prevailing economic climate.

MEMBER COMMITMENT

Members will always be at the heart of what we do, for it is their committed patronage and support which has been critical in our progress and development to date. Without them it would not have been possible, and so wherever and whenever, we give back with a deep sense of pride and gratitude, fully cognizant of our responsibility.

During the year under review we provided financial and other support to a variety of groups in the community focusing on health, sports, education, and cultural events. Additionally, we increased our allocation to the Scholarship and Grant funding by $56K, thereby tangibly supporting members in their thrust for professional development. The amount dispensed during the year was $445K to a total of 289 applicants, compared to 158 applicants during the previous period. This thrust was further enhanced by the Student Loan product which was launched in April 2014.

Members also benefited from an interest rate reduction over the year as a result of various loan promotions with associated special rates. Average interest rate on loans declined from 9.3% in 2014 to 8.9% at March 31st, 2015.

In addition we continued our outreach initiative to those who had their lives disrupted through retrenchment both in the private and public sector. We remain committed to this initiative and to the tenets of our mission statement.

Public events such as the Annual Christmas Concert, and GospelFest's Sunset Concert and Members Market activities sponsored by your Credit Union are intended to be a staple component of our "giveback" to the community. The Members Market initiative was conceptualized as an income generating avenue particularly for those members who had lost their jobs. The initiative was well received by members and the level of patronage very heartening.

2016 AND BEYOND

Leveraging and optimizing technological solutions, including but not limited to the mobile revolution is now par for the course. Inventiveness, assertiveness, coupled with progressive thinking and a willingness to embrace opportunities as they become present will be significant to our growth and sustainability.

Our business model must therefore be more flexible and tolerant to the new dynamics at play. Our approach to emerging and existing population demographics with its challenges and opportunities must therefore be meaningful, nimble and responsive.

The technological revolution has impacted and continues to impact our business operation. We believe that a critical aspect of this approach must relate to reviewing existing structures and processes, and implementing as necessary methodologies which will support and maximize synergies within the Group at all levels.

The Board in its deliberation has determined that given the diverse challenges associated with the ongoing economic crisis consideration must be given to providing a platform to assisting members interested in micro business enterprise. To this end an appropriation will be considered to support this initiative. Diligent and focused reassessment of the Credit Union's operations at all levels to ensure sustainability and optimum performance levels must the standard hallmark going forward.

CONDOLENCES

We extend sincere condolences to all members of the Credit Union family who lost loved ones during the year under review.

We remember especially with deep sadness, our many members who have been called to higher service including devoted Credit Union representative our dear Sis. Annette Murrell, and our dear brother, Bro. Sir L.V. Harcourt Lewis, stalwart and unrelenting Credit Unionist.

May light perpetual shine on them.

BOARD OF DIRECTORS' REPORT

ACKNOWLEDGMENT

This year's successes could not have been achieved without the commitment, dedication and continued support of our loyal staff, the elected committees, sub-committees, departmental representatives and of course our members without whose continued and loyal patronage the Credit Union achievements would neither be achievable or sustainable. To each and every one we express our deep and sincere gratitude.

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Group's Annual Report provides a discussion and analysis of the financial condition and performance of the consolidated operations of the Barbados Public Workers' Co-operative Credit Union Limited, and its subsidiaries ("the Group") for the financial year ended March 31, 2015.

The Group includes the parent, Barbados Public Worker's Co-operative Credit Union Limited, its subsidiary BPW Financial Holdings Inc. and its subsidiary Capita Financial Services Inc. ("Capita").

Overview

At March 31, 2015 the total consolidated assets of the Group reached $1.1 billion reflecting an average growth of $6.1 million a month during the year ending March 31, 2015.

This growth epitomized the confidence, loyalty and support in which members and customers have placed in the respective boards, management and staff of the companies within the Group.

Snapshot of CAPITA's Performance

CAPITA has continued to grow from strength to strength since its acquisition in August 2010, recording an average asset growth of $1.8 million per year to reach $200 million at March 31, 2015. Its net income after tax has stabilized to average $1.0 million per year. However, CAPITA continues to expand offering a wide diversity of other income opportunities for the Group.

One such opportunity is through the establishment of CAPITA Insurance Brokers (CIB) which provides brokerage services to the Group under the CAPITA brand.

Through CIB, the Credit Union's membership has been provided with one of the best health benefit plans within the market.

Group Performance Summary

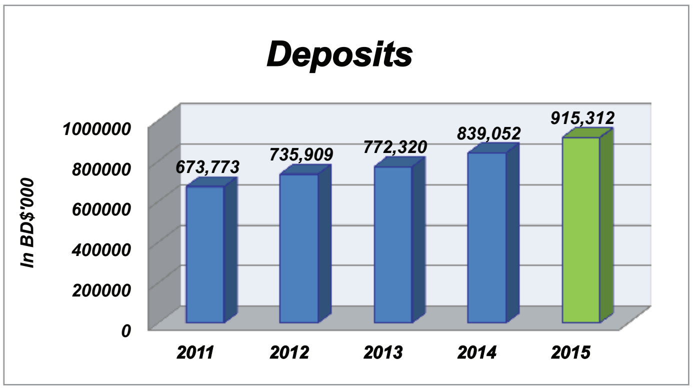
The Group's consolidated net income for the year under review totalled $9.6 million compared to $11.1 million for the previous year. Total tax levied on the assets of the Group for the year ending March 31, 2015 amounted to $1.6 million.

The Group continued to maintain tight control over the rate of non-performing loans. Although there was an increase in non-performing loans by $6.1 million across the Group, the rate of delinquency increased marginally to 6.8 percent.

A review of the loan portfolio required that the loan impairment provision be increased by $0.6 million in 2015. However, the ratio of provision to impaired loans moved from 40 percent in 2014 to 37.1 percent in 2015.

Overall the Group recorded significant growth in its core businesses. Loan growth moved from 6.5 percent in 2014 to 9.8 percent in 2015.

Deposit growth climbed from 8.6 percent in 2014 to 9.1 percent in 2015. Net interest margin declined slightly from 5.0 percent to 4.7 percent as various pricing strategies were employed to drive loan and deposit volumes.



These results were the product of outstanding and dedicated staff. The Group expects a great deal from all of its employees. They must have deep and broad knowledge of its products, services, and systems. They must be accurate, efficient, and compliant. Above all, they must deliver outstanding service with every single interaction.

Outlook

Undoubtedly, the Group continues to operate in a challenging economic environment that is already impacting on the sustainability and future growth of key players in the financial services sector especially the smaller Credit Unions. Faced with continuing deterioration in credit quality, there is a constant need to reassess capital levels, identify stress points and manage risk exposures.

The Group will continue to respond to the current and future challenges as it seeks to maintain its positive growth trends.

The impact of large-scale retrenchment of employees in the public service and the introduction of a 0.2 percent tax on assets of non-bank financial institutions have taken effect during the financial year and will continue to do so in the 2016 financial year.

Notwithstanding these circumstances, the Group is well equipped to whether the challenges which lie ahead.

Economic Review

The local economy continues to struggle as it seeks to recover from extended periods of negative growth, despite some growth globally.

According to the most recent economic report, the Barbados economy is estimated to have grown by less than 1 percent in 2014. Foreign exchange reserves at the end of December 2014 represented 14.5 weeks of import of goods and services. Tourism value-added is estimated to have increased by 1 percent thereby reversing a downward trend over the last 3 years.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Further, initiatives were undertaken during the year to leverage Barbados' advantage in international business and this is expected to bear fruits in the near future.

The average unemployment rate stood at 12.5 percent, an increase of 1.3 percent. Additionally, net public sector debt to GDP was estimated at 73 percent compared to 67 percent a year earlier.

Economic Outlook

Despite modest growth in 2014, the Central Bank projected economic growth of 2 percent in 2015 and 2.3 percent in 2016.

This growth is expected to come from tourism and construction activities which is expected to produce a spin-off effect in wholesale, retail and business services.

Further, the Central Bank anticipates a reduction in the GDP's deficit by 5 percent once the new revenue measures are implemented in 2015/2016 and current revenue measures are extended.

Consolidated Financial Statement Highlights

Revenues

For the financial year ended March 31, 2015 the Group earned total interest revenue of $80.9 million, up from $77.9 million for the previous year. This represented an increase of $3.0 million or 3.9 percent for the year and is attributable to the steady growth in both consumer and mortgage loans across the Group.

Income generated from non-interest sources increased by $284 thousand or 8.2 percent when compared with the previous year, primarily as a result of increased efforts in bad loan recoveries.

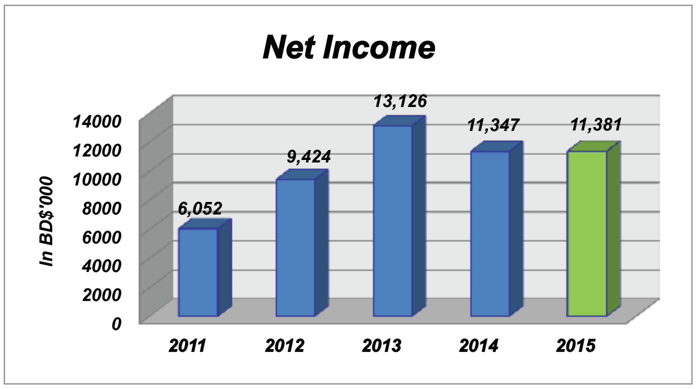
Net interest Income

Despite competitive pressures in lowering lending rates, prudent management of the interest spread resulted in consistent growth in net interest income during the year.

Net interest income grew by $1.0 million or 2.1 percent to $49.8 million for the year, as a result of increased loan volumes and a reduction in funding costs.

Net Income

The Group earned comprehensive income of $10.3 million for the year ended March 31, 2015 compared with $10.8 million for the previous year. This represented a decline of approximately $580 thousand or 5.4 percent under the prior year.



Operating Expenses

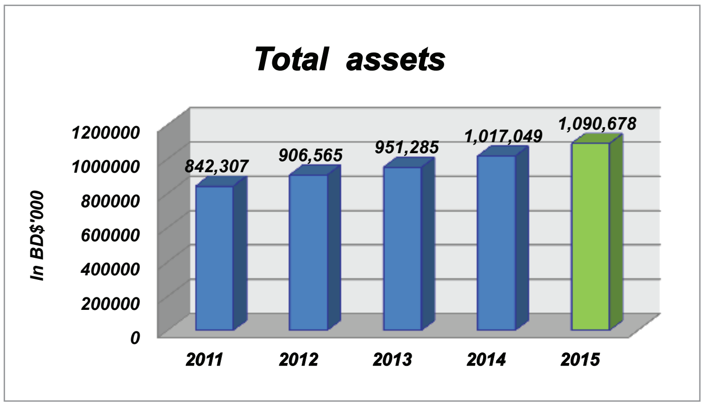
Operating expenses increased from $36.1 million at March 31, 2014 to $39.8 million for 2015 and was driven principally by the new tax on assets, increases in staff costs, rental expense and security services.

