Annual Report 2015
Non-Consolidated

1970-2015

BARBADOS PUBLIC WORKERS'
CO-OPERATIVE CREDIT UNION LIMITED

CONTENTS

1970–2015

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.

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.

TRAINING AND DEVELOPMENT

As part of our commitment to continuous organizational development, members of staff completed the following training programmes during the year.

Course Title

- Akcelerant Systems Training
- 30th Annual Conference of the National Council of Barbadian Association in Canada
- Anti-Money Laundering & Compliance
- Anti-Money Laundering (Supervisory Module)
- Approaches of Enterprise Risk Management - Implementing the Framework
- Barbados Employers Confederation: Employment Law
- Barbados Employers Confederation: Fire Safety
- Barbados Employers Confederation: Hazard Identification
- Barbados Employers Confederation: Discipline Seminar
- Barbados Employers Confederation: Managing Conflict
- Barbados Employers Confederation: Accident Investigation and Reporting Skills
- Bar Association: Changes to Title Deeds
- Bar Association: Employment Rights Act
- BCCI: Barbados in 2014 and Beyond
- BWU Industrial Relations Training
- Captivate Essentials Training
- Caribbean Marketing Conference
- CCCU International Convention & AGM
- CEO Executive Team Network
- Corporate Governance/Code of Conduct/Whistleblower Policy Training
- Critical Elements of Customer Service
- CUES CEO Institute II
- CUES School of Risk Management
- CUES Symposium - CEO/Chairman Exchange
- CUNA Management School - Year 2
- Cyber Security: Protecting the Cybersecurity World of Barbadian Business
- Distinguished Leadership and Innovation Conference (DLIC) 2014
- Employee Connections (Engagement) Survey Training - Manager Module
- Employee Connections (Engagement) Training - HR Module
- First Aid Training
- Fraud Management & Control Workshop
- HRM Training - Workforce Planning
- HRMAB: Symposium
- HRMAB: Taking HR Forward
- HRMAB: The 16th Annual Conference
- ICAB: ISA Update
- ICAB: Business Communication
- ICAB: Tax Seminar
- ICAB: IFRS (International Financial Reporting Standards)
- ICAB: IFRS Update Seminar
- Information Security
- Insurance Training
- Managing Safely Training
- Oracle Administration Workshop I
- Oracle Administration Workshop II
- Oracle Backup and Recovery Workshop
- Passageways PowWOW 2014 Enterprise Solutions Conference
- Product Knowledge Training
- Productivity Counter Productive Analysis
- PROFITstar: Beyond Basic Training
- Responding to Conflict: Strategies for Improved Communication
- RBPF: Robbery Training
- Risk Management Training
- Sales Training
- Saville Competency Model: Interviewer Skills & Competency Based Interviewing
- SHRM Annual Conference & Exposition
- SHRM: Understanding Business Operations
- Solonis Customer Relationship Management (CRM) System Training

Who we are...

What we do...











The University of the West Indies

BARBADOS PUBLIC WORKERS
CO-OPERATIVE CREDIT UNION LIMITED


CORPORATE INFORMATION

BOARD OF DIRECTORS - BPWCCUL

Mr. Glendon A. Belle, Dip. Credit Union Management, CCUV – **President**

Dr. Sandra Reece, MBBS, CCUV – **Vice President**

Mr. Anthony Christie, BSc., CMA, CCUV, CCD – **Treasurer**

Mr. Raphael Holder, CCP, GRP, CCD, CCUV – **Secretary**

Mrs. Carole Layne-Browne, BSc., CGA, CCUV – **Assistant Secretary**

Ms. Paula Byer, BSc., MSc., CCUV – **Director**

Mr. Trevor Colucci, Diploma Co-operative Studies (Development & Management), CCUV – **Director**

Mr. Cedric Murrell, Cert. Public Administration, Dip. ANS Management, CCUV, CCD – **Director**

Ms. Kerry-Ann King, BSc. Accounting, CCUV – **Director**

AUDITORS

KPMG – **Chartered Accountants**

PRINCIPAL BANKER

Republic Bank (Barbados) Limited

EXECUTIVE MANAGEMENT

Miss Clorinda Alleyne, LLB, LEC, Dip. Credit Union Management – **Group Chief Executive Officer**

Mrs. Tania Nicholls, Dip. Mgmt. M.Sc. – Human Resources Management – **Group Human Resources Manager**
Mr. LeVere Catlyn, CGA – **Group Financial Controller**
Ms. Natalie Holder, LLB, LEC – **General Counsel**
Mr. Irwin Gibson, BEng, MSc. MBA – **Manager, Management Information Systems**
Mr. Zandre Bowen, BSc. – **Member Relations Manager-Savings & Deposits**
Mr. Philip Babb – **Member Relations Manager-Loans**
Miss Judith Sarjeant, B.Sc., MSc. CISSP, PMP – **Business Facilitation and Innovation Manager**
Mr. Eric Small, B.Sc., CIA, CFE – **Internal Auditor**
Ms. Rachael Belgrave, B.Sc. – **Risk Manager**

SUPERVISORY & MIDDLE MANAGEMENT

Mrs. Susan Byer, B.Sc. (Hons), LLB, CCUE – **Securities Officer**
Mr. Jefferson Murray, Dip. Banking & Finance – **Compliance Officer**
Mr. Courtney Gibson, FCCA, MBA – **Financial Accountant**
Mr. Elridge Bend, AICB, Dip. Credit Union Management – **Branch Operations Officer**
Mrs. Elizabeth King, Dip. Credit Union Management, CCUE – **Branch Operations Officer**
Mrs. Michelle Ashby, Dip. Credit Union Management, AICB – **Branch Operations Officer**
Mrs. Harriet Franklin, BSc. – **Branch Operations Officer**
Ms. Patricia Archer, Post Grad Diploma Learning and Development – **Human Resources Development Officer**
Ms. Jameela Hollingsworth, Bsc. HRM – **Human Resources Business Partner**
Mrs. Tracia Pounder, B.Sc. Cert. Mktg. – **Marketing Officer**
Mrs. Andrea Marshall, Dip. Credit Union Management – **Senior Financial Services Representative**
Miss Marian Niles – **Senior Financial Services Representative**
Mrs. Margaret Everatt, B.Sc. Mgmt. (Hons) – **Assistant Accountant**
Miss Suzette Grimes – **Assistant Accountant**
Ms. Shirley George – **Senior Financial Services Representative**
Mrs. Carol Toppin, B.Sc. (Hons), Cert. P.M – **Senior Financial Services Representative**
Ms. Susan Coppin, APS, ACS, Dip. Mgmt. – **Executive Secretary**
Mrs. Dawn Corbin, APOM, B.Sc. (HR) – **Service Quality Leader (ag.)**
Mrs. Petula Wiggins, AICB – **Senior Financial Services Representative**
Mr. Rommel Aimey, B.Sc. – **Senior Financial Services Representative**
Miss Vette Forde – **Senior Financial Services Representative**
Mrs. Kim Bradshaw, Cert. IT, MCP, Assoc. Degree Bus. Studies – **Systems Administrator, MIS**
Miss Wilma Massiah, Dip. Credit Union Management, AICB – **Senior Financial Services Representative**
Miss Dale Edwards, B.Sc. (Hons), MBA – **Assistant Senior Financial Services Representative**
Miss Natasha Holder, B.A. Cert. Supervisory Management – **Assistant Senior Financial Services Representative**
Mrs. Nadia Richards – **Senior Financial Services Representative**
Miss Tracia Sargeant, Dip. Banking & Finance – **Senior Financial Services Representative**
Mrs. Gleneth Clarke, AICB – **Senior Financial Services Representative**
Mrs. Sadie Austin – **Card & E-Services Supervisor**
Mr. Allan Clarke, Dip. Credit Union Management – **Senior Audit Assistant**
Ms. Rene Rudder, Assoc. Deg., B.Sc. – **Senior Audit Assistant**
Miss Janet Goring, Assoc. Degree, Applied Science, Information Technology (AAS), CCUM, Microsoft Certified Professional (MCP) – **Dbase Admin/Bus Sys. Analyst**
Mr. Neil Lucas, B.Sc. M.Sc. – **Network Administrator**
Mr. Mark Bailey – **Network Administrator**
Miss Dawn Blades – **Team Leader, Contact Centre**

CEO's Office

Mrs. Kerry Ann Kirton, Cert. ICSA; CPS; ACS; Dip. Mgmt. – **Executive Secretary to CEO (ag.)**
Ms. Rosario Maynard, Associate Deg., ACS; APS – **Secretary**

