

**NAJ AND HEALTH SERVICE  
CO-OPERATIVE CREDIT UNION LIMITED  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**DECEMBER 31, 2022**

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**Bogle and Company**

Chartered Accountants

Worrick Bogle FCCA, FCA, CPA

**Independent Auditor's Report**  
**To the Registrar of Co-operative Societies**  
**NAJ & Health Services Co-operative Credit Union Limited**  
**(A Society Registered Under the Co-operative Societies Act)**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of NAJ & Health Services Co-operative Credit Union Limited ("the Credit Union") set out on pages 5 to 39, which comprise the statements of financial position as at December 31, 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at December 31, 2022 and of financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Co-operative Societies Act.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Independent Auditor's Report (cont'd)**  
**To the Registrar of Co-operative Societies**  
**NAJ & Health Services Co-operative Credit Union Limited**  
**(A Society Registered Under the Co-operative Societies Act)**  
**Report on the Audit of the Financial Statements (cont'd)**

**Key Audit Matters (cont'd)**

Key Audit Matters	How we addressed key audit matters
<p>As at December 31, 2022 interest on shares and deposit was \$8,509,087.00, representing 11% of total expenses. The calculation of interest is done by way of an automated accounting programme based on parameters set by management. The risk of misapplication of this programme could result in interest expense being materially misstated in the financial statements.</p>	<p>We assessed and tested the operating effectiveness of the controls involved in recording interest expense in the general ledger and the members' ledger and found no material misstatements.</p>

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors



**Independent Auditor's Report (cont'd)**

**To the Registrar of Co-operative Societies**

**NAJ & Health Services Co-operative Credit Union Limited**

**(A Society Registered Under the Co-operative Societies Act)**

**Report on the Audit of the Financial Statements (cont'd)**

**Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

**The Board of Directors is responsible for overseeing the Credit Union's financial reporting process.**

**Auditor's Responsibilities for the Audit of the Financial Statements**

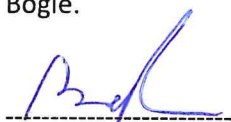
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description, which is located on page 4, forms part of our auditor's report.

**Report on additional matters as required by the Co-operative Societies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by Co-operative Societies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Worrick Bogle.



BOGLE & COMPANY  
Chartered Accountants

**April 28, 2023**

## Appendix to the Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

NAJ & HEALTH SERVICES CO-OPERATIVE CREDIT UNOIN LIMITED  
 STATEMENT OF FINANCIAL POSITION  
 YEAR ENDED DECEMBER 31, 2022

<u>Assets</u>	<u>Notes</u>	<u>2022</u> \$	<u>2021</u> \$
<b>Non-current assets</b>			
<b>Earning:</b>			
Financial investments	5	75,952,751	15,529,784
Loans originated	6	<u>744,905,077</u>	<u>627,469,703</u>
		<u>820,857,828</u>	<u>642,999,487</u>
<b>Non-earning:</b>			
Property, plant & equipment	7	48,176,464	49,848,321
Retirement benefit asset	8	<u>5,447,158</u>	<u>7,139,158</u>
		<u>53,623,622</u>	<u>56,987,479</u>
<b>Current assets</b>			
<b>Earning:</b>			
Financial investments	5	18,058	129,028,020
Loans originated	6	21,479,054	11,551,733
Liquid assets	9	<u>29,245,566</u>	<u>1,990,502</u>
		<u>50,742,678</u>	<u>142,570,255</u>
<b>Non-earning:</b>			
Other assets	10	11,154,278	12,198,696
Cash and bank balances	11	<u>19,923,096</u>	<u>7,042,173</u>
		<u>31,077,374</u>	<u>19,240,869</u>
<b>Total assets</b>		<u><u>956,301,502</u></u>	<u><u>861,798,090</u></u>

The financial statements were approved by the Board of Directors on April 28, 2023, and signed on its behalf by:

.....  
 Mrs. Audrie NcNab  
 President

.....  
 Mr. Barrington Hibbert  
 Treasurer

**NAJ & HEALTH SERVICES CO-OPERATIVE CREDIT UNOIN LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED DECEMBER 31, 2022**

<u>Equity and Liabilities</u>	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		\$	\$
<b>Equity:</b>			
Members' permanent shares	12	16,457,443	15,817,871
Institutional capital	13	69,652,027	68,015,588
Non-institutional capital	14	10,610,390	12,195,553
Undistributed surplus	15	(91,295)	(6,493,018)
		<u>96,628,565</u>	<u>89,535,994</u>
 <b>Non-current liabilities</b>			
<b>Interest-bearing liabilities:</b>			
Members' shares (voluntary)	16	223,351,259	132,155,188
External credit- long-term portion	17	45,838,375	22,143,033
		<u>269,189,634</u>	<u>154,298,221</u>
 <b>Current liabilities</b>			
<b>Interest-bearing liabilities:</b>			
Members' shares (voluntary)	16	204,588,368	256,517,158
External credit - current portion	17	3,386,533	2,729,735
Members' deposits	18	379,334,104	355,737,863
		<u>587,309,005</u>	<u>614,984,756</u>
<b>Non-interest bearing liabilities:</b>			
Payables & accruals	19	3,174,298	2,979,119
		<u>3,174,298</u>	<u>2,979,119</u>
 <b>Total equity and liabilities</b>		 <u><u>956,301,502</u></u>	 <u><u>861,798,090</u></u>