The increase in staff costs amounted to $1.0 million and is due to contractual salary increases and new hires in both the Credit Union and Capita during the year.

The expansion of the Emerald City Branch, installation of two additional ATMs and the rental of office space for staff of Capita and the Credit Union during the year were responsible for the notable increase in rental expense. A full year's rent would have been recorded during the year compared to a partial booking in the last quarter of 2014. As a consequence, total rental costs moved from $1.0 million in 2014 to $1.4 million for 2015.

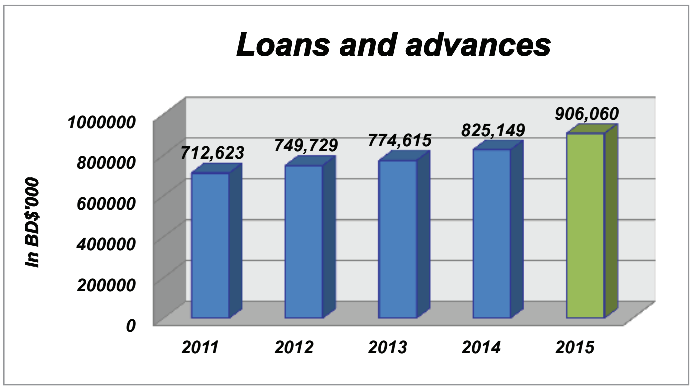
Assets

Total assets of the Group stood at $1.1 billion at March 31, 2015. This represented an increase of $73.6 million or 7.2 percent over the previous year.



At March 31, 2015, the Group's consolidated net loans and advances rose to $906.1 million, as compared to $825.1 million at the end of March 31, 2014. This represented an overall increase of $80.9 million or 9.8 percent growth in loans compared to an increase of $50.5 million one year ago.

MANAGEMENT DISCUSSION AND ANALYSIS



The Credit Union led the growth in the mortgage loan portfolio which accounted for approximately $18.3 million in mortgages. Consumer loans were the major instrument of loan growth at the Credit Union accounting for $44.3 million of the portfolio increase.

This increase resulted from a more targeted marketing approach, innovative loan promotions and from continuous streamlining of the loan approval and disbursement processes.

These initiatives enabled the sustainment of the increasing loan trend realized across the Group.

The Group remained highly liquid with total cash resources totaling $108.8 million. Financial investments increased by $5.3 million or 20.6 percent due largely to additional purchases of government securities during the financial year.

Asset Quality

The delinquency ratio increased slightly from 6.7 percent in 2014 to 6.8 percent at March 31, 2015. This is commendable given the current environment and is attributable to close monitoring of delinquent accounts, creating payment solutions for members who are experiencing challenges and strict adherence to credit control and underwriting requirements.

The Group also maintained a consistent approach to the provisioning process based on thorough reviews of individual credits and analyses of collective portfolio risk characteristics.

A key focus of management in recent months has involved working proactively with members and customers to offer financial counseling and provide alternatives to current loan arrangements with the aim of maintaining sound credit ratings and risk profiles.

Liabilities

The Group's strong liquidity position continued to be driven by the growth in deposit liabilities. At the financial year end, the Group's deposits totaled $915.3 million, an increase of $76.3 million or 9.1 percent higher than at the previous year-end.

Deposits at the Credit Union grew by $53.3 million or 7.4 percent, while Capita continued to reflect a steady increase in customer deposits which increased by $23.1 million or 16.9 percent.

During the year under review the Credit Union repaid two high interest rate loan facilities so as to reduce its debt service costs and improve the overall net interest margin yield.

The Credit Union's total loan repayment amounted to $10.2 million and was largely responsible for the reduction in loans payable from $64.0 million at March 31, 2014 to $52.0 million at March 31, 2015.

Equity

As at March 31, 2015, the Group's total equity was $105.4 million, an increase of $8.8 million or 9.2 percent over the previous year. The increase was primarily due to increased profits of $10.3 million and growth in Credit Union share capital of $0.5 million, net of dividend distributions of $2.0 million, paid to Credit Union members during the year.

The Group's capital adequacy ratios are above minimum capital requirements. These are continuously monitored when assessing capital needs and evaluating changes in strategic focus, risk tolerance levels, business plans and the operating environment that might materially affect capital adequacy.

OUTLOOK – 2015 and Beyond

In the financial market, innovation is no longer incremental but more exponential. The most remarkable advances have been in the way in which products and services are delivered and utilised.

These innovations are not driven by the financial industry, but by technology pioneers such as Apple and Google. Thus as mobile devices advance, so too do the applications for nearly every industry, including finance.

In the past few months, we have seen major innovations in mobile biometric security protocols and wearable devices, uses which are already making their way into the banking sphere. The key to our success is to position the Group to capitalize on such innovations.

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INDEPENDENT AUDITORS' REPORT

To the Members of Barbados Public Workers' Co-operative Credit Union Limited

We have audited the accompanying consolidated financial statements of Barbados Public Workers' Co-operative Credit Union Limited (the "Credit Union") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2015, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2015, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Bridgetown, Barbados

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Consolidated Statement of Income

For the year ended March 31, 2015
With comparative figures for 2014

(Expressed in Barbados dollars)

	Notes		2015	2014
Interest income	3	$	80,929,951	77,904,130
Interest expense	3		(31,175,977)	(29,172,425)
Net interest income	3		49,753,974	48,731,705
Other income	4		3,729,861	3,446,210
Net interest and other income			53,483,835	52,177,915
Loan impairment expense	12		(3,951,296)	(4,699,329)
Net operating income			49,532,539	47,478,586
Staff costs	5		14,634,909	13,614,712
Operating expenses	6		20,156,708	19,720,880
Depreciation	13		3,359,516	2,795,895
Total expenses			38,151,133	36,131,487
Income before levies and taxation			11,381,406	11,347,099
Tax on assets	7		(1,604,120)	-
Income before taxation			9,777,286	11,347,099
Taxation	8		(135,729)	(219,686)
Net income for the year		$	9,641,557	11,127,413

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

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Consolidated Statement of Comprehensive Income

For the year ended March 31, 2015
With comparative figures for 2014

(Expressed in Barbados dollars)

		2015	2014
Net income for the year	$	9,641,557	11,127,413
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit asset		704,508	(330,608)
Items that are or may be reclassified to profit or loss			
Net unrealised (losses) gains on available-for-sale investments		(90,344)	38,963
Other comprehensive income		614,164	(291,645)
Total comprehensive income for the year	$	10,255,721	10,835,768

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

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Consolidated Statement of Financial Position

As at March 31, 2015
With comparative figures as at March 31, 2014

(Expressed in Barbados dollars)

	Notes		2015	2014
Assets				
Cash resources	10	$	108,772,406	122,627,943
Financial investments				
Held to maturity	11		25,838,462	20,395,633
Available-for-sale	11		2,033,220	2,107,517
Loans and receivables	11		3,112,780	3,181,576
Loans and advances	12		906,059,531	825,149,124
Property and equipment	13		30,060,208	30,009,202
Pension plan asset	14		687,429	5,716
Corporation tax recoverable			363,105	366,281
Intangible asset	16		2,910,000	2,910,000
Other assets	15		10,840,468	10,296,216
Total Assets		$	1,090,677,609	1,017,049,208
Liabilities and Equity				
Liabilities				
Deposits	17	$	915,311,940	839,051,895
Loans payable	18		52,034,942	63,966,144
Reimbursable shares			6,700,221	5,351,432
Asset tax payable	7		1,074,967	-
Corporation tax payable			-	41,021
Deferred taxation	8		84,041	81,785
Other liabilities	19		10,023,497	11,954,059
Total liabilities			985,229,608	920,446,336
Equity				
Share capital	20		8,763,840	8,240,280
Statutory reserves	21		89,803,786	81,891,199
Other reserves	22		2,772,755	1,907,154
Retained earnings			4,107,620	4,564,239
Total equity			105,448,001	96,602,872
Total Liabilities and Equity		$	1,090,677,609	1,017,049,208

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

Approved by the Board of Directors on May 28, 2015 and signed on its behalf by:

....

Glendon Belle **Anthony Christie**

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Consolidated Statement of Changes in Equity

For the year ended March 31, 2015
With comparative figures for 2014

(Expressed in Barbados dollars)

	Notes	Share capital	Statutory reserves	Other reserves	Retained earnings	Total
Restated balance at March 31, 2013		$ 7,760,400	71,540,222	1,077,959	6,775,326	87,153,907
Net income		-	-	-	11,127,413	11,127,413
Other comprehensive income		-	-	(291,645)	-	(291,645)
Issue of shares		521,400	-	-	-	521,400
Redemption of shares		(41,520)	-	-	-	(41,520)
Transfer to statutory reserves	21	-	10,329,252	-	(10,329,252)	-
Entrance fees	21	-	21,725	-	-	21,725
Transfer to special reserves	22	-	-	1,105,025	(1,105,025)	-
Special reserves released to retained earnings	22	-	-	(840,745)	840,745	-
Reserve for interest on non-performing loans	22	-	-	856,560	(856,560)	-
Distributions to members	9	-	-	-	(1,888,408)	(1,888,408)
At March 31, 2014		8,240,280	81,891,199	1,907,154	4,564,239	96,602,872
Net income		-	-	-	9,641,557	9,641,557
Other comprehensive income		-	-	614,164	-	614,164
Issue of shares		584,280	-	-	-	584,280
Redemption of shares		(60,720)	-	-	-	(60,720)
Transfer to statutory reserves	21	-	7,888,242	-	(7,888,242)	-
Entrance fees	21	-	24,345	-	-	24,345
Transfer to special reserves	22	-	-	887,398	(887,398)	-
Special reserves released to retained earnings	22	-	-	(1,065,814)	1,065,814	-
Reserve for interest on non-performing loans	22	-	-	429,853	(429,853)	-
Distributions to members	9	-	-	-	(1,958,497)	(1,958,497)
At March 31, 2015		$ 8,763,840	89,803,786	2,772,755	4,107,620	105,448,001

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

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Consolidated Statement of Cash Flows