ACCOUNTS & FINANCE DEPARTMENT

Mrs. Tricia Archer, B.Sc. (Hons) – **Junior Financial Analyst**
Mrs. Chandra Price – **Accounts Assistant**
Mrs. Shelly Ann Morris-Brathwaite, CAT – **Accounts Assistant**
Miss Dasley Clarke – **Accounts Assistant**
Mr. Andrew Gibson, Assoc. Deg. – **Accounts Assistant**
Mrs. Angela Headley – **Accounts Assistant**
Ms. Tilia King – **Accounts Assistant**
Mrs. Kelly Jones – **Accounts Assistant**
Mr. Maxwell Benn, Associate Deg. – **Accounts Assistant**
Mrs. Shontelle Brooks, CAT – **Accounts Assistant**
Miss Rosie Bishop – **Accounts Assistant**
Mr. Jamar McCaskie, B.Sc., MSc. – **Accounts Assistant**
Miss Saadia Griffith, B.Sc. – **Accounts Assistant**
Mrs. Sandra Waterman, APS, ACS, Dip. Mgmt. – **Secretary**

MORTGAGES & CONSUMER LOANS

Mrs. Cecile O'Neale-Dorne, FICB, CCUM, CCUFC – **Financial Services Representative**
Mrs. Lana Antrobus – **Financial Services Representative**
Mrs. Arlene Seale – **Financial Services Representative**
Mr. Nicholas Alleyne, Cert. Project Management – **Financial Services Representative**
Mr. Evans Kirton – **Financial Services Representative**
Mrs. Lisa Goodridge – **Financial Services Representative**
Mrs. Jalisa Jordan, Assoc. Deg. – **Financial Services Representative**
Miss Katrina Worrell, Assoc. Deg., B.Sc. – **Financial Services Representative**
Mrs. Sheena Bowen, B.Sc. – **Financial Services Representative**
Miss Tricia Morris, B.Sc. – **Financial Services Representative**
Ms. Gena Lamontagne – **Financial Services Representative**
Miss Natalie Nicholls – **Financial Services Representative**
Miss Cheryl Rollins – **Secretary**
Miss Karen Giles, APS, ACS – **Branch Secretary**
Miss Michelle Freeman, Dip Secretarial Studies; Assoc. Deg. – **Administrative Assistant**

HUMAN RESOURCES/ADMINISTRATION DEPARTMENT

Miss Nikisha Forde, B.Sc., M.Sc. – **Human Resources Associate**
Miss Kaylone Browne, Cert. HRM – **Human Resources Assistant**
Mr. Wayne Scott – **Registry Clerk**
Mrs. Phylis Gill – **Registry Clerk**
Mr. Ryan Inniss – **Registry Clerk**
Mr. Peter Broomes – **Driver/Messenger**

ESTATE DEPARTMENT

Mr. Andrew Estwick – **Driver/Handyman**
Miss Karen Browne **– Administrative Assistant**
Mr. Rodney Edwards – **Driver/ Handyman**

INTERNAL AUDIT DEPARTMENT

Miss Stacy Gulstone, B.Sc. – **Audit Assistant**
Mr. Jason Springer, Assoc. Deg. – **Audit Assistant**

LEGAL DEPARTMENT

Mrs. Sandra Alleyne-Daniel, APS, Cert. Para-legal Studies – **Legal Secretary**
Mrs. Joy-Ann Lewis, PSC, SSC – **Legal Assistant ll**
Mrs. Shedell Odle-Gill, Cert. Para-legal Studies – **Legal Assistant l**
Miss Heather Lynch, Cert. Para-legal Studies – **Legal Assistant ll**
Miss Donna Scantlebury – **Legal Assistant ll**
Mrs. Cynthia Gittens, APOM, Cert. Para-legal Studies – **Legal Secretary**
Miss Chaitali Soudatt – **Legal Clerk**
Mr. Matthew Willoughby – **Legal Clerk**

MANAGEMENT INFORMATION SYSTEMS DEPARTMENT

Miss Kerrie Young, B.Sc. Computer Studies – **Systems Operator**
Miss Makeba King, Assoc. Degree, Applied Science & Information Technology – **Systems Operator**

MEMBER SERVICES/DISBURSEMENTS

Miss Pat Martindale – **Financial Services Representative**
Miss Tiyan Gomes – **Financial Services Representative**
Miss Betty Alleyne – **Financial Services Representative**
Miss Tricia Green – **Financial Services Representative**
Miss Renee Gibbons, Cert. Supervisory Management – **Financial Services Representative**
Mrs. Shonelle Harewood, B.Sc. – **Financial Services Representative**
Mr. Kent Alleyne – **Financial Services Representative**
Miss Kharla Greaves – **Financial Services Representative**
Mr. Christopher Bostic – **Financial Services Representative**
Mr. Andre Daniel, B.Sc. – **Financial Services Representative**
Mr. Adrian Allen – **Financial Services Representative**
Mrs. Nicole Jean-Paul – **Financial Services Representative**
Ms. Kelly-Ann Scott – **Financial Services Representative**
Miss Janell Branch – **Financial Services Representative**
Mr. Denny Brathwaite – **Financial Services Representative**
Miss Lavern Durante – **Financial Services Representative**
Miss Nicole Manning, Cert. Supervisory Management – **Financial Services Representative**
Mr. Dahrean Yearwood, Assoc. Deg. – **Financial Services Representative**
Mrs. Donalin Hazell – **Financial Services Representative**
Mr. Johnathan Brewster – **Financial Services Representative**
Miss Susan Lovell – **Financial Services Representative**
Mr. Hasani Evelyn, Associate Deg., Cert. Supervisory Management – **Financial Services Representative**
Miss Lisa Monchery – **Receptionist/Hostess**
Miss Larissa Latchman – **Receptionist/Hostess**
Mrs. Juann Lovell, Cert. Business Administration – **Administrative Assistant**

COMPLIANCE

Mrs. Kerryanne Gilkes, Assoc. Deg., B.Sc. – **Compliance Assistant**

CONTACT CENTRE

Miss Valcia Inniss – **Contact Centre Representative**
Miss Janell Reece – **Contact Centre Representative**
Miss Denise Johnson – **Contact Centre Representative**
Mrs. Donna Fitzpatrick – **Contact Centre Representative**
Miss Andrea Prince – **Contact Centre Representative**
Mrs. Paula Morris – **Contact Centre Representative**
Mr. Peter Hoyte, Assoc. Deg., B.Sc. – **Contact Centre Representative**
Mr. Che Kippins-Niles – **Contact Centre Representative**

MARKETING

Mrs. Stacy Mottley, BSc, PSC, Dip. Mgmt – **Marketing Assistant**
Miss Kimberley Grimes, B.Sc. (Hons), Cert. Mktg. & PR – **Marketing Assistant**
Miss Sasha Grant, B.Sc. – **Marketing Assistant**
Miss Charlene Mullin, B.Sc. – **Marketing Assistant**
Mrs. Cheryl Straker, B.Sc. – **Administrative Assistant**

LOANS RECOVERY

Mr. Neil Bradshaw – **Financial Services Representative**
Miss Amanda Lynch, B.Sc., Dip. Banking & Finance – **Financial Services Representative**
Miss Tanesha Straughn, PSD – **Financial Services Representative**
Mrs. Wendy Dodson – **Financial Services Representative**
Ms. Kerisa Clarke, B.Sc. – **Financial Services Representative**

SAVINGS MOBILISATION

Mr. Mario Leslie – **Financial Services Representative**
Miss Jalisa Small – **Financial Services Representative**
Miss Shantelle Linton – **Financial Services Representative**
Mr. Daniel Chandler – **Financial Services Representative**
Miss Barbara Haynes – **ATM Custodian/ Financial Services Representative**
Mr. Mario Small – **Financial Services Representative**
Mr. Hugh-Victor Browne – **Financial Services Representative**
Ms. Denissia Thorpe – **Financial Services Representative**
Ms. Kiendra Leonce, B.Sc. – **Financial Services Representative**
Ms. Dara Philips, Assoc. Deg. – **Financial Services Representative**
Mr. Rommell Downes, B.Sc. – **Financial Services Representative**
Mr. Shane Jones – **Financial Services Representative**
Ms. Shakira McCollin, Assoc. Deg. – **Financial Services Representative**
Ms. Shontelle Sargeant, BSc. – **Financial Services Representative**
Ms. Nadley McFarlane – **Financial Services Representative**
Mr. Rosson Howard, Assoc. Deg. – **Financial Services Representative**
Miss Alison Wiltshire, Assoc. Deg. – **Financial Services Representative**
Mr. Philip Norville – **Financial Services Representative**
Ms. Crystal Storey, Assoc. Deg. – **Financial Services Representative**
Ms. Tila Jones – **Financial Services Representative**
Mr. Damion Husbands-Johnson, Assoc. Deg. – **Financial Services Representative**
Miss Blair Taylor, B.Sc., Cert. Risk Management – **Financial Services Representative**
Ms. Lezanne Waithe, Assoc. Deg., B.Sc. – **Financial Services Representative**
Miss Nikki Clarke, Assoc. Deg. – **Financial Services Representative**
Mr. Dario Babb, B.Sc. – **Financial Services Representative**
Miss Shakira Burton, Assoc. Deg. – **Financial Services Representative**
Miss Kimberley Vaughan – **Financial Services Representative**
Mr. Stefan Watson, Assoc. Deg. – **Financial Services Representative**
Mr. Shane Reece – **Financial Services Representative**
Miss Danielle Greaves-Jackman, Assoc. Deg. – **Financial Services Representative**
Mr. Rafael Hinds – **Financial Services Representative**
Ms. Shanice Clarke, Assoc. Deg. – **Financial Services Representative**