For the year ended March 31, 2015
With comparative figures for 2014

(Expressed in Barbados dollars)

	Notes		2015	2014
Cash Flows from Operating Activities				
Income before taxation		$	9,777,286	11,347,099
Adjustments for:				
Depreciation			3,359,516	2,795,895
Loan impairment expense			3,951,296	4,699,329
(Gain)/ loss on disposal of property and equipment			(44,511)	15,774
Interest income			(80,929,951)	(77,904,130)
Interest expense			31,175,977	29,172,425
Dividend income			(108,288)	(112,292)
Tax on assets			1,604,120	-
			(31,214,555)	(29,985,900)
Changes in operating assets and liabilities				
Increase in mandatory reserve deposits with Central Bank			(250,000)	(549,999)
(Increase) decrease in other term deposits			(2,038,789)	2,491,566
Increase in loans and advances			(84,033,827)	(53,722,416)
Decrease (increase) in pension plan asset			22,795	(14,281)
Increase in other assets			(544,252)	(3,719,718)
Increase in deposits			74,805,188	66,407,767
Increase (decrease) in reimbursable shares			1,348,789	(374,616)
(Decrease) Increase in other liabilities			(1,930,562)	546,839
Net cash used in operations			(43,835,213)	(18,920,758)
Interest received			80,102,075	76,231,580
Interest paid			(29,721,120)	(28,848,637)
Levies paid			(529,153)	-
Income taxes paid			(171,318)	(284,233)
Net cash provided by operating activities			5,845,271	28,177,952
Cash Flows from Investing Activities				
Net increase in financial investments			(5,390,080)	(3,699,536)
Purchase of property and equipment			(3,453,404)	(5,557,844)
Proceeds from sale of property and equipment			87,393	-
Dividend income received			108,288	112,292
Net cash used in investing activities			(8,647,803)	(9,145,088)

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Consolidated Statement of Cash Flows

For the year ended March 31, 2015
With comparative figures for 2014

(Expressed in Barbados dollars)

	Notes		2015	2014
Cash Flows from Financing Activities				
Net decrease in loans payable			(11,931,202)	(10,510,003)
Issue of shares			584,280	521,400
Entrance fees received			24,345	21,725
Redemption of shares			(60,720)	(41,520)
Distributions to members			(1,958,497)	(1,888,408)
Net cash used in financing activities			(13,341,794)	(11,896,806)
Net (decrease) increase in cash and cash equivalents			(16,144,326)	7,136,058
Cash and cash equivalents, beginning of year			72,273,515	65,137,457
Cash and cash equivalents, end of year	10	$	56,129,189	72,273,515

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

1. Corporate information

Barbados Public Workers' Co-operative Credit Union Limited and its subsidiaries ("the Group") are registered under the relevant financial, co-operative and corporate legislations within the countries in which they operate.

The parent company, Barbados Public Workers' Co-operative Credit Union Limited ('the Credit Union") is a company incorporated and domiciled in Barbados with its registered office at Olive Trotman House, Keith Bourne Complex, Belmont Road, St. Michael.

On 23 March 2010, the Credit Union incorporated a 100% owned subsidiary, BPW Financial Holdings Inc., the principal activity of which is to hold the capital investments of the Group.

On 27 August 2010, BPW Financial Holdings Inc. obtained 100% control over Clico Mortgage & Finance Corporation now renamed Capita Financial Services Inc.

On September 11, 2014, Capita Financial Services Inc. incorporated a 100% owned subsidiary, Capita Insurance Brokers Inc., the principal activity of which is provision of insurance broker services.

The Group provides savings products, credit facilities, lease financing, brokerage services and serves as a general and life insurance agent to its customer's base. The Group's operations span across Barbados and St. Lucia.

2. Accounting Policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in Barbados dollars on a historical cost basis, except for available-for-sale investments which have been measured at fair value.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Credit Union and its subsidiaries, disclosed in Note 1. The financial statements of the subsidiaries are prepared for the same reporting year end as the Credit Union, using consistent accounting policies. All intra–group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2. Accounting Policies...(continued)

2.2 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements and accompanying notes. Actual amounts may differ from these estimates.

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. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

This includes the services of a professional valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. This team reports directly to the Credit Risk Manager. They also review market estimates where assets and liabilities are traded in active markets.

Significant valuation issues are reported to the Asset Liability Committee (ALCO) which has oversight of the Group's investment policy. This Committee meets quarterly to review any challenges as it relates to the carrying value of the Group's assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as disclosed in Note 26.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2. Accounting Policies...(continued)

2.2 Significant accounting judgments, estimates and assumptions...(continued)

Impairment of assets

The Group assesses at each reporting date whether there is objective evidence that an asset or group of assets is impaired. An asset or a group of assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the future cash flows of the asset or group of assets that can be reliably estimated.

The Group reviews its individually significant loans at each statement of financial position date to assess whether impairment should be recorded in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining individual impairment and also in the determination of collective impairment.

In estimating these cash flows, the Group makes judgments about the borrower’s financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance for impairment losses. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether a provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.

2. Accounting Policies...(continued)

2.2 Significant accounting judgments, estimates and assumptions...(continued)

Pension obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. Accounting for employee pension obligations requires the use of actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their services in the current and prior period.

The actuarial assumptions are based on management's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Variations in these assumptions could cause material adjustments in future years, if it is determined that the actual experience differed from the estimate.

Taxes

A subsidiary is subject to income taxes in both Barbados and St. Lucia. Significant estimates are required in determining the provision for income taxes. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable income, together with future tax planning strategies.

Intangible assets

The Group's financial statements include goodwill arising from acquisitions. In accordance with IAS 36, goodwill is reviewed for impairment annually. This requires the use of estimates for determination of future cash flows expected to arise from each cash-generating unit and an appropriate discount rate to calculate present value.

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. They have been applied consistently to all periods presented.

a) Foreign currency

The Group's consolidated financial statements are presented in Barbados dollars which is the Group's presentation currency. The functional currency of the St. Lucia branch of a subsidiary is Eastern Caribbean dollars.

Monetary assets and liabilities denominated in foreign currencies are translated into Barbados dollars at the rates of exchange ruling at the statement of financial position date. Transactions arising during the year denominated in foreign currencies are translated into Barbados dollars and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates are included in the statement of income.

Assets and liabilities of the St. Lucia branch are translated into the Group's presentation currency at the rate of exchange as at the statement of financial position date, and the statement of income is translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on non-monetary items, such as equities classified as available-for-sale investments, are recognised in other comprehensive income.

b) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, balances with commercial banks, deposits with Central Bank (excluding mandatory reserve deposits) and term deposits with an original maturity of three months or less from the acquisition date.

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in the statement of income. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the statement of income in the year of acquisition.

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies...(continued)

c) Business combinations and goodwill...(continued)

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash–generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is included in the statement of financial position in intangible assets.

d) Intangible assets

Intangible assets are recognised only when their cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the acquirer.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of income when the asset is derecognised.

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies...(continued)

e) Financial instruments

The Group initially recognises loans and advances, deposits and loans payable on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date, i.e., the date that the entities within the Group become a party to the contractual provisions of the instrument.

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at cost being their fair value plus transaction costs that are directly attributable to its acquisition or issue.

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies its financial assets in the following categories: held to maturity, available-for-sale and loans and receivables.

Held to maturity financial investments

Held to maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Group has the intention and ability to hold to maturity.

After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate method (EIR), less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The Group has reported government securities which have all been classified under the held to maturity classification.

Impairment losses are reported as a deduction from the carrying value of the investment (through an allowance account) or investment balance. The amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income.

If the Group were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Group would be prohibited from classifying any financial asset as held to maturity for the current and during the following two financial years.

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies...(continued)

e) Financial instruments...(continued)

Available-for-sale financial investments
Available-for-sale investments include equity securities. Equity securities classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently re-measured at fair value based on quoted bid prices or amounts derived from approved valuation models. Unrealised gains and losses on available-for-sale securities are recognised directly in the fair value reserve in equity and reported under other comprehensive income.

When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of income.

Unquoted equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment.

For available-for-sale financial investments, the Group assesses at each statement of financial position date whether there is objective evidence that an investment is impaired. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income – is removed from other comprehensive income and recognised in the statement of income. Impairment losses on equity investments are not reversed through the statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method, less impairment.

Impairment losses are reported as a deduction from the carrying value of the loan (through an allowance account) or balance and recognised in the statement of income as a provision for impairment.

Financial liabilities
The Group's financial liabilities include customer deposits, loans payable, reimbursable shares and other liabilities. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans payable, net of directly attributable transaction costs.

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies...(continued)

e) Financial instruments...(continued)

Financial liabilities...(continued)
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. The EIR amortisation, if any, is included in the statement of income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

f) Reimbursable shares

Reimbursable shares represent amounts due to the estates of deceased members.

g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in the statement of income.

h) Offsetting financial instruments

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

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies...(continued)

i) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are included in the statement of income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and these are included in the statement of income. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Items of property and equipment are depreciated from the date they are available for use. Depreciation is recognised in the statement of income on the straight-line basis, at rates designed to write off the cost of the assets over the periods of their estimated useful lives. Land is not depreciated.

The following group annual rates apply:

Buildings	2% - 4%
Motor vehicles	20%
Furniture and equipment	10% - 33.33%
Leasehold improvements	10% - 33.33%

j) Leases

Leased assets
For assets leased out under finance leases, the present value of the lease payments at the start of the lease is recognised as a receivable and is included in loans and advances. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax) which reflects a constant periodic rate of return.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies...(continued)

j) Leases...(continued)

Lease payments

For assets leased out under operating leases, the total payments received are included as other operating income in the statement of income on the straight-line basis over the period of the lease.

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

k) Employee benefits

The Group has both a defined benefit plan and a defined contribution plan for its employees.

Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The Credit Union operates a defined benefit pension plan for its eligible employees, which requires contributions to be made to a separately administered fund.

The Credit Union's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Credit Union, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in the statement of other comprehensive income. The Credit Union determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of income.

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies…(continued)

k) Employee benefits...(continued)

Defined benefit plan…(continued)
When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of income. The Credit Union recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plan
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity (a fund), with no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Capita Financial Services Inc. operates a defined contribution plan for its eligible employees.

For the defined contribution plan, the Group makes contributions to an administered pension plan. Once the contributions have been paid, the Group has no further payment obligation. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs. The Group's contributions to the defined contribution pension plan are charged to the statement of income in the year to which they relate.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for other amounts expected to be paid if the Group has a present legal or constructive obligation to pay these amounts as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in the statement of income in the period in which they arise.

Termination benefits
Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

l) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

2. Accounting Policies...(continued)

2.3 Summary of significant accounting policies...(continued)

l) Taxation…(continued)

Current tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred tax
Deferred tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes using the rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the asset is realised or liability settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

m) Recognition of income and expenses

Revenue is recognised on an accrual basis to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue and expenses are recognised:

Interest income and expense
For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest method. The effective interest rate (EIR), is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or a shorter period, where appropriate), to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. For financial liabilities such as deposits, interest is expensed based on the outstanding balance of these deposit accounts.

Fees and commission income
Fees and commission income are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

Dividend income
Dividend income is recognised when the Group's right to receive the dividend is established.

2. Accounting Policies...(continued)

2.4 Changes in accounting policy and disclosures

New and amended standards and interpretations
The accounting policies adopted are consistent with those used in the previous financial year except for the adoption of the following standards, amendments and interpretations.

IFRIC 21 – Levies (effective 1 January 2014)
IFRS 10 – Consolidated Financial Statements (Amendments) (effective 1 January 2014)
IFRS 12 – Disclosure of Interests in Other Entities (effective 1 January 2014)
IAS 27 – Separate Financial Statements (Amendments) (effective 1 January 2014)
IAS 32 – Financial Instruments: Presentation (Amendments) (effective 1 January 2014)
IAS 36 – Impairment of Assets (Amendments) (effective 1 January 2014)
IAS 39 – Financial Instruments: Recognition and Measurement (effective 1 January 2014)

The nature and effects of the relevant changes are explained below:

(I) Levies

IFRIC 21 - Levies indicates that a levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation. IFRIC 21 provides the following interpretive guidance on when an entity should recognise a liability for a levy imposed by a government:

- The liability is recognised progressively, if the obligating event occurs over a period of time;
- If an obligation is triggered when a minimum threshold is reached.

Based on the interpretation, the Credit Union has applied IFRIC 21 to recognise the government levy on its assets.

There were no other changes resulting from the adoption of these standards during the current financial year.

2. Accounting Policies...(continued)

2.5 Standards in issue but not yet effective

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group are as follows:

IFRS 9 – Financial Instruments (effective 1 January 2018)
IFRS 10 – Consolidated Financial Statements (Amendments) (effective 1 January 2016)
IFRS 11 – Joint Arrangements (Amendments) (effective 1 January 2016)
IFRS 14 – Regulatory Deferral Accounts (effective 1 January 2016)
IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2017)
IAS 16 – Property, Plant & Equipment (Amendments) (effective 1 January 2016)
IAS 19 – Employee Benefits (Amendments) (effective 1 July 2014)
IAS 27 – Separate Financial Statements (Amendments) (effective 1 January 2016)
IAS 28 – Investments in Associates (Amendments) (effective 1 January 2016)
IAS 38 – Intangible Assets (Amendments) (effective 1 January 2016)

None of these is expected to have a significant effect on the financial statements of the Group in the period of adoption, except for IFRS 9 Financial Instruments, which tentatively becomes mandatory for the Group's 2019 financial statements, and is expected to impact the classification and measurement of financial assets and financial liabilities. A description of this standard is provided below.

IFRS 9 — *FINANCIAL INSTRUMENTS*
IFRS 9 was issued in November 2009 and contains requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement, with a new mixed measurement model having only two categories: amortised cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are recognised either at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognised in profit or loss insofar as they do not clearly represent a return on investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010, and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in the statement of other comprehensive income.

(Expressed in Barbados dollars)

3. Net Interest Income

		2015	2014
Interest income			
Loans and advances	$	76,893,379	73,108,355
Financial investments		1,676,025	1,142,636
Cash resources		2,360,547	3,653,139
		80,929,951	77,904,130
Interest expense			
Deposits		28,328,098	25,616,139
Loans payable		2,847,879	3,556,286
		31,175,977	29,172,425
Net interest income	$	49,753,974	48,731,705

4. Other Income

		2015	2014
Fee income	$	1,325,492	1,539,775
Legal income		1,016,349	863,695
Rental income		75,264	64,974
Bad debt recoveries		396,008	278,639
Insurance agency commissions		742,877	556,625
Dividend income		114,792	112,292
Realised gain on sale of investments		-	4,945
Gain (loss) on disposal of equipment		44,511	(15,774)
Lease income		2,260	13,560
Other		12,308	27,479
	$	3,729,861	3,446,210

5. Staff Costs

		2015	2014
Salaries	$	11,516,983	10,902,235
National Insurance scheme contributions		959,916	880,808
Pension plan – defined contribution plan		94,256	89,681
Pension plan – defined benefit plan (Note 14)		604,268	506,725
Other costs		1,459,486	1,235,263
	$	14,634,909	13,614,712

(Expressed in Barbados dollars)

6. Operating Expenses

		2015	2014
Anniversary expenses	$	260,430	290,317
Advertising		1,061,627	1,339,959
Affiliation		75,000	75,000
Amortisation and write-off of deferred expenses		-	272,947
Audit fees		461,025	521,342
Bank charges		78,991	106,272
Committee travelling allowances		175,650	121,075
Development expenses		280,310	242,857
Direct cost of services		418,826	445,183
Educational grant and scholarship expenses		445,215	294,776
Elected Officials and Committee Training		223,895	202,723
Entertaining		70,011	56,353
Insurance		582,893	514,760
Janitorial services		371,164	352,267
Legacy Foundation – Donations		100,000	100,000
Legal and professional fees		1,109,982	1,375,722
Meetings and conferences		487,458	687,160
Membership security		2,400,415	2,168,718
Sundry expenses		97,953	125,225
National development expenses		98,783	72,673
Office stationery and supplies		970,309	1,116,148
Postage		165,044	103,118
Property taxes		176,951	175,700
Publicity and promotion		2,312,605	2,015,748
Regulatory licences		217,814	213,439
Rent		1,424,898	1,018,686
Repairs and maintenance		2,847,557	2,624,265
Security services		863,271	709,989
Social outreach expenses		141,506	130,439
Staff and members' training		825,039	815,868
Utilities		1,412,086	1,432,151
	$	20,156,708	19,720,880

7. Tax on Assets

Under the Tax on Asset Act, 2015, every credit union registered under Section 193 of the Co-operative Societies Act, Cap 378 with total gross assets of $40 million or more, shall pay within four (4) months after each assessment quarter, a levy of 0.20% per annum on the average domestic assets of the Credit Union. This Act came into effect on July 1, 2014 and is expected to expire on March 31, 2016.

(Expressed in Barbados dollars)

7. Tax on Assets…(continued)

Capita Financial Services Inc., being a deposit-taking licensee, was also impacted by the Act. Effective June 1, 2014, entities licensed under Section 22 of the Financial Institutions Act, Cap 324A with total gross assets of which is $40 million or more and accepts deposits from third parties, shall pay by the 15th of the sixth (6th) month after each assessment quarter, a levy of 0.20% per annum on the average domestic assets of the deposit taking licensee.

Tax on assets expense for the year amounted to $1,604,120.

8. Taxation

The corporation tax charge for the year is as follows:

		2015	2014
Current tax expense	$	117,077	167,227
Under accrual of prior year taxes		16,396	-
Deferred tax charge		2,256	52,459
Tax expense	$	135,729	219,686

The tax on the Group's income before taxation differs from the theoretical amount that would arise using the statutory rate of corporation tax as follows:

		2015	2014
Income before taxation	$	9,777,286	11,347,099
Tax calculated at a rate of 25% (2014 - 25%)		2,444,322	2,836,775
Income not subject to tax		(2,334,089)	(2,708,984)
Effect of different tax rates		(13,221)	(8,208)
Expenses not deductible for tax		21,020	37,728
Movement on deferred tax asset not recognised		1,301	28,698
Prior year's under provision of taxes		16,396	-
Other		-	33,677
Tax expense	$	135,729	219,686

(Expressed in Barbados dollars)

8. Taxation…(continued)

Deferred taxation

		2015	2014
Beginning of the year	$	81,785	29,326
Deferred tax charge		2,256	52,459
End of year	$	84,041	81,785

The deferred tax liability consists of accelerated tax depreciation. The deferred tax asset not recognised comprises losses and accelerated tax depreciation of the St. Lucia Branch of a subsidiary.

The accumulated losses for tax purposes which may be carried forward and set off against future taxable income as follows:

Year of Loss		Losses B/fwd	Incurred	Utilised	Expired	Losses C/Fwd	Expiry Date
2009	$	97,383	-	11,721	85,662	-	2015
2010		44,017	-	-	-	44,017	2016
2011		57,777	-	-	-	57,777	2017
2012		205,852	-	-	-	205,852	2018
2013		45,474	-	-	-	45,474	2019
2014		102,616	-	-	-	102,616	2020
2015		-	-	-	-	-	
	$	553,119	-	11,721	85,662	455,736	

These losses are as computed by the subsidiary in its corporation tax returns and have as yet neither been confirmed nor disputed by the Commissioner of Inland Revenue.

9. Distributions to Members

Distributions to members include a dividend of $0.231 (2014 - $0.233) per share amounting to $393,544 (2014 - $372,400) and interest rebate amounting to $1,564,953 (2014 - $1,516,008).

(Expressed in Barbados dollars)

10. Cash Resources

		2015	2014
Cash	$	48,119,406	56,424,277
Short-term deposits		8,009,783	15,849,238
Cash balances maturing within 90 days		56,129,189	72,273,515
Other term deposits		48,467,389	46,428,600
Mandatory reserve deposits with Central Bank of Barbados		4,175,828	3,925,828
Total cash resources	$	108,772,406	122,627,943

Mandatory reserve deposits with the Central Bank are non-interest bearing and represent a subsidiary's regulatory requirement to maintain a percentage of deposit liabilities as cash or deposits with the Central Bank. These non-interest bearing funds are not available to finance day-to-day operations and as such, are excluded from cash resources to arrive at cash and cash equivalents for the purpose of the statement of cash flows.

At March 31, 2015, cash resources with the exception of mandatory reserve deposits with Central Bank carry interest rates varying from 0.50% to 5% per annum (2014 - 0.50% to 5%).