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS - FIVE YEAR REVIEW

In Bds $’000

	2015	2014	2013	2012	2011
Statement of financial position:					
Assets					
Cash and equivalents	44,940	53,093	45,861	27,958	29,465
Investments and other short term deposits	76,559	78,485	82,612	75,989	66,206
Loans to Members (net)	746,497	684,331	651,868	642,797	606,515
Property and Equipment	27,405	27,626	26,716	25,784	27,213
Other	34,819	33,057	19,788	19,323	16,172
	930,220	876,592	826,845	791,473	745,571
Liabilities					
Deposits	775,116	721,767	672,403	646,435	609,705
Loans Payable	33,445	43,688	55,432	59,661	60,170
Other	15,026	13,319	9,943	6,912	5,950
	823,587	778,774	737,778	713,008	675,825
Equity					
Share Capital	8,764	8,240	7,760	7,394	7,037
Reserve Fund	89,493	81,724	71,494	62,908	56,542
Other Reserves	2,785	1,914	1,084	1,650	1,579
Retained earnings	5,591	5,940	8,729	6891	4,588
	106,633	97,818	89,067	78,843	69,746
	930,220	876,592	826,845	791,851	745,571
Statement of income:					
Interest Income	69,151	67,486	64,638	63,016	58,483
Interest Expense	24,712	23,763	23,442	24,038	23,118
Net Interest Income	44,439	43,723	41,196	38,978	35,365
Other income	2,566	2,419	2,903	2,911	2,861
Net income and other income	47,005	46,142	44,099	41,889	38,226
Loan impairment expense	3,712	4,409	4,790	3,864	5,526
Net operating income	43,293	41,733	39,309	38,025	32,700
Total operating expenses	33,687	31,306	27,316	28,086	25,909
Net income	9,606	10,427	11,993	9,939	6,791

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS - FIVE YEAR REVIEW

In Bds $'000

	2015	2014	2013	2012	2011
Financial statistics in percent:					
Asset Growth	6.12	6.02	4.42	6.21	10.80
Loan Growth	9.08	4.89	1.41	5.98	11.19
Deposit Growth	7.39	7.34	4.02	6.02	9.63
Net Surplus Growth	-7.87	-13.06	20.67	46.36	-33.26
Return on Assets	1.06	1.22	1.48	1.29	0.96
Return on Equity	9.40	11.16	14.29	13.38	10.17
Operating Efficiency	77.81	75.01	69.49	73.86	79.23
Net Interest Margin	4.92	5.13	5.09	5.07	4.99

	2015	2014	2013	2012	2011
Other statistics					
Delinquency ratio (%)	6.7	6.6	7.7	6.9	4.8
# 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	$131.59	$151.77	$185.36	$161.35	$115.89

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Annual Report provides a discussion and analysis of the financial condition and performance of the Barbados Public Workers' Co-operative Credit Union Limited (BPWCCUL) for the financial year ended March 31, 2015 as compared to the financial year ended March 31, 2014.

ECONOMIC REVIEW

The global economy has to some extent come out of the effects of the 2008-2009 recession and growth is being realized worldwide. Barbados has been slow to emerge from the effects of the recession and as a result the economy recorded less than one percent growth in 2014.

With significant investment being made in the areas of tourism and tourism related projects, international business and the financial services sector, the Central Bank is forecasting that the Barbados economy will return to real growth of approximately 2 percent in 2015 and 2.3 percent in 2016.

OVERVIEW

There were many challenges facing the Credit Union movement going into the financial year ending March 2015. The two major challenges included government's planned retrenchment of over three thousand public sector workers, some of whom are members of this Credit Union and the threat of an imposition of a 0.2 percent tax on the assets of Credit Unions. Both of these challenges were realized and they both had varying effects on the income of the Credit Union although proactive decisions were taken to mitigate their impact.

During the year under review, the Credit Union continued to grow in key aspects of its operations. Membership growth averaged 364 per month and recorded net growth of 4,363. Deposits grew by $53.3 million or 7.4 percent while assets grew by $53.6 million or 6.1 percent.

The Credit Union has continued its prudent management of delinquent loans during the financial year however, non-performing loans increased by $4.2 million or 9.1 percent. The delinquency rate increased from 6.6 percent at March 31, 2014 to 6.7 percent at March 31, 2015.

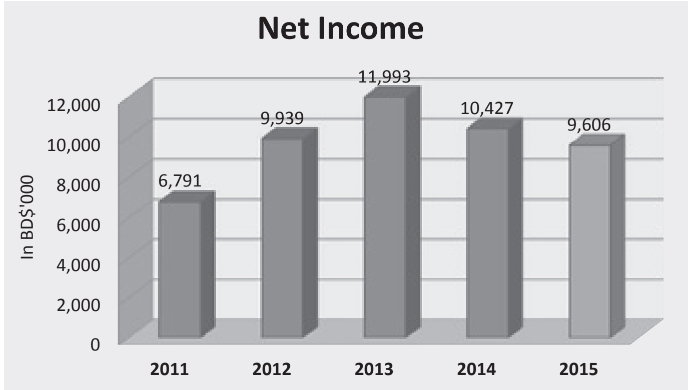
REVIEW OF FINANCIAL PERFORMANCE

TOTAL INCOME AND NET INCOME

Net income before levies was $11.0 million at March 31, 2015 as compared to $10.4 million at March 31, 2014. This was an increase of $530 thousand or 5.1 percent. The asset tax levy, which was not a factor in 2014, reduced the final net income for 2015 to $9.6 million.

Total revenue grew by $1.8 million in 2015 moving from $69.9 million in 2014 to $71.7 million during the 2015 financial year.

The credit environment remained challenging in 2015. However, the Credit Union achieved significant net loan growth when compared to prior year. Loans grew by $62.2 million or 9.1 percent in 2015 as compared to prior year when loans grew by $32.5 million or 4.9 percent.

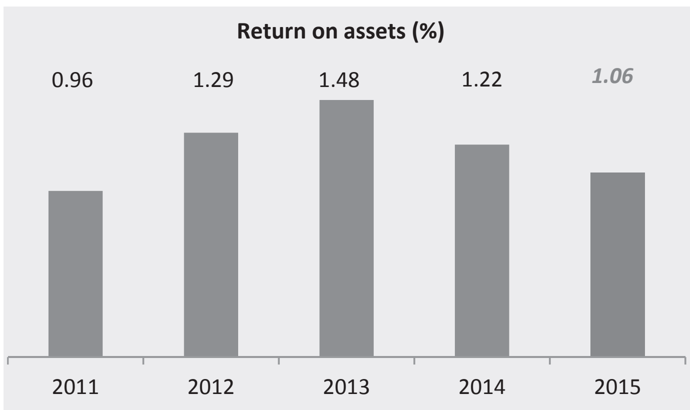


NET INTEREST INCOME

Net interest income grew by $716 thousand or 1.6 percent in 2015. Total interest income grew by $1.7 million or 2.5 percent, while total interest expense increased by $949 thousand or 4.0 percent. Interest income increased by $1.9 million or 3.0 percent in respect of interest from loans while interest from cash deposits and investment decreased by $248 thousand or 6.4 percent during 2015.

OTHER INCOME

Other income increased by $148 thousand or 6.1 percent during the financial year 2015 mainly due to a 42 percent increase in income earned from bad debt recoveries ($117 thousand).