For the purposes of the cash flow statements, cash and cash equivalents comprise:

		2015	2014
Cash balances maturing within 90 days	$	56,129,189	72,273,515

(Expressed in Barbados dollars)

11. Financial Investments

Financial investments comprise:

		2015	2014
Held to maturity			
Government securities	$	25,109,000	20,109,000
Interest receivable		729,462	286,633
	$	25,838,462	20,395,633

During the year ended March 31, 2015, interest rates varied from 4.13% to 8.50% per annum (2014 - 1.75% to 8.50%).

		2015	2014
Available-for-sale			
Equities - quoted	$	1,350,698	1,443,169
Equities - unquoted		682,522	664,348
	$	2,033,220	2,107,517

		2015	2014
Loans and receivables			
Government securities	$	3,045,493	2,870,118
Interest receivable		67,287	311,458
	$	3,112,780	3,181,576

During the year ended March 31, 2015, interest rates varied from 6.12% to 7.38% per annum (2014 – 4.25% to 7.40%).

Investments include treasury bills of $2,150,000 (2014 – $2,150,000) held as a result of a subsidiary's regulatory requirement to maintain 1.5% of total domestic deposits as a statutory reserve.

(Expressed in Barbados dollars)

12. Loans and Advances

(i) Loans and advances are comprised of the following:

	2015			
	Consumer	Business	Mortgages	Total
Performing loans	$ 514,838,559	9,086,493	337,363,411	861,288,463
Non-performing loans	33,119,424	598,947	28,802,731	62,521,102
Gross loans	547,957,983	9,685,440	366,166,142	923,809,565
Less: provision for impairment	(17,036,003)	(294,476)	(5,858,141)	(23,188,620)
	$ 530,921,980	9,390,964	360,308,001	900,620,945
Add: interest receivable				5,438,586
				$ 906,059,531

	2014			
	Consumer	Business	Mortgages	Total
Performing loans	$ 467,840,785	2,570,533	316,321,985	786,733,303
Non-performing loans	31,108,593	721,534	24,586,589	56,416,716
Gross loans	498,949,378	3,292,067	340,908,574	843,150,019
Less: provision for impairment	(16,754,197)	(462,395)	(5,395,013)	(22,611,605)
	$ 482,195,181	2,829,672	335,513,561	820,538,414
Add: interest receivable				4,610,710
				$ 825,149,124

Finance leases at March 31, 2015 amounted to $28,770 (2014 - $28,770).

A portfolio of mortgage loans of a subsidiary has been pledged as security for certain customer deposits totalling $18,800,000 (2014 - $18,800,000). At March 31, 2015 a floating charge of $15,000,000 (2014 - $15,000,000) over these deposits had been formalised.

(Expressed in Barbados dollars)

12. Loans and Advances…(continued)

(ii) The movement in provision for impaired loans is as follows:

		2015			
		Consumer	Business	Mortgages	Total
Balance, beginning of year	$	16,754,197	462,395	5,395,013	22,611,605
Amounts charged off		(3,061,940)	(82,101)	(230,240)	(3,374,281)
Loan impairment expense		3,343,746	(85,818)	693,368	3,951,296
Balance, end of year		17,036,003	294,476	5,858,141	23,188,620
Individual impairment	$	13,079,751	221,696	4,504,692	17,806,139
Collective impairment		3,956,252	72,780	1,353,449	5,382,481
	$	17,036,003	294,476	5,858,141	23,188,620

		2014			
		Consumer	Business	Mortgages	Total
Balance, beginning of year	$	17,068,869	240,879	3,293,557	20,603,305
Amounts charged off		(2,626,995)	(64,034)	-	(2,691,029)
Loan impairment expense		2,312,323	285,550	2,101,456	4,699,329
Balance, end of year		16,754,197	462,395	5,395,013	22,611,605
Individual impairment	$	12,894,657	347,027	4,101,232	17,342,916
Collective impairment		3,859,540	115,368	1,293,781	5,268,689
	$	16,754,197	462,395	5,395,013	22,611,605

(Expressed in Barbados dollars)

13. Property and Equipment

Property and equipment is comprised of the following:

2015

		Land and Buildings	Motor Vehicles	Furniture and Equipment	Leasehold Improvements	Assets being Acquired	Total
Cost							
Balance, beginning of year	$	28,801,032	1,797,493	19,606,567	3,102,288	1,389,536	54,696,916
Additions/transfer		-	403,392	2,377,479	26,819	645,714	3,453,404
Disposals		-	(219,894)	(86,626)	-	-	(306,520)
Balance, end of year		28,801,032	1,980,991	21,897,420	3,129,107	2,035,250	57,843,800
Accumulated depreciation							
Balance, beginning of year		7,366,180	1,382,615	14,812,898	1,126,021	-	24,687,714
Depreciation		547,014	210,150	1,955,135	643,782	3,435	3,359,516
Disposals		-	(177,735)	(85,903)	-	-	(263,638)
Balance, end of year		7,913,194	1,415,030	16,682,130	1,769,803	3,435	27,783,592
Net book value, end of year	$	20,887,838	565,961	5,215,290	1,359,304	2,031,815	30,060,208

2014

		Land and Buildings	Motor Vehicles	Furniture and Equipment	Leasehold Improvements	Assets being Acquired	Total
Cost							
Balance, beginning of year	$	28,037,936	2,047,493	16,733,726	1,393,753	1,215,629	49,428,537
Additions/transfer		763,096	-	2,910,221	1,710,620	173,907	5,557,844
Disposals		-	(250,000)	(37,380)	(2,085)	-	(289,465)
Balance, end of year		28,801,032	1,797,493	19,606,567	3,102,288	1,389,536	54,696,916
Accumulated depreciation							
Balance, beginning of year		6,835,958	1,387,505	13,235,323	706,724	-	22,165,510
Depreciation		530,222	232,610	1,613,766	419,297	-	2,795,895
Disposals		-	(237,500)	(36,191)	-	-	(273,691)
Balance, end of year		7,366,180	1,382,615	14,812,898	1,126,021	-	24,687,714
Net book value, end of year	$	21,434,852	414,878	4,793,669	1,976,267	1,389,536	30,009,202

14. Pension Plan Asset

The Credit Union participates in a defined benefit pension plan operated by a reputable insurance provider. The pension plan is jointly funded by payments from the Credit Union and certain employees, taking into account the recommendations of independent qualified actuaries.

The Actuary periodically (at least every three years) evaluates the financial position of the Plan and recommends the future contribution rate for the Credit Union.

The last full actuarial valuation of the pension plan for eligible employees was carried out on March 31, 2014.

In a Defined Benefit Pension Plan the employees' entitlement is determined by a formula based on their years of pensionable service and pensionable salary. It is typical for the employees' benefit to be integrated with the retirement benefits provided by the National Insurance.

The contribution rate paid by the employee is fixed and the Credit Union pays the balance of the ultimate cost of the benefits and hence the Credit Union's contribution is unknown. The Credit Union expects to pay $561,376 in contributions to its defined benefit plan in 2015.

Currently at retirement employees are entitled to receive a pension benefit equal to:

1. 1.75% of their pensionable salary as at April 1, 2013 reduced by 1.32% of the National Insurance Insurable Earnings as at April 1, 2003 for each year of Ranking Service prior to April 1, 2003.

Plus

2. 1.75% of their total pensionable salary from April 1, 2003 reduced by 1.32% of the National Insurance Insurable Earnings as at April 1, 2003 for each year of Ranking Service prior to April 1, 2003.

Employees' pension benefits are further increased by the amount of pension that can be purchased with any voluntary contributions accumulated with credited interest to their retirement date.

There are three Trustees of the Plan, one is an employee representative while the other two are external to the Credit Union. The Trustees are required to understand the risks taken, make reasonable investment decisions, provide members with information and act in the best interests of the plan participants.

14. Pension Plan Asset…(continued)

The Plan is invested in a segregated pensions fund consisting of two Funds which cover a broad spectrum of available assets. The strategic investment policy of the Funds can be summarised as follows:

Bonds Fund:
A unit trust with a strategy of acquiring regional and non-regional long-dated securities, where possible, but the majority of its financial investments are still predominantly in Barbados currency. The Fund's objective is to generate income and preserve capital through investment in competitive yielding fixed income securities including mortgages, bonds and other debt instruments.

Equity Fund:
This is a unit trust that invests mainly in Barbadian equities, Barbadian real estate, commercial mortgages, foreign equities and bonds. This Fund's objective is to provide long-term capital growth through investment in a diversified portfolio of equity securities and real estate.

The current instruction is to invest all new cash flows 50% in the Bonds Fund and 50% in the Equity Fund. At present, approximately 45% of the Plan's assets are invested in the Equity Fund and 55% are invested in the Bonds Fund.

a) The amounts recognised in the statement of financial position are determined as follows:

		2015	2014
Present value of obligation to plan members	$	(8,164,276)	(7,847,099)
Pension plan assets at fair value		8,851,705	7,852,815
Asset recognised in the statement of financial position	$	687,429	5,716

(Expressed in Barbados dollars)

14. Pension Plan Asset…(continued)

b) Movement in the amounts recognised in the statement of financial position are as follows:

		2015	2014
Asset, beginning of year	$	5,716	322,043
Contributions paid		581,473	521,006
Pension expense recognised in statement of income		(604,268)	(506,725)
Re-measurement recognised in other comprehensive income		704,508	(330,608)
Asset, end of year	$	687,429	5,716

c) Changes in the present value of the obligation for defined benefit pension plans were as follows:

		2015	2014
Opening obligation	$	7,847,099	6,648,580
Interest cost		656,358	557,241
Current service cost		561,818	493,453
Employees' contributions		99,518	70,891
Benefits paid		(52,808)	(38,671)
Actuarial losses arising from:			
Experience adjustments		(947,709)	115,605
Closing obligation	$	8,164,276	7,847,099

(Expressed in Barbados dollars)

14. Pension Plan Asset…(continued)

d) (i) Changes in the fair value of the defined benefit pension plan assets were as follows:

		2015	2014
Opening fair value of plan assets	$	7,852,815	6,970,623
Actual return		389,024	345,998
Employer's contributions		581,473	521,006
Employees' contributions		99,518	70,891
Benefits paid		(52,808)	(38,671)
Administrative expenses		(18,317)	(17,032)
Closing fair value of plan assets	$	8,851,705	7,852,815

(ii) Plan assets consist of the following:

		2015	2014
Equities	$	3,979,683	3,710,241
Bonds		4,872,022	4,142,574
	$	8,851,705	7,852,815

The assets of the plan are invested in segregated funds. The major asset categories underlying the plan assets are as follows:

	2015	2014
Mortgages	14.07%	13.98%
Bonds	39.33%	39.51%
Equities	36.35%	31.95%
Property	4.50%	6.58%
Other	5.75%	7.98%

e) The amounts recognised in the statement of income are as follows:

		2015	2014
Current service cost	$	561,818	493,453
Interest cost on obligation		656,358	557,241
Expected return on plan assets		(632,225)	(561,001)
Administrative expenses		18,317	17,032
Net pension expense included in staff costs (Note 5)	$	604,268	506,725

(Expressed in Barbados dollars)

14. Pension Plan Asset…(continued)

f) The amounts recognised in the statement of other comprehensive income are as follows:

		2015	2014
Remeasurement loss on obligation	$	(947,709)	115,605
Remeasurement loss on plan assets		243,201	215,003
	$	(704,508)	330,608

g) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2015	2014
Discount rate at end of year	7.75%	7.75%
Expected return on plan assets at end of year	n/a	n/a
Future salary increases	6.75%	6.75%
Future pension increases	1.75%	1.75%
Future changes in NIS ceiling	4.25%	4.25%
Proportion of employees opting for early retirement	0.00%	0.00%
Termination of active members	0.00%	0.00%
Future expenses	0.00%	0.00%

At March 31, 2015, the weighed-average duration of the defined benefit obligation was 25.46 years.

h) Sensitivity analysis on projected benefit obligation:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

		Increase	Decrease
Discount rate (1% movement)	$	(1,699,552)	2,326,990
Future salary growth (0.5% movement)		1,021,616	(912,991)

As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected benefit obligation of an increase of one year in the life expectancy is approximately $11,498.