EFFICIENCY AND EXPENSE MANAGEMENT

The Credit Union's strategy during the 2015 financial year was one which focused heavily on efficiency and expense

MANAGEMENT DISCUSSION AND ANALYSIS

management while at the same time adding valued customer service. However, growth necessitated an increase in operating expenses thus operating expenses (inclusive of tax on assets of $1.4 million) increased by $2.4 million or 7.6 percent above prior year.

OPERATING LEASES

Rent expenses increased during the year ending March 31, 2015 moving from $286 thousand in 2014 to $753 thousand in 2015. This increase was directly attributed to expansion of the Credit Union's branch operations at the Six Roads location, installation of two additional offsite ATMs and rental of office space for staff at the Co-operators General Insurance's building on Collymore Rock.

STAFF COST

During the year, the Credit Union increased its staff complement to strengthen its member services, financial reporting and risk management functions as well as providing human resources for its branch expansions.

In addition, incremental salary increases as well as higher pension plan expenses also contributed to the increase in staff costs. As a result, staff cost increased by $607 thousand or 5 percent over prior year.

TOTAL OPERATING EXPENSES

Total operating expenses for the year under review amounted to $33.7 million, an increase of $2.4 million or 7.6 percent above prior year. This included an amount of $1.4 million which represented the 0.2 percent Asset Tax expense levied by government on the assets of the Credit Union during the financial year.

The effect of this levy largely resulted in the reported net income being under that which was realized in the last financial year.

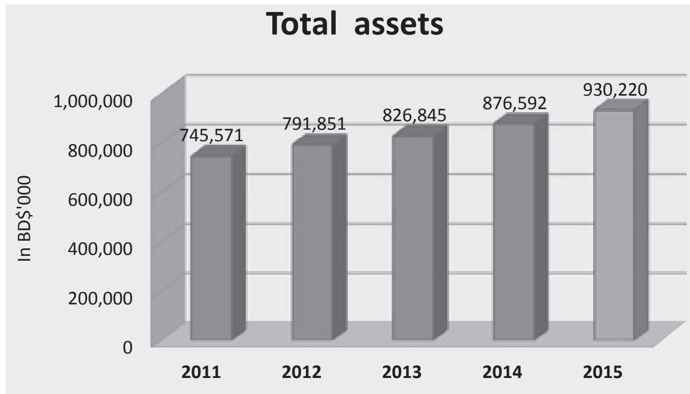
NET OPERATING INCOME

Net operating income inclusive of loan impairment expenses increased by $863 thousand or 1.9 percent, to end the year at $47.0 million. Loan impairment expense was $3.7 million, a decline of $697 thousand or 15.8 percent below prior year. This reduction was mainly due to a change in the ratio of non-performing unsecured loans to non-performing loans with security.

ASSETS

At year-end the Credit Union's asset base amounted to $930.2 million, an increase of $53.6 million or 6.1 percent. During the financial year ending March 31, 2015 cash resources decreased by $15.5 million or 14.1 percent. This was mainly due to early repayment of external debt so as to reduce interest expense. In addition, financial investments classified as Held-to-maturity increased by $5.4 million or 26.7 percent.

At the end of the financial year, the net loans and advances to members rose to $746.5 million, inclusive of impairment provision of $21.9 million, as compared to $684.3 million and $21.3 million respectively at the end of the previous year. As it was in the prior year, consumer loans was the major contributor to loan growth in the reporting period.

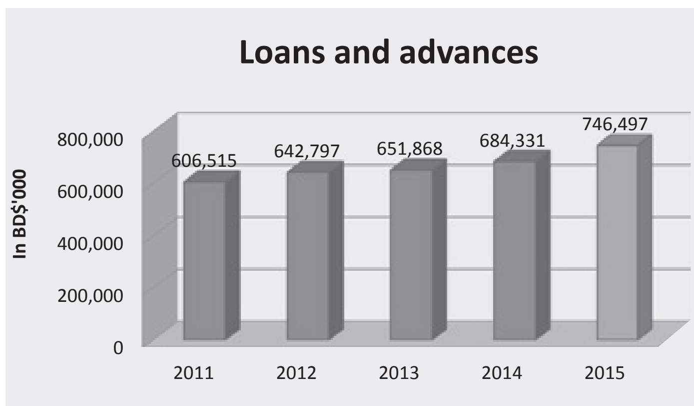


ASSET QUALITY

Amid a climate of uncertainty and high job losses, the Credit Union recorded an increase of 0.1 percent in its delinquency ratio which ended the year at 6.7 percent compared to prior year which was 6.6 percent. However, non-performing loans increased by $4.2 million in comparison to the decrease of $4.6 million in the prior year.

The Credit Union will continue to work diligently with defaulters to offer them alternatives and restructuring plans to enable them to restore their loans to a state of normalcy.

In addition, support systems have been set up to help those members who recently lost their jobs due to the retrenchment exercise in the public sector. This has led to the restructuring of loans to meet the needs of affected members who reached out to the Credit Union for support.



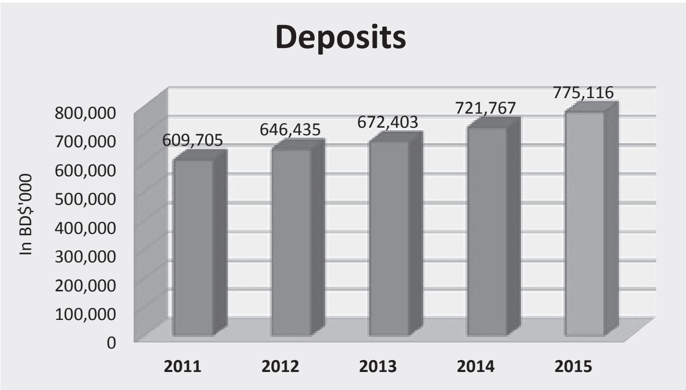
MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

LIABILITIES

Deposits totaled $775.1 million and were $53.3 million or 7.4 percent higher than at the previous year-end.

Loans payable were reduced during the year to $33.4 million from $43.7 million as a result of $10.2 million being repaid within the financial year. Other liabilities increased by $358 thousand or 4.5 percent compared to an increase of $3.8 million in prior year while reimbursable member shares increased by $1.3 million or 25.2 percent.



EQUITY

Total equity comprising of share capital, retained earnings, statutory and other reserves is the backbone of financial stability and allows for future growth and development.

As at March 31, 2015, equity totaled $106.6 million up from $97.8 million as at March 2014. The increase of $8.8 million primarily reflects net income of $9.6 million, growth in share capital of $524 thousand offset by distributions to members of $2.0 million.

THE WAY FORWARD

The financial year ending March 31, 2016 will prove to be a time of great consolidation and proactivity as the Credit Union continues to face the various challenges in the economy.

One such challenge is the possibility that the eighteen month duration of the 0.2 percent tax imposed on the assets of the Credit Union will be extended. If this continues beyond the original deadline, it has the potential to stem future growth as the expense increases as assets grow.

It is anticipated that during the next financial year ending March 2016, the Credit Union will incur an additional $1.5 million in this expense, even if the Credit Union does not realize a net surplus.

It is also expected that the Credit Union will be subject to increased regulatory oversight and increased competition from players in the financial services industry stemming from the Central Bank's decision to deregulate interest rate on savings. However, the Credit Union will be proactive and commit to taking actions necessary to safeguard its assets.

The Credit Union does not anticipate the same volume of issues regarding non-performing loans as experienced in the reporting period. However, the Credit Union will continue to work with our members to create payment solutions for them, thus enabling the proper management and control of delinquency so as to protect our assets.