(Expressed in Barbados dollars)

15. Other Assets

Other assets are comprised of the following:

		2015	2014
Accounts receivable	$	5,365,761	4,264,716
Prepaid employee benefit (Note 19)		2,354,990	2,581,584
Prepaid expenses		2,102,420	1,996,394
Premiums receivable		720,807	1,364,848
Interest receivable on cash resources		54,985	33,674
Dividend receivable		55,000	55,000
Other Assets re Goodwill Credit Union (Note 28)		186,505	-
	$	10,840,468	10,296,216

16. Intangible Asset

		2015	2014
Goodwill	$	2,910,000	2,910,000

Impairment tests for goodwill
Goodwill is allocated to one cash-generating unit (CGU).

The recoverable amount for the CGU has been determined using value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the long-term average growth rates for the country in which the CGU operates.

Key assumptions used for value-in-use calculations
Key assumptions are those to which the CGU's recoverable amount is most sensitive. The value-in-use calculation was based on a discount rate of 20% and a growth rate of 7%.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to exceed its recoverable amount.

(Expressed in Barbados dollars)

17. Deposits

(i) This amount comprises:

		2015	2014
Saving deposits	$	375,188,937	372,532,382
Deposits payable on fixed date		495,917,980	430,018,532
Registered retirement savings plan deposits (a)		38,431,616	32,182,431
		909,538,533	834,733,345
Interest payable		5,773,407	4,318,550
	$	915,311,940	839,051,895

(a) The Group operates a registered retirement savings plan for the benefit of its members and guarantees a minimum return on plan deposits of the higher of 5.0% and 1.0% above the minimum deposit rate. At March 31, 2015 the minimum deposit rate was 2.5% (2014 - 2.5%).

(ii) Concentration of deposits

Deposits (excluding interest payable) comprised the following:

		2015	2014
Personal	$	749,941,580	697,965,897
Commercial		159,596,953	136,767,448
	$	909,538,533	834,733,345

At March 31, 2015, deposits pledged as security for loans to members and not available for withdrawal totalled $229,404,306 (2014 - $253,686,287). The average yield of deposits during the year was 3.05% (2014 - 3.02%).

(Expressed in Barbados dollars)

18. Loans Payable

Loans payable is comprised of the following:

		2015	2014
National Insurance Board (i)	$	25,938,471	32,429,384
Housing Credit Fund (ii)		26,105,471	31,536,760
	$	52,043,942	63,966,144

(i) During the year ended March 31, 2011, the Group borrowed $15,000,000 from the National Insurance Board at a fixed interest rate of 8.25% payable over ten years to finance the purchase of Clico Mortgage and Finance Corporation (renamed Capita Financial Services Inc.) by its subsidiary BPW Financial Holdings Inc. This loan has been secured by a mortgage assignment over the property at Broad Street stamped to cover $10,000,000 and an assignment of a treasury note for $5,000,000 due to mature October 31, 2015. During the year the loan was fully repaid.

The other National Insurance Board loans amounting to $25,938,471 (2014 - $28,772,304), which were acquired prior to March 31, 2011, are repayable over an average period of seventeen years and are secured by an equivalent value of first legal mortgages over residential properties funded by the loan proceeds. The interest rates on these loans ranged from 5.25% to 6.00% (2014 - 5.25% to 6.00%) at year end.

(ii) The Housing Credit Fund loans are repayable over twenty-five years and are secured by an equivalent value of first legal mortgages over residential properties. The interest rate on all loans at year end was 4.25% (2014 - 4.25%).

The Group has not had any defaults of principal, interest or other breaches with respect to its loans payable during the years ended March 31, 2015 and 2014.

(Expressed in Barbados dollars)

19. Other Liabilities

Other liabilities is comprised of the following:

		2015	2014
Retention payable (i)	$	513,609	815,328
Accounts payable and accrued expenses		3,440,495	4,719,103
Amounts payable re Goodwill Credit Union (Note 28)		255,088	-
Fair value adjustment - staff loans (ii)		2,320,167	2,543,327
Premiums payable		1,312,293	1,989,158
Deferred loan commitment loan fees		444,432	482,203
Unallocated receipts to members		1,421,395	1,199,188
Interest rebate payable		203,026	203,026
Withholding tax payable		112,992	2,726
	$	10,023,497	11,954,059

(i) At March 31, 2015, a retention payable amounting to $513,609 (2014 - $815,328) remained due under the terms of the sale and purchase agreement originating from the acquisition of a subsidiary.

(ii) The fair value adjustment - staff loans represents the deferred interest income on staff loans associated with the difference between the market value and the carrying value of the loans as a result of the interest rates on the staff loans being lower than the market interest rate. This balance is partially offset by the prepaid employee benefit recorded and included in other assets (Note 15). The deferred interest income will be recognised over the term of the staff loans.

20. Share Capital

Section 10 of the Co-operative Societies (Amendment) Act, 2007-39, requires that each member hold a minimum value of membership qualifying shares as determined by the Credit Union.

The qualifying amount for membership amounts to $120 which comprises 24 shares at a nominal value of $5 per share. All shares are non-withdrawable except on the termination of membership. There is no limit to the number of shares the Credit Union is authorised to issue.

At March 31, 2015 the total number of membership qualifying shares was 1,752,768 (2014 - 1,648,056).

(Expressed in Barbados dollars)

21. Statutory Reserves

		2015	2014
Statutory reserve (i)	$	89,803,786	81,891,199
	$	89,803,786	81,891,199

(i) Statutory reserve

The movement in this reserve during the year is as follows:

		2015	2014
Balance, beginning of year	$	81,891,199	71,494,178
Transfers to reserve – statutory *		4,651,099	4,382,960
Transfer to reserve – statutory **		143,463	167,746
Transfers to reserve - voluntary		3,093,680	5,824,590
		89,779,441	81,869,474
Entrance fees		24,345	21,725
Balance, end of year	$	89,803,786	81,891,199

* Section 197(2) of the Co-operative Societies (Amendment) Act 2007-39 requires for the Credit Union that an appropriation equivalent to the greater of one half of one per cent (0.5%) of total assets or twenty-five per cent (25%) of net surplus shall be credited to the reserve fund annually until capital equals ten per cent (10%) of total assets. The Registrar of Co-operatives may increase the appropriation amount to forty per cent (40%) of net surplus or one per cent (1%) of total assets in certain circumstances.

** Under the provisions of the Financial Institutions Act, a subsidiary is required to transfer a minimum of 15% of its after tax profits to a reserve fund until such fund equals the share capital. A transfer of $143,463 was required during 2015 (2014 - $167,746).

(Expressed in Barbados dollars)

22. Other Reserves

		2015	2014
Fair value reserve	$	542,324	632,668
Special funds		678,261	856,677
Donated equity		26,909	26,909
Defined benefit plan		238,848	(465,660)
Reserve for interest on non-performing loans		1,286,413	856,560
	$	2,772,755	1,907,154

Fair value reserve

The fair value reserve represents the net effect of fair value gains or losses on available-for-sale investment securities held.

The movement on the fair value reserve for the year is as follows:

		2015	2014
Balance, beginning of year	$	632,668	593,705
Unrealised fair value (losses) gains		(90,344)	38,963
Balance, end of year	$	542,324	632,668

Special funds

The special reserve funds comprise the following:

(i) **Social Outreach Fund**

The Social Outreach Fund was created to provide charitable donations to members in need of financial assistance.

(ii) **Education Fund**

The Education Fund was established to provide grants and scholarships to members pursuing educational programmes.

(iii) **Development Fund**

In June 2004, the general membership approved the establishment of the Development Fund to assist with the exploratory cost relating to projects of a developmental nature.

(iv) **BCCUL Training/Education Fund**

The BCCUL Training/Education Fund was instituted in June 2002 to finance the education of credit union members and the general public in credit union philosophy and operations.

(Expressed in Barbados dollars)

22. Other Reserves...(continued)

Special funds...(continued)

(v) **BPWCCUL Foundation**
This fund was established in June 2009 to fund major philanthropic initiatives undertaken by the Credit Union.

(vi) **National Development Fund**
This fund was established in June 2009 to assist the Barbados Co-operative Credit Union League Limited in funding developmental initiatives for the credit union movement in Barbados.

(vii) **Credit Union Liability Insurance Fund**
This fund was established in June 2010 to facilitate the establishment of deposit liability insurance for credit unions.