KPMG
Hastings
Christ Church, BB 15154
Barbados

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Bridgetown, Barbados

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying non-consolidated financial statements of Barbados Public Workers' Co-operative Credit Union Limited (the "Credit Union"), which comprise the non-consolidated statement of financial position as of March 31, 2015, the non-consolidated statement of income, non-consolidated statement of comprehensive income, non-consolidated statement of changes in equity and the non-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 non-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 non-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 non-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 non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-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 non-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 non-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 non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Credit Union as of March 31, 2015, its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Bridgetown, Barbados
May 28, 2015

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-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	$	69,150,966	67,486,468
Interest expense	3		(24,711,555)	(23,763,271)
Net interest income	3		44,439,411	43,723,197
Other income	4		2,566,287	2,418,549
Net interest and other income			47,005,698	46,141,746
Loan impairment expense	11		(3,711,957)	(4,409,329)
Net operating income			43,293,741	41,732,417
Staff costs	5		12,661,323	12,053,963
Operating expenses	6		16,923,191	16,761,958
Depreciation	12		2,752,046	2,489,432
Total expenses			32,336,560	31,305,353
Income before levies			10,957,181	10,427,064
Tax on assets	7		(1,350,916)	-
Net income for the year		$	9,606,265	10,427,064

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

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-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	$	9,606,265	10,427,064
Other comprehensive income			
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		(85,000)	40,000
Other comprehensive income, net of tax		619,508	(290,608)
Total comprehensive income for the year	$	10,225,773	10,136,456

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

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-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	9	$	93,772,722	109,228,502
Financial investments				
- Held-to-maturity	10		25,838,462	20,395,633
- Available-for-sale	10		1,887,522	1,954,348
Loans and advances	11		746,496,939	684,331,479
Property and equipment	12		27,404,608	27,625,664
Pension plan asset	13		687,429	5,716
Investment in subsidiary	14		8,500,000	8,500,000
Due from related companies	22		17,425,274	17,107,462
Other assets	15		8,206,682	7,443,112
Total Assets		$	930,219,638	876,591,916
Liabilities and Equity				
Liabilities				
Deposits	16	$	775,116,285	721,766,830
Loans payable	17		33,445,132	43,688,473
Reimbursable shares			6,700,221	5,351,432
Asset tax payable	7		906,405	-
Other liabilities	18		7,418,620	7,967,387
Total liabilities			823,586,663	778,774,122
Equity				
Share capital	19		8,763,840	8,240,280
Statutory reserves	20		89,492,577	81,723,453
Other reserves	21		2,785,431	1,914,486
Retained earnings			5,591,127	5,939,575
Total equity			106,632,975	97,817,794
Total Liabilities and Equity		$	930,219,638	876,591,916

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

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

....	....
Glendon Belle	**Anthony Christie**
President	**Treasurer**

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-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	71,494,178	1,084,254	8,729,309	89,068,141
Net income		-	-	-	10,427,064	10,427,064
Other comprehensive income		-	-	(290,608)	-	(290,608)
Issue of shares		521,400	-	-	-	521,400
Redemption of shares		(41,520)	-	-	-	(41,520)
Transfer to statutory reserves	20	-	10,207,550	-	(10,207,550)	-
Entrance fees	20	-	21,725	-	-	21,725
Transfer to special reserves	21	-	-	1,105,025	(1,105,025)	-
Special reserves released to retained earnings	21	-	-	(840,745)	840,745	-
Net reserve for interest on non-performing loans	21	-	-	856,560	(856,560)	-
Distributions to members	8	-	-	-	(1,888,408)	(1,888,408)
At March 31, 2014		8,240,280	81,723,453	1,914,486	5,939,575	97,817,794
Net income		-	-	-	9,606,265	9,606,265
Other comprehensive income		-	-	619,508	-	619,508
Issue of shares		584,280	-	-	-	584,280
Redemption of shares		(60,720)	-	-	-	(60,720)
Transfer to statutory reserves	20	-	7,744,779	-	(7,744,779)	-
Entrance fees	20	-	24,345	-	-	24,345
Transfer to special reserves	21	-	-	887,398	(887,398)	-
Special reserves released to retained earnings	21	-	-	(1,065,814)	1,065,814	-
Net reserve for interest on non-performing loans	21	-	-	429,853	(429,853)	-
Distributions to members	8	-	-	-	(1,958,497)	(1,958,497)
At March 31, 2015		$ 8,763,840	89,492,577	2,785,431	5,591,127	106,632,975

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

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-consolidated Statement of Cash Flows

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

(Expressed in Barbados dollars)

	Note		2015	2014
Cash Flows from Operating Activities				
Net income for the year		$	9,606,265	10,427,064
Adjustments for:				
Depreciation			2,752,046	2,489,432
Loan impairment expense			3,711,957	4,409,329
(Gain) loss on disposal of property and equipment			(14,801)	312
Interest income			(69,150,966)	(67,486,468)
Interest expense			24,711,555	23,763,271
Dividend income			(108,288)	(103,820)
Tax on assets			1,350,916	-
			(27,141,316)	(26,500,880)
Changes in operating assets and liabilities				
Increase in loans and advances			(65,431,036)	(36,192,364)
Decrease (increase) in pension plan asset			22,795	(14,281)
Increase in other assets			(763,570)	(3,011,601)
Increase in deposits			52,945,199	49,275,362
Increase (decrease) in reimbursable shares			1,348,789	(374,616)
Increase in due from related companies			(317,812)	(4,072,887)
(Decrease) increase in other liabilities			(548,767)	3,751,821
Net cash used in operations			(39,885,718)	(17,139,446)
Interest received			68,704,585	66,805,974
Interest paid			(24,307,299)	(23,675,148)
Tax levies paid			(444,511)	-
Net cash provided by operating activities			4,067,057	25,991,380
Cash Flows from Investing Activities				
Net decrease in financial investments			1,841,891	433,882
Purchase of property and equipment			(2,558,892)	(3,399,975)
Investment in subsidiary			-	(6,500,000)
Proceeds from sale of property and equipment			42,703	877
Dividends received			108,288	103,820
Net cash used in investing activities			(566,010)	(9,361,396)
Cash Flows from Financing Activities				
Net decrease in loans payable			(10,243,341)	(11,743,901)
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			(11,653,933)	(13,130,704)

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-consolidated Statement of Cash Flows

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

(Expressed in Barbados dollars)

	Note		2015	2014
Net (decrease) increase in cash and cash equivalents			(8,152,886)	3,499,280
Cash and cash equivalents, beginning of year			53,093,370	49,594,090
Cash and cash equivalents, end of year	9	$	44,940,484	53,093,370

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

1. Corporate Information

The Barbados Public Workers' Co-operative Credit Union Limited (the "Credit Union") was registered on May 6, 1970, and continued under the Co-operatives Societies Act of Barbados 1990-23. Its registered office is located at "Olive Trotman House", Keith Bourne Complex, Belmont Road, St. Michael.

The principal activities of the Credit Union are the provision of savings products and credit facilities to its members and to educate them in co-operative principles.

2. Accounting Policies

(a) *Basis of preparation*

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

Statement of compliance

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

Consolidated financial statements have been issued and reported on separately.

(b) *Significant accounting judgments, estimates and assumptions*

The preparation of the non-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.

2. Accounting Policies...(continued)

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

Measurement of fair values

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

The Credit Union 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 Credit Union's investment policy. This Committee meets quarterly to review any challenges as it relates to the carrying value of the Credit Union's assets and liabilities.

When measuring the fair value of an asset or a liability, the Credit Union 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 25.

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 Credit Union 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)

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

Impairment of assets
The Credit Union 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 Credit Union 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 Credit Union 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.

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.

2. Accounting Policies...(continued)

(c) *Summary of significant accounting policies*
The principal accounting policies applied in the preparation of these non-consolidated financial statements are set out below. They have been applied consistently to all periods presented.

a) Foreign currency

The financial statements are presented in Barbados dollars which is the functional currency of the Credit Union. All financial information has been rounded to the nearest dollar.

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.

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 was 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 and term deposits with an original maturity of three months or less from the acquisition date.

c) Investment in subsidiary

The investment in subsidiary is accounted for by the cost method whereby the investment is initially recorded at cost and income from the investment is recognised only to the extent that it represents distributions from accumulated profits arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

2. Accounting Policies...(continued)

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

d) Financial instruments

The Credit Union 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 Credit Union becomes 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 Credit Union 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 Credit Union is recognised as a separate asset or liability.

The Credit Union 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 Credit Union has the positive 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 EIR. The Credit Union 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 Credit Union 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 Credit Union 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)

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

d) Financial instruments...(continued)

Available-for-sale financial investments

Available-for-sale financial 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 Credit Union 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 rate method (EIR), 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 loan impairment expense.

2. Accounting Policies...(continued)

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

d) Financial instruments...(continued)

Financial liabilities

The Credit Union's financial liabilities include customer deposits, loans payable, reimbursable shares and other liabilities. The Credit Union 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.

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.

e) Reimbursable shares

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

f) 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. 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.

g) 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)

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

h) 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 Credit Union 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 annual rates apply:

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

i) Employee benefits

Defined benefit plan
The Credit Union has a defined benefit plan for its employees.

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.

2. Accounting Policies...(continued)

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

i) Employee benefits...(continued)

Defined benefit plan…(continued)
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.

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.

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 the amount expected to be paid if the Credit Union has a present legal or constructive obligation to pay the amounts as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits
The Credit Union’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 Credit Union can no longer withdraw the offer of those benefits and when the Credit Union 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.

2. Accounting Policies...(continued)

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

j) Taxation

The Credit Union is exempt from corporation tax under Section 9(1)(g) of the Income Tax Act.

k) 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 Credit Union and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue and expense 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.

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

2. Accounting Policies...(continued)

(d) *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.