The movement in special funds during the year is as follows:

March 31, 2015

		Balance at Beginning	Amounts Appropriated	Amounts Utilised	Balance at End
Social Outreach Fund	$	158,817	137,338	(141,506)	154,649
Education Fund		94,311	412,014	(445,215)	61,110
Development Fund		221,954	128,046	(230,310)	119,690
BCCUL Training/Education Fund		-	50,000	(50,000)	-
BPWCCUL Foundation		-	100,000	(100,000)	-
National Development Fund		121,595	60,000	(98,783)	82,812
Credit Union Liability Insurance Fund		260,000	-	-	260,000
	$	856,677	887,398	(1,065,814)	678,261

March 31, 2014

		Balance at Beginning	Amounts Appropriated	Amounts Utilised	Balance at End
Social Outreach Fund	$	159,916	129,340	(130,439)	158,817
Education Fund		33,402	355,685	(294,776)	94,311
Development Fund		64,811	350,000	(192,857)	221,954
BCCUL Training/Education Fund		-	50,000	(50,000)	-
BPWCCUL Foundation		-	100,000	(100,000)	-
National Development Fund		74,268	120,000	(72,673)	121,595
Credit Union Liability Insurance Fund		260,000	-	-	260,000
	$	592,397	1,105,025	(840,745)	856,677

(Expressed in Barbados dollars)

22. Other Reserves...(continued)

Donated equity

This amount totalling $26,909 (2014 - $26,909) represents the value of donations bestowed upon the Credit Union on incorporation.

Defined benefit plan

This amount totalling $238,848 (2014 - ($465,660)) represents the net amount of actuarial gains and losses and other items recognised directly in other comprehensive income on the Group's defined benefit plan. (Note 14)

Reserve for interest on non-performing loans

This amount totalling $1,286,413 is created to set aside interest accrued on non-performing loans where certain conditions are met in accordance with International Accounting Standard (IAS) 39. The guidelines of Section 202 (2) of the Co-operative Societies Act Cap. 378A, however do not allow for the accrual of such interest. The interest is therefore set aside in a reserve and is not available for distribution to members.

23. Related Party Disclosures

Related parties include those entities and individuals that have the ability to control or exercise significant influence over the Group in making financial or operating decisions, and entities that are controlled, jointly controlled or significantly influenced by them.

The financial statements include the financial statements of the Group and the subsidiaries listed below:

Name of Entity	Country of Incorporation	Equity Interest %
BPW Financial Holdings Inc.	Barbados	100
Capita Financial Services Inc.	Barbados	100

Terms and conditions of transactions with related companies

The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. For the years ended March 31, 2015 and March 31, 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related companies.

(i) Compensation of key management personnel of the Group

		2015	2014
Short term employee benefits	$	2,077,970	1,919,466
Post-employment benefits		94,089	106,294
Total compensation paid to key management personnel	$	2,172,059	2,025,760

(Expressed in Barbados dollars)

23. Related Party Disclosures...(continued)

(ii) Transactions with key management personnel of the Group

The Group enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates.

The following table provides the total amount of balances, which have been entered into with key management personnel for the relevant financial year:

		2015	2014
Loans and advances	$	2,863,894	2,935,316
Deposits		862,959	1,012,792

The secured loans and advances are secured over property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their related concerns at the period end.

24. Commitments and Contingencies

(i) Operating lease commitments

Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

		2015	2014
Less than one year	$	1,298,108	867,127
Between one and five years		2,903,100	1,184,784
	$	4,201,208	2,051,911

(ii) Loan commitments

		2015	2014
Consumer loans approved and pending disbursement	$	17,526,447	14,435,214
Mortgage loans approved and pending disbursement		36,065,172	31,761,556
Available balances on line of credit accounts		14,120,598	14,876,099
	$	67,712,217	61,072,869

24. Commitments and Contingencies...(continued)

(iii) Loan facilities

Loan facilities committed but not recognised in the financial statements as at March 31, 2015 are as follows:

(a) an approved line of credit facility of $10,000,000 (2014 - $10,000,000) with a bank. This facility is secured by a first legal mortgage over the property at Belmont Road. At March 31, 2015 this facility was undisbursed.

(b) an approved line of credit facility of $125,000 (2014 - $125,000) with a bank for the purpose of securing the corporate credits used by the Credit Union during the normal course of business. This facility is secured by an equivalent value of held-to-maturity investments. The commitment due on this facility at year end was $10,567(2014 - $3,402).

(iv) Legal proceedings

At March 31, 2015, there were certain legal proceedings against the Group. In view of the inherent difficulty of predicting the outcome of such matters, the Group cannot state what the eventual outcome of such matters will be; however, based on current knowledge, the Group does not believe that liabilities, if any, arising from pending litigation will have a material adverse effect on its financial position or results of operations.

25. Financial Risk Management

25.1 Introduction

Risk is inherent in the Group’s activities but is managed through a process of on-going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group’s continuing profitability and each individual is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, market risk and operational risk.

The Group’s aim therefore is to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor those business risks through its strategic planning process.

Risk management structure
The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Supervisory and Audit Committees have the responsibility to monitor the overall risk process within the Group.

25. Financial Risk Management…(continued)

25.1 Introduction...(continued)

The Group's policy is that risk management processes are audited annually by the Internal Audit function, which examines both the adequacy of the processes and the Group's compliance with the processes. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Supervisory and Finance Committees.

Risk mitigation
As part of its overall risk management, the Group invests a portion of its available funds in lending, financial investments and non-earning assets. The Group's main source of income is derived from lending and it seeks to actively use collateral to reduce its credit risk. The Group also has sought long term funding requirements to match their long term loan position.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

25.2 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. Credit risk exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as commitments.

Loans and advances
The Group employs a range of policies and practices to mitigate credit risk relating to loans and advances. The most traditional of these is the taking of security for funds advanced. The principal collateral types for loans and advances within the Group are:

- Mortgages over residential properties
- Charges over financial instruments such as debt securities and equities
- Charges over business assets such as premises
- Hypothecation of deposit balances

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claims. The Group does not occupy repossessed properties for business use.

Financial investments
The Group limits its exposure to credit risk by investing only in entities that have high credit ratings and Government of Barbados securities. Government securities are invested over a longer period than term deposits with other financial institutions which typically mature within one year. The Group has invested in available-for-sale equity instruments as well which gives it an opportunity to monitor the performance of these companies over time and make economic decisions where warranted. The Group has documented investment policies in place, which guide the management of credit risk on investments.

(Expressed in Barbados dollars)

25. Financial Risk Management…(continued)

25.2 Credit risk...(continued)

Exposure to credit risk before collateral held or other credit enhancements

Maximum exposure

Credit risk exposures relating to on-balance sheet assets are as follows:

		2015	2014
Loans and advances to customers:			
Consumer	$	530,921,980	482,195,181
Mortgages		360,308,001	335,513,561
Business		9,390,964	2,829,672
Financial investments:			
Held to maturity		25,838,462	20,395,633
Loans and receivables		3,112,780	3,181,576
Cash resources		108,772,406	122,627,943
Credit risk exposures relating to off-balance sheet items are as follows:			
Loan commitments		67,712,217	61,072,869
Total maximum exposure	$	1,106,056,810	1,027,816,435

The above table represents the maximum credit risk exposure of the Group as of March 31, 2015 and March 31, 2014, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Credit quality by class of financial assets
Loans and advances
The credit quality of the loans and advances is managed through the prudent underwriting principles established by the Group.

Financial investments
The Group has principally invested in government bonds issued by the Government of Barbados which in the 2014 financial year was downgraded to a BB+ rating by Standard & Poors. During the year ended March 31, 2015, this rating was further downgraded to BB-.

Cash and balances with Central Bank
The credit quality of financial institutions holding the Group's cash resources is assessed according to the level of their credit worthiness and by comparison to other financial institutions. The Group places its cash resources with reputable financial institutions.

(Expressed in Barbados dollars)

25. Financial Risk Management…(continued)

25.2 Credit risk...(continued)

The tables below show the credit quality and aging analysis by class of financial assets.

	2015			
	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Cash resources	$ 108,772,406	-	-	108,772,406
Financial investments:				
Held to maturity	25,838,462	-	-	25,838,462
Loans and receivables	3,112,780	-	-	3,112,780
Loans and advances:				
Consumer	444,083,101	70,755,458	33,119,424	547,957,983
Mortgages	304,551,239	32,812,172	28,802,731	366,166,142
Business	7,884,946	1,201,547	598,947	9,685,440
Total	$ 894,242,934	104,769,177	62,521,102	1,061,533,213

	2014			
	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Cash resources	$ 122,627,943	-	-	122,627,943
Financial investments:				
Held to maturity	20,395,633	-	-	20,395,633
Loans and receivables	3,181,576	-	-	3,181,576
Loans and advances:				
Consumer	399,703,759	68,137,026	31,108,593	498,949,378
Mortgages	283,952,865	32,369,120	24,586,589	340,908,574
Business	1,035,304	1,535,229	721,534	3,292,067
Total	$ 830,897,080	102,041,375	56,416,716	989,355,171

Within the Group, past due but not impaired loans represents loans which are in arrears between 1 to 90 days where the specific details on those loans indicate recovery is not at issue.

(Expressed in Barbados dollars)

25. Financial Risk Management…(continued)

25.2 Credit risk...(continued)

Aging analysis of past due but not impaired loans and advances:

		2015			
		1-30 days	31-60 days	61-90 days	Total
Loans and advances:					
Consumer	$	51,461,060	15,858,910	3,435,488	70,755,458
Mortgages		24,845,924	5,150,805	2,815,443	32,812,172
Business		991,501	182,012	28,034	1,201,547
Total	$	77,298,485	21,191,727	6,278,965	104,769,177

		2014			
		1-30 days	31-60 days	61-90 days	Total
Loans and advances:					
Consumer	$	46,809,759	17,681,129	3,646,138	68,137,026
Mortgages		23,767,045	6,063,700	2,538,375	32,369,120
Business		809,638	599,402	126,189	1,535,229
Total	$	71,386,442	24,344,231	6,310,702	102,041,375

Impairment assessment

For accounting purposes, the Group uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering events include the following:

- Significant financial difficulty of the customer.
- A breach of contract such as a default of payment.
- Where the Group grants the customer a concession due to the customer experiencing financial difficulty.
- It becomes probable that the customer will enter bankruptcy or other financial reorganisation.
- Observable data that suggests that there is a decrease in the estimated future cash flows from the loans.

25. Financial Risk Management…(continued)

25.2 Credit risk...(continued)

Individually assessed allowances

The Group determines the allowances appropriate for each individually significant loan or advance on an individual basis, including any overdue payments of interest or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances

Impairment allowances are assessed collectively for losses on loans and advances, held-to-maturity debt investments and loans and receivable investments that are not individually significant and for individually significant loans and advances that have been assessed individually and found not to be impaired.

The Group generally bases its analyses on historical experience. However, when there are significant market developments, the Group would include macroeconomic factors within its assessments. These factors include, depending on the characteristics of the individual or collective assessment: unemployment rates, current levels of bad debts, changes in laws, changes in regulations, bankruptcy trends, and other consumer data. The Group may use the aforementioned factors as appropriate to adjust the impairment allowances.