(e) *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 Credit Union 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)

2. Accounting Policies...(continued)

(e) Standards in issue but not yet effective...(continued)

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 Credit Union in the period of adoption, except for IFRS 9 Financial Instruments, which tentatively becomes mandatory for the Credit Union'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	$	65,504,246	63,592,246
Financial investments		1,676,025	1,142,636
Cash resources		1,970,695	2,751,586
	$	69,150,966	67,486,468
Interest expense			
Deposits	$	22,725,612	20,993,802
Loans payable		1,985,943	2,769,469
		24,711,555	23,763,271
Net interest income	$	44,439,411	43,723,197

4. Other Income

		2015	2014
Fee income	$	955,577	1,107,733
Legal income		1,016,349	863,695
Rental income		75,264	64,974
Bad debt recoveries		396,008	278,639
Dividend income		108,288	103,820
Gain (loss) on disposal of equipment		14,801	(312)
	$	2,566,287	2,418,549

5. Staff Costs

		2015	2014
Salaries	$	9,854,658	9,605,649
National Insurance Scheme contributions		866,057	796,961
Pension plan – defined benefit plan (Note 13)		604,268	506,725
Other costs		1,336,340	1,144,628
	$	12,661,323	12,053,963

(Expressed in Barbados dollars)

6. Operating Expenses

		2015	2014
Anniversary expenses	$	260,430	290,317
Advertising		706,995	1,027,244
Affiliation		75,000	75,000
Amortisation and write-off of deferred expenses		-	272,947
Audit fees		294,000	409,346
Bank charges		57,018	90,277
Committee travelling allowances		120,600	121,075
Development expenses		280,310	242,857
Direct cost of services		418,826	420,163
Educational grant and scholarship expenses		445,215	294,776
Elected Officials and Committee Training		223,895	202,723
Entertaining		70,011	56,353
Insurance		402,062	361,911
Janitorial services		304,570	325,074
Legacy Foundation – Donations		100,000	100,000
Legal and professional fees		804,914	961,489
Meetings and conferences		384,305	570,011
Membership security		2,343,792	2,099,872
Sundry expenses		8,272	15,452
National development expenses		98,783	72,673
Office stationery and supplies		862,315	1,025,363
Postage		165,044	103,118
Property taxes		166,754	165,779
Publicity and promotion		2,198,410	1,940,571
Rent		753,149	285,915
Repairs and maintenance		2,633,975	2,445,277
Security services		782,180	648,375
Social outreach expenses		141,506	130,439
Staff and members' training		653,645	735,608
Utilities		1,167,215	1,271,953
	$	16,923,191	16,761,958

7. Taxation 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 which is $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. Tax on assets expense for the year amounted to $1,350,916.

(Expressed in Barbados dollars)

8. 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).

9. Cash Resources

		2015	2014
Cash on hand	$	6,627,130	5,295,019
Cash at bank		28,788,744	43,983,032
Short term deposits		9,524,610	3,815,319
Total cash and cash equivalents		44,940,484	53,093,370
Other term deposits		48,832,238	56,135,132
Total cash resources	$	93,772,722	109,228,502

The average effective yield on cash resources during the year was 0.18% (2014 - 0.20%).

10. Financial Investments

The amount comprises:

		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

The average effective yield during the year on held-to-maturity investments was 6.15% (2014 - 6.03%).

		2015	2014
Available-for-sale			
Equities - quoted (i)	$	1,205,000	1,290,000
Equities - unquoted		682,522	664,348
	$	1,887,522	1,954,348

(i) This represents the Credit Union's investment in 500,000 (2014 - 500,000) common shares. As at March 31, 2015, the quoted bid price of these common shares was $2.41 (2014 - $2.58) per share.

(Expressed in Barbados dollars)

11. Loans and Advances

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

		2015			
		Consumer	Business	Mortgages	Total
Performing loans	$	491,662,619	2,458,562	220,158,090	714,279,271
Non-performing loans		30,986,219	598,947	19,309,332	50,894,498
Gross loans		522,648,838	3,057,509	239,467,422	765,173,769
Less: provision for impairment		(17,036,003)	(294,476)	(4,572,359)	(21,902,838)
	$	505,612,835	2,763,033	234,895,063	743,270,931
Add: interest receivable					3,226,008
					$ 746,496,939

		2014			
		Consumer	Business	Mortgages	Total
Performing loans	$	448,716,071	2,570,533	204,932,538	656,219,142
Non-performing loans		29,662,385	721,534	16,283,713	46,667,632
Gross loans		478,378,456	3,292,067	221,216,251	702,886,774
Less: provision for impairment		(16,754,196)	(462,395)	(4,118,331)	(21,334,922)
	$	461,624,260	2,829,672	217,097,920	681,551,852
Add: interest receivable					2,779,627
					$ 684,331,479

The average yield on loans for the year was 8.92% (2014 – 9.30%).

(Expressed in Barbados dollars)

11. Loans and Advances…(continued)

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

		2015			
		Consumer	Business	Mortgages	Total
Balance, beginning of year	$	16,754,196	462,395	4,118,331	21,334,922
Amounts charged off		(3,061,940)	(82,101)	-	(3,144,041)
Loan impairment expense		3,343,747	(85,818)	454,028	3,711,957
Balance, end of year	$	17,036,003	294,476	4,572,359	21,902,838
Individual impairment	$	13,079,751	221,696	3,408,911	16,710,358
Collective impairment		3,956,252	72,780	1,163,448	5,192,480
	$	17,036,003	294,476	4,572,359	21,902,838

		2014			
		Consumer	Business	Mortgages	Total
Balance, beginning of year	$	17,068,869	240,879	2,306,874	19,616,622
Amounts charged off		(2,626,995)	(64,034)	-	(2,691,029)
Loan impairment expense		2,312,322	285,550	1,811,457	4,409,329
Balance, end of year	$	16,754,196	462,395	4,118,331	21,334,922
Individual impairment	$	12,894,657	347,027	3,014,549	16,256,233
Collective impairment		3,859,539	115,368	1,103,782	5,078,689
	$	16,754,196	462,395	4,118,331	21,334,922

(Expressed in Barbados dollars)

12. 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	779,384	17,813,166	1,166,013	1,200,630	49,760,225
Additions/transfer	-	103,612	1,802,868	6,698	645,714	2,558,892
Disposals	-	(219,894)	(86,626)	-	-	(306,520)
Balance, end of year	28,801,032	663,102	19,529,408	1,172,711	1,846,344	52,012,597
Accumulated depreciation						
Balance, beginning of year	7,366,180	497,266	13,768,929	502,186	-	22,134,561
Depreciation	547,014	107,389	1,743,956	353,687	-	2,752,046
Disposals	-	(193,214)	(85,404)	-	-	(278,618)
Balance, end of year	7,913,194	411,441	15,427,481	855,873	-	24,607,989
Net book value, end of year	$ 20,887,838	251,661	4,101,927	316,838	1,846,344	27,404,608

2014	Land and Buildings	Motor Vehicles	Furniture and Equipment	Leasehold Improvements	Assets being Acquired	Total
Cost						
Balance, beginning of year	$ 28,037,936	779,384	15,597,676	767,006	1,215,628	46,397,630
Additions/transfer	763,096	-	2,252,870	399,007	(14,998)	3,399,975
Disposals	-	-	(37,380)	-	-	(37,380)
Balance, end of year	28,801,032	779,384	17,813,166	1,166,013	1,200,630	49,760,225
Accumulated depreciation						
Balance, beginning of year	6,835,958	399,865	12,279,300	166,197	-	19,681,320
Depreciation	530,222	97,401	1,525,820	335,989	-	2,489,432
Disposals	-	-	(36,191)	-	-	(36,191)
Balance, end of year	7,366,180	497,266	13,768,929	502,186	-	22,134,561
Net book value, end of year	$ 21,434,852	282,118	4,044,237	663,827	1,200,630	27,625,664

Assets being acquired represent purchases of property and equipment which were not yet in operation and on which no depreciation has been charged.

13. 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, 2015.

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, 2014 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.

13. 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)

13. Pension Plan Asset…(continued)

b) Movement in the amounts recognised in the statement of financial position is 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)

13. 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)

13. Pension Plan Asset…(continued)

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

		2015	2014
Remeasurement (gain) 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)

14. Investment in Subsidiary

		2015	2014
BPW Financial Holdings Inc. – 100%	$	8,500,000	8,500,000

On July 9, 2013, the Board of Directors approved a resolution for the issuance of an additional $2,000,000 in share capital.

On March 25, 2014, the Board of Directors approved a further resolution for the issuance of an additional $4,500,000 in share capital.

15. Other Assets

Other assets are comprised of the following:

		2015	2014
Accounts receivable	$	3,640,559	3,035,974
Prepaid employee benefit (Note 18)		2,354,990	2,581,584
Prepaid expenses		1,914,643	1,736,880
Interest receivable on cash resources		54,985	33,674
Dividend receivable		55,000	55,000
Other Assets re Goodwill Credit Union (Note 27)		186,505	-
	$	8,206,682	7,443,112

(Expressed in Barbados dollars)

16. Deposits

This amount comprises:

		2015	2014
Saving deposits	$	375,188,937	372,532,382
Deposits payable on fixed date		358,369,808	314,330,349
Registered retirement savings plan deposits (i)		38,431,616	32,182,431
		771,990,361	719,045,162
Interest payable		3,125,924	2,721,668
	$	775,116,285	721,766,830

(i) The Credit Union 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% or 1.0% above the minimum deposit rate. At March 31, 2015, the minimum deposit rate was 2.5% (2014 - 2.5%).

Concentration of deposits

Deposits (excluding interest payable) comprised the following:

		2015	2014
Personal	$	749,941,580	697,965,897
Commercial		22,048,781	21,079,265
	$	771,990,361	719,045,162

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%).

17. Loans Payable

Loans payable is comprised of the following:

		2015	2014
National Insurance Board (i)	$	23,878,503	29,929,384
Housing Credit Fund (ii)		9,566,629	13,759,089
	$	33,445,132	43,688,473

(Expressed in Barbados dollars)

17. Loans Payable...(continued)

(i) During the year ended March 31, 2011, the Credit Union 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 $23,878,503 (2014 - $26,272,304) which were acquired prior to March 31, 2011, are repayable over an average period of twenty 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 5.50% - 6.00% (2014 – 5.50% - 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 Credit Union 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.

18. Other Liabilities

Other liabilities is comprised of the following:

		2015	2014
Accounts payable and accrued expenses	$	3,218,764	4,021,846
Amounts payable re Goodwill Credit Union (Note 27)		255,088	-
Fair value adjustment - staff loans (i)		2,320,167	2,543,327
Interest rebate payable		203,206	203,026
Unallocated receipts to members		1,421,395	1,199,188
	$	7,418,620	7,967,387

(i) Fair value adjustment staff loans

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.

(Expressed in Barbados dollars)

19. Share Capital

Section 10 of the Co-operative Societies (Amendment) Act, 2007-39, requires that each member holds 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).

20. Statutory Reserves

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.

The movement in these reserves during the year is as follows:

		2015	2014
Balance, beginning of year	$	81,723,453	71,494,178
Transfers to reserve - statutory		4,651,099	4,382,960
Transfers to reserve - voluntary		3,093,680	5,824,590
		89,468,232	81,701,728
Entrance fees		24,345	21,725
Balance, end of year	$	89,492,577	81,723,453

(Expressed in Barbados dollars)

21. Other Reserves

Other reserves is comprised of the following:

		2015	2014
Fair value reserve (i)	$	555,000	640,000
Special funds (ii)		678,261	856,677
Donated equity (iii)		26,909	26,909
Defined benefit plan (iv)		238,848	(465,660)
Reserve for interest on non-performing loans (v)		1,286,413	856,560
	$	2,785,431	1,914,486

(i) 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	$	640,000	600,000
Unrealised fair value (loss)/gain		(85,000)	40,000
Balance, end of year	$	555,000	640,000

(ii) Special funds

The special reserve funds comprise the following:

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

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

c) 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.

d) 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)

21. Other Reserves…(continued)

(ii) Special funds...(continued)

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

f) 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.

g) 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:

	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

	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)

21. Other Reserves…(continued)

(iii) Donated equity

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

(iv) 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 Credit Union's defined benefit plan. (Note 13)

(v) Reserve for interest on non-performing loans

This amount totalling $1,286,413 (2014 - $856,560) 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.

22. Related Party Disclosures

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

Terms and conditions of transactions with related parties
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 Credit Union has not recorded any impairment of receivables relating to amounts owed by related parties.

Compensation of key management personnel

		2015	2014
Short term employee benefits	$	1,447,250	1,317,037
Post-employment benefits		57,337	69,542
Total compensation paid to key management personnel	$	1,504,587	1,386,579

Transactions with key management personnel

The Credit Union 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.

(Expressed in Barbados dollars)

22. Related Party Disclosures...(continued)

Transactions with key management personnel...(continued)

The following table provides the total amount of balances held with related parties for the relevant financial year.

		2015	2014
Key management personnel:			
Loans and advances	$	2,140,745	2,244,963
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.

Due from related companies

		2015	2014
Due from BPW Financial Holdings Inc.	$	17,339,733	17,032,813
Due from Capita Financial Services Inc.		85,541	74,649
	$	17,425,274	17,107,462

Amounts due from related companies are unsecured, non-interest bearing and have no fixed terms of repayment.

Other transactions

Cash resources include deposits held with Capita Financial Services Inc. amounting to $19,523,136 (2014 - $19,275,038) which resulted in interest income of $625,760 (2014 - $1,016,351).

(Expressed in Barbados dollars)

23. Commitments and Contingencies

(i) Loan commitments

		2015	2014
Consumer loans approved and pending disbursement	$	17,526,447	14,435,214
Mortgage loans approved and pending disbursement		21,008,905	14,036,169
Available balances on line of credit accounts		14,120,598	14,876,099
	$	52,655,950	43,347,482

(ii) 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).

(iii) Legal proceedings

At March 31, 2015, there were certain legal proceedings against the Credit Union. In view of the inherent difficulty of predicting the outcome of such matters, the Credit Union cannot state what the eventual outcome of such matters will be; however, based on current knowledge, the Credit Union 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.

(Expressed in Barbados dollars)

23. Commitments and Contingencies...(continued)

(iv) Lease commitments

The Credit Union leases branch facilities under operating leases. Payments made under these leases are recognised in the statement of income on a straight-line basis over the term of the lease. The future minimum rental payments related to these commitments are as follows:

		2015	2014
Less than one year	$	627,265	296,196
Between one and five years		2,903,100	1,184,784
	$	3,530,365	1,480,980

During the year, $753,149 (2014 - $285,915) was recorded as an expense in the statement of income in respect of operating leases.

24. Financial Risk Management

Introduction

Risk is inherent in the Credit Union'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 Credit Union's continuing profitability and each individual is accountable for the risk exposures relating to his or her responsibilities. The Credit Union is exposed to credit risk, liquidity risk, market risk and operational risk.

The Credit Union'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 Credit Union'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.

The Supervisory Committee has the responsibility to monitor the overall risk process within the Credit Union.

The Credit Union'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 Credit Union's compliance with the processes. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Supervisory Committee.

24. Financial Risk Management…(continued)

Introduction...(continued)

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

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

Credit risk

Credit risk is the risk that the Credit Union will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Credit Union 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 Credit Union's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as commitments.

Loans and advances
The Credit Union 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 Credit Union 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 Credit Union's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claims. The Credit Union does not occupy repossessed properties for business use.

Financial investments
The Credit Union 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 Credit Union 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 Credit Union has documented investment policies in place, which guide the management of credit risk on investments.

(Expressed in Barbados dollars)

24. Financial Risk Management…(continued)

Credit risk…(continued)

Exposure to credit risk before collateral held or other credit enhancements

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

		Maximum exposure	
		2015	2014
Loans and advances to customers:			
Consumer	$	505,612,835	461,624,260
Mortgages		234,895,063	217,097,920
Business		2,763,033	2,829,672
Financial investments:			
Held-to-maturity		23,838,462	20,395,633
Cash resources		93,772,722	109,228,502
Credit risk exposures relating to off-balance sheet items are as follows:			
Loan commitments		52,655,950	43,347,383
Total maximum exposure	$	913,538,065	854,523,370

The above table represents the maximum credit risk exposure of the Credit Union 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 Credit Union.

Financial investments
The Credit Union 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 resources
The credit quality of financial institutions holding the Credit Union's cash resources is assessed according to the level of their credit worthiness and by comparison to other financial institutions. The Credit Union places its cash resources with reputable financial institutions.