The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans' assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilisation, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and local or industry–specific problems). The approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration.

Loans with renegotiated terms and the Group's forbearance policy

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position, where the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group has provided initially. The Group implements forbearance policy in order to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis in situations where the debtor is currently in default on its debt, or where there is a high risk of default, there is evidence that the debtor made all the reasonable efforts to pay under the original contractual terms and it is expected to be able to meet the revised terms.

25. Financial Risk Management…(continued)

25.2 Credit risk...(continued)

Loans with renegotiated terms and the Group's forbearance policy…(continued)
The revised terms usually include extending maturity, changing timing of interest payments and amendments to the terms of loan covenants. All loans are subject to the forbearance policy.

Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring. The Group's Credit Committee regularly reviews reports on forbearance activities.

Write-off policy
The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when it is determined that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write-off decisions generally are based on a product-specific past due status.

Commitments and guarantees
To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Group.

25.3 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. In addition, the Group maintains a statutory deposit with the Central Bank of Barbados.

Analysis of financial liabilities by remaining contractual maturities
The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities as of March 31, 2015 and March 31, 2014 on the basis of their earliest possible contractual maturity.

(Expressed in Barbados dollars)

25. Financial Risk Management…(continued)

25.3 Liquidity risk and funding management...(continued)

Liquidity Risk – Financial Liabilities

				2015		
		Up to 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Total
Deposits	$	491,809,391	114,652,342	321,594,032	67,606,246	995,662,011
Loans payable		1,316,027	3,879,035	22,705,506	48,615,783	76,516,351
Reimbursable shares		-	-	6,700,221	-	6,700,221
Other liabilities		1,935,004	5,768,326	-	2,320,167	10,023,497
	$	495,060,422	124,299,703	350,999,759	118,542,196	1,088,902,080

				2014		
		Within 3 months	Within 3 -12 months	Within 1-5 years	Over 5 years	Total
Deposits	$	458,614,833	63,357,191	301,817,985	96,264,373	920,054,382
Loans payable		5,063,111	4,024,416	26,606,947	55,539,651	91,234,125
Reimbursable shares		-	-	5,351,432	-	5,351,432
Other liabilities		2,014,516	7,396,216	-	2,543,327	11,954,059
	$	465,692,460	74,777,823	333,776,364	154,347,351	1,028,593,998

25.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group is mainly exposed to interest rate risk. The Group’s exposure to currency risk is minimal as a result of the fixed rate of exchange between the Barbados and Eastern Caribbean dollar.

Interest rate risk

Interest rate risk is the risk of loss from the fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It arises when there is a mismatch between interest-bearing assets and interest-bearing liabilities, which are subject to interest rate adjustments, within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values.

(Expressed in Barbados dollars)

25. Financial Risk Management…(continued)

25.4 Market risk…(continued)

Interest rate risk

A summary of the Group's interest rate gap position is as follows:

			2015			
	Up to 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Non-interest bearing	Total
Assets						
Cash resources	$ 66,903,483	16,985,915	19,218,200	1,488,980	4,175,828	108,772,406
Financial investments	2,082,500	5,714,239	8,004,503	13,150,000	2,033,220	30,984,462
Loans and advances	17,451,443	28,850,836	213,952,597	645,804,655	-	906,059,531
Other assets	-	-	-	-	6,383,058	6,383,058
Total assets	86,437,426	51,550,990	241,175,300	660,443,635	12,592,106	1,052,199,457
Liabilities						
Deposits	480,508,713	114,971,690	287,900,537	31,931,000	-	915,311,940
Loans payable	779,448	2,345,924	15,349,402	33,560,168	-	52,034,942
Reimbursable shares	-	-	-	-	6,700,221	6,700,221
Other liabilities	5,498,287	-	-	-	4,525,210	10,023,497
Total liabilities	486,786,448	117,317,614	303,249,939	65,491,168	11,225,431	984,070,600
Interest rate gap	$ (400,349,022)	(65,766,624)	(62,074,639)	594,952,467	1,366,675	68,128,857

(Expressed in Barbados dollars)

25. Financial Risk Management…(continued)

25.4 Market risk…(continued)

Interest rate risk

A summary of the Group's interest rate gap position is as follows:

			2014			
	Up to 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Non-interest bearing	Total
Assets						
Cash resources	$ 54,399,903	57,686,650	6,615,562	-	3,925,828	122,627,943
Financial investments	-	7,348,091	6,429,118	9,800,000	2,107,517	25,684,726
Loans and advances	17,998,638	26,486,549	217,272,682	563,391,255	-	825,149,124
Other assets	-	-	-	-	5,718,238	5,718,238
Total assets	72,398,541	91,521,290	230,317,362	573,191,255	11,751,583	979,180,031
Liabilities						
Deposits	446,337,560	105,556,359	261,032,948	26,125,028	-	839,051,895
Loans payable	4,495,688	2,489,103	16,844,938	40,136,415	-	63,966,144
Reimbursable shares	-	-	-	-	5,351,432	5,351,432
Other liabilities	5,740,183	-	-	-	6,213,876	11,954,059
Total liabilities	456,573,431	108,045,462	277,877,886	66,261,443	11,565,308	920,323,530
Interest rate gap	$ (384,174,890)	(16,524,172)	(47,560,524)	506,929,812	186,275	58,856,501

(Expressed in Barbados dollars)

25. Financial Risk Management…(continued)

25.4 Market risk…(continued)

***Interest rate risk*…(continued)**
An interest rate sensitivity analysis was performed to determine the impact on profit of reasonable possible changes in the interest rates prevailing as at March 31, 2015, with all other variables held constant.

The impact is illustrated and shown in the table below:

		2015	2014
Increase / decrease of 100 bps			
Impact on profit + 100 bps	$	4,248,224	3,343,618
Impact on profit – 100 bps		(931,400)	(3,343,618)

25.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

While operational risk is inherent to each of the Group's business activities, the exposure is minimised by ensuring that the appropriate infrastructure, controls, systems and human resources are in place. Key policies and procedures used in managing operating risk involve a strong internal audit function, segregation of duties, delegation of authority, and financial and managerial reporting.

Within the Group, mitigation of operating risk is assigned to senior management supported by a well-defined organisational structure that segregates operational and administrative functions. Back-up capabilities are also maintained to ensure on-going service delivery in adverse circumstances.

In addition, periodic reviews are undertaken by the Internal Audit department. The results of the reviews are discussed with the management of the business unit to which they relate, senior management and the Board of Directors.

(Expressed in Barbados dollars)

26. Fair Value

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is best evidenced by a quoted market price, if one exists.

Financial assets and liabilities are carried at amounts, which approximate to their fair value at the statement of financial position date. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

For financial assets and financial liabilities that are liquid or have short term maturity, it is assumed that the carrying amounts approximate their fair value. These include cash resources, other assets and other liabilities. The fair value of debt securities is based on quoted prices where available, or otherwise based on an appropriate yield curve with the same remaining term to maturity. The fair value of loans and advances largely approximates carrying value as the Group's portfolio comprises mainly variable rate loans. The fair value of deposits takes account of certain fixed rate deposits which have been discounted at current interest rates.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are shown in the table below:

		2015		2014	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash resources	$	108,772,406	108,772,406	122,627,943	122,627,943
Financial investments		30,984,462	30,984,462	25,684,726	25,684,726
Loans and advances		906,059,531	908,379,698	825,149,124	827,692,451
Other assets		6,383,058	6,383,058	5,718,238	5,718,238
	$	1,052,199,457	1,054,519,624	979,180,031	981,723,358

		2015		2014	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Deposits	$	915,311,940	995,662,011	839,051,895	910,928,839
Loans payable		52,034,942	54,354,897	63,966,144	66,123,522
Reimbursable shares		6,700,221	6,700,221	5,351,432	5,351,432
Other liabilities		10,023,497	10,023,497	11,954,059	11,954,059
	$	984,070,600	1,066,740,626	920,323,530	994,357,852

(Expressed in Barbados dollars)

26. Fair Value...(continued)

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

The following table presents the Group's financial instruments that are measured at fair value.

March 31, 2015

		Level 1	Level 2	Level 3	Total Balance
Investment securities					
Available-for-sale					
- Equity securities	$	1,350,698	-	682,522	2,033,220

March 31, 2014

		Level 1	Level 2	Level 3	Total Balance
Investment securities					
Available-for-sale					
- Equity securities	$	1,443,169	-	664,348	2,107,517

(Expressed in Barbados dollars)

26. Fair Value...(continued)

The following table below shows a reconciliation of all movements in the fair value of financial investments categorised within Level 3 between the beginning and end of the reporting period.

		2015	2014
Balance - beginning of year	$	664,348	604,710
Purchases		18,174	59,638
Balance – end of year	$	682,522	664,348

There were no transfers in or out of Level 3 during the year ended March 31, 2015 (2014: nil).

The financial investments classified as Level 3 securities are carried at cost as fair value cannot be reliably estimated. Therefore no significant unobservable inputs have been considered in determining its value. The application of sensitivity analysis is therefore not relevant.

27. Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of financial institutions where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to its shareholder and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on policies and guidelines regulated by both the Co-operative Societies Act and the Financial Institutions Act.

The Group's approach to managing capital did not change during the period.

Regulatory capital requirement

Under governing legislation which became effective March 31, 2008, the Credit Union is required to transfer from net surplus for the year an amount equivalent to the greater of 25% of net surplus or 0.5% of total assets until the capital to total assets ratio equals 10%. (Note 21)

For Capita Financial Services Inc., the Central Bank of Barbados requires that the entity (a) hold the minimum level of the regulatory capital and (b) maintain a certain ratio of total regulatory capital to the risk-weighted asset at or above the internationally agreed minimum of 8%.

The Group has complied with all externally imposed capital requirements.

28. Goodwill Co-operative Credit Union Limited

At a Special General Meeting on October 25, 2014, the members of Goodwill Co-operative Credit Union Limited ("Goodwill") approved the transfer of Goodwill's assets and liabilities to the Credit Union, in accordance with section 132 of the Co-operative Societies Act. The Credit Union subsequently held a Special General Meeting on January 29, 2015, where its members approved the acceptance of the transfer.

The Financial Services Commission effectively approved the cancellation of the registration of Goodwill Co-operative Credit Union Limited on April 16, 2015.

The total assets and liabilities of Goodwill are recorded within Other Assets (Note 15) and Other Liabilities (Note 19) and are disclosed within the respective notes.

Notes

Notes

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