(Expressed in Barbados dollars)

24. Financial Risk Management…(continued)

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	$	93,772,722	-	-	93,772,722
Financial investments:					
Held-to-maturity		25,838,462	-	-	25,838,462
Loans and advances:					
Consumer		420,912,149	70,750,470	30,986,219	522,648,838
Mortgages		188,242,802	31,915,288	19,309,332	239,467,422
Business		1,257,015	1,201,547	598,947	3,057,509
Total	$	730,023,150	103,867,305	50,894,498	884,784,953

	2014				
		Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Cash resources	$	109,228,502	-	-	109,228,502
Financial investments:					
Held-to-maturity		20,395,633	-	-	20,395,633
Loans and advances:					
Consumer		380,726,564	67,989,507	29,662,385	478,378,456
Mortgages		171,136,834	33,795,704	16,283,713	221,216,251
Business		1,035,304	1,535,229	721,534	3,292,067
Total	$	682,522,837	103,320,440	46,667,632	832,510,909

Within the Credit Union, 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 an issue.

(Expressed in Barbados dollars)

24. Financial Risk Management…(continued)

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	15,853,922	3,435,488	70,750,470
Mortgages		24,330,240	4,981,505	2,603,543	31,915,288
Business		991,501	182,012	28,034	1,201,547
Total	$	76,782,801	21,017,439	6,067,065	103,867,305

		2014			
		1-30 days	31-60 days	61-90 days	Total
Loans and advances:					
Consumer	$	46,745,177	17,624,391	3,619,939	67,989,507
Mortgages		25,193,629	6,063,700	2,538,375	33,795,704
Business		809,638	599,402	126,189	1,535,229
Total	$	72,748,444	24,287,493	6,284,503	103,320,440

Impairment assessment
For accounting purposes, the Credit Union 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 Credit Union 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.

24. Financial Risk Management…(continued)

Credit risk…(continued)

Individually assessed allowances
The Credit Union 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 Credit Union generally bases its analyses on historical experience. However, when there are significant market developments, the Credit Union would include macroeconomic factors within its assessment. 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 Credit Union 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 Credit Union's forbearance policy
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position, where the Credit Union has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Credit Union has provided initially. The Credit Union implements forbearance policy in order to maximise collection opportunities and minimise the risk of default. Under the Credit Union'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.

24. Financial Risk Management…(continued)

Credit risk…(continued)

Loans with renegotiated terms and the Credit Union'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 Credit Union's Credit Committee regularly reviews reports on forbearance activities.

Write-off policy
The Credit Union 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 Credit Union 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 Credit Union.

Liquidity risk and funding management
Liquidity risk is defined as the risk that the Credit Union 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 Credit Union 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 Credit Union 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 Credit Union 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 Credit Union also has committed lines of credit that it can access to meet liquidity needs.

Analysis of financial liabilities by remaining contractual maturities
The table on the following page summarises the maturity profile of the undiscounted cash flows of the Credit Union'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)

24. Financial Risk Management…(continued)

Liquidity risk and funding management...(continued)

Liquidity risk – Financial liabilities

	2015				
	Within 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Total
Deposits	$ 439,898,316	57,440,521	290,115,014	67,479,818	854,933,669
Loans payable	1,294,927	3,858,569	19,637,463	23,916,873	48,707,832
Reimbursable shares	-	-	6,700,221	-	6,700,221
Other liabilities	-	5,098,453	-	2,320,167	7,418,620
	$ 441,193,243	66,397,543	316,452,698	93,716,858	917,760,342

	2014				
	Within 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Total
Deposits	$ 437,551,212	43,336,394	254,423,149	57,825,354	793,136,109
Loans payable	5,023,152	3,996,839	22,730,389	29,383,545	61,133,925
Reimbursable shares	-	-	5,351,432	-	5,351,432
Other liabilities	-	5,424,060	-	2,543,327	7,967,387
	$ 442,574,364	52,757,293	282,504,970	89,752,226	867,588,853

(Expressed in Barbados dollars)

24. Financial Risk Management…(continued)

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 Credit Union is mainly exposed to interest rate risk. The Credit Union's exposure to currency risk is minimal since it does not have any significant foreign currency denominated assets.

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.

A summary of the Credit Union'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
Cash resources	$	48,134,476	29,615,243	16,023,003	-	-	93,772,722
Financial investments –							
Held-to-maturity		2,082,500	5,646,952	7,109,000	11,000,000	-	25,838,462
Loans and advances		14,231,946	25,200,556	190,162,891	516,901,546	-	746,496,939
Due from related companies		-	-	-	-	17,425,274	17,425,274
Other assets		-	-	-	-	3,937,049	3,937,049
Total assets	$	64,448,922	60,462,751	213,294,894	527,901,546	21,362,323	887,470,446
Deposits	$	431,817,993	55,072,201	256,421,519	31,804,572	-	775,116,285
Loans payable		765,343	2,332,256	13,298,434	17,049,099	-	33,445,132
Reimbursable shares		-	-	-	-	6,700,221	6,700,221
Other liabilities		-	-	-	-	7,418,620	7,418,620
Total liabilities		432,583,336	57,404,457	269,719,953	48,853,671	14,118,841	822,680,258
Interest rate gap	$	(368,134,414)	3,058,294	(56,425,059)	479,047,875	7,243,482	64,790,188

(Expressed in Barbados dollars)

24. Financial Risk Management…(continued)

Market risk…(continued)

***Interest rate risk*…(continued)**

	2014					
	Up to 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Non-interest bearing	Total
Cash resources	$ 50,444,111	52,168,830	6,615,561	-	-	109,228,502
Financial investments – Held-to-maturity	-	7,286,633	5,459,000	7,650,000	-	20,395,633
Loans and advances	14,676,516	23,231,331	194,048,142	452,375,490	-	684,331,479
Due from related companies	-	-	-	-	17,107,462	17,107,462
Other assets	-	-	-	-	3,124,648	3,124,648
Total assets	$ 65,120,627	82,686,794	206,122,703	460,025,490	20,232,110	834,187,724
Deposits	$ 428,314,292	42,421,541	225,024,499	26,006,498	-	721,766,830
Loans payable	4,468,769	2,470,525	14,233,408	22,515,771	-	43,688,473
Reimbursable shares	-	-	-	-	5,351,432	5,351,432
Other liabilities	-	-	-	-	7,967,387	7,967,387
Total liabilities	432,783,061	44,892,066	239,257,907	48,522,269	13,318,819	778,774,122
Interest rate gap	$ (367,662,434)	37,794,728	(33,135,204)	411,503,221	6,913,291	55,413,602

(Expressed in Barbados dollars)

24. Financial Risk Management…(continued)

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)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union’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 Credit Union'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 Credit Union, 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 Board of Directors.

(Expressed in Barbados dollars)

25. 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 Credit Union'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
Assets					
Cash resources	$	93,772,722	93,772,722	109,228,502	109,228,502
Financial investments					
– Held-to-maturity		25,838,462	25,838,462	20,395,633	20,395,633
– Available-for-sale		1,887,522	1,887,522	1,954,348	1,954,348
Loans and advances		746,496,939	748,817,106	684,331,479	686,874,806
Due from related companies		17,425,274	17,425,274	17,107,462	17,107,462
Other assets		3,937,049	3,937,049	3,124,648	3,124,648
	$	889,357,968	891,678,135	836,142,072	838,685,399
Liabilities					
Deposits	$	775,116,285	854,933,669	721,766,830	793,136,109
Loans payable		33,445,132	33,445,132	43,688,473	43,688,473
Reimbursable shares		6,700,221	6,700,221	5,351,432	5,351,432
Other liabilities		7,418,620	7,418,620	7,967,387	7,967,387
	$	822,680,258	902,497,642	778,774,122	850,143,401

25. Fair Value...(continued)

Determination of fair value and fair value hierarchy
The Credit Union 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 Credit Union 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 Credit Union's financial instruments that are measured at fair value.

		2015			
		Level 1	Level 2	Level 3	Total balance
Investment securities					
Available-for-sale					
- Equity securities	$	1,205,000	-	682,522	1,887,522

		2014			
		Level 1	Level 2	Level 3	Total balance
Investment securities					
Available-for-sale					
- Equity securities	$	1,290,000	-	664,348	1,954,348

(Expressed in Barbados dollars)

25. Fair Value...(continued)

The following table shows a reconciliation of all movements in the fair value of financial investments categorised within Level 1 between the beginning and end of the reporting period.

		2015	2014
Balance - beginning of year	$	1,290,000	1,250,000
Unrealised (loss) / gain		(85,000)	40,000
Balance - end of year	$	1,205,000	1,290,000

The following table 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.

26. Capital Management

The Credit Union'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 Credit Union operates;
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns to its shareholders and benefits to other stakeholders; and
- To maintain a strong capital base to support the development of its business.

26. Capital Management…(continued)

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

The Credit Union'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 20)

The Credit Union has complied with all externally imposed capital requirements.

27. 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 18) and are disclosed within the respective notes.

Notes

Notes

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