The financial statements were approved by the Board of Directors on April 28, 2023, and signed on its behalf by:

.....  
 Mrs. Audrie McNab  
 President

.....  
 Mr. Barrington Hibbert  
 Treasurer

**NAJ & HEALTH SERVICES CO-OPERATIVE CREDIT UNOIN LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**YEAR ENDED DECEMBER 31, 2022**

	Notes	<u>2022</u>	<u>2021</u>
		\$	\$
<b>Interest income</b>			
Interest on members' loans		66,277,523	56,588,983
Interest on investments		<u>2,368,728</u>	<u>3,149,203</u>
		<u>68,646,251</u>	<u>59,738,186</u>
<b>Financial expenses</b>			
Loss on investment		1,237,519	103,621
External credit		2,805,234	2,201,364
Shares & deposits		<u>8,509,087</u>	<u>9,368,831</u>
		<u>12,551,840</u>	<u>11,673,816</u>
Net interest income		56,094,411	48,064,370
Movement on loan impairment provision		5,575,723	847,872
Bad debts (written off)		<u>(9,438)</u>	<u>(1,249,114)</u>
Net interest income after allowance for loan loss		61,660,696	47,663,128
Other income	20	<u>12,186,128</u>	<u>12,123,615</u>
Gross margin		73,846,824	59,786,743
Operating expenses	21	<u>(65,918,627)</u>	<u>(60,204,246)</u>
<b>Surplus/(Deficit) for the year</b>		<u>7,928,197</u>	<u>(417,503)</u>
<b>Other comprehensive income</b>			
<u>Items that will not be reclassified to profit or loss</u>			
Pension re-measurement		<u>(1,507,000)</u>	<u>(136,000)</u>
		<u>(1,507,000)</u>	<u>(136,000)</u>
<b>Total comprehensive income</b>		<u>6,421,197</u>	<u>(553,503)</u>

NAJ & HEALTH SERVICES CO-OPERATIVE CREDIT UNOIN LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 YEAR ENDED DECEMBER 31, 2022

	Permanent Shares \$	Institutional Capital \$	Non - Intutional Capital \$	Undistributed Surplus \$	Total \$
December 31, 2020	15,205,745	67,963,988	13,482,911	(6,402,516)	90,250,128
<b>Deficit for the year</b>				(417,503)	(417,503)
Entrance fees		51,600			51,600
Pension remeasurement			(136,000)		(136,000)
Bad debt recoverable			(707,314)		(707,314)
Transfer from surplus			(327,001)	327,001	-
Share subscriptions	612,126				612,126
Share transfer fund			52,957		52,957
Donation reserve			(170,000)		(170,000)
December 31, 2021	15,817,871	68,015,588	12,195,553	(6,493,018)	89,535,994
<b>Surplus for the year</b>				7,928,197	7,928,197
Entrance fees		50,800			50,800
Statutory reserve		1,585,639		(1,585,639)	-
Bad debt reserve			125,835	(125,835)	-
Retirement benefit reserve			(185,000)	185,000	-
Pension remeasurement			(1,507,000)		(1,507,000)
Share subscriptions	639,572				639,572
Share transfer fund			34,356		34,356
Dividend reserve			1,826		1,826
Donation reserve			(55,180)		(55,180)
Balance December 31, 2022	16,457,443	69,652,027	10,610,390	(91,295)	96,628,565

**NAJ & HEALTH SERVICES CO-OPERATIVE CREDIT UNOIN LIMITED**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**

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	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Cash flows from operating activities</u>		
<b>Surplus/(Deficit) for the year</b>	7,928,197	(417,503)
Adjustments to reconcile loss for the year to net cash from operating activities		
Depreciation	1,655,626	1,534,377
Dividend	1,826	-
Bad debt reserve	-	(707,314)
Retirement benefit asset	1,692,000	463,001
	<u>11,277,649</u>	<u>872,561</u>
<u>Decrease in current assets</u>		
Other assets	1,044,418	4,799,525
<u>Increase in current liabilities</u>		
Payables & accruals	195,179	259,337
<b>Net cash flows provided by operating activities</b>	<u>12,517,246</u>	<u>5,931,423</u>
<u>Cash flows from investing activities</u>		
Loans to members	(127,362,695)	(121,807,189)
Financial investments	68,586,995	12,473,194
Acquisition of property, plant and equipment	(609,659)	(87,751)
Disposal of property plant and equipment	625,890	759,151
<b>Net cash used in investing activities</b>	<u>(58,759,469)</u>	<u>(108,662,595)</u>
<u>Cash flows from financing activities</u>		
Members shares & deposits	62,863,522	86,332,888
External credit	24,352,140	(1,494,688)
Permanent shares	639,572	612,126
Entrance fees	50,800	51,600
Appropriations	(1,527,824)	(253,043)
<b>Net cash flows provided by financing activities</b>	<u>86,378,210</u>	<u>85,248,883</u>
Net (decrease)/increase in cash & cash equivalents	40,135,987	(17,482,289)
Cash & cash equivalents at the beginning of the year	9,032,675	26,514,964
Cash & cash equivalents at the end of the year	<u>49,168,662</u>	<u>9,032,675</u>
<u>Represented by:</u>		
Liquid assets	29,245,566	1,990,502
Cash and bank balances	19,923,096	7,042,173
	<u>49,168,662</u>	<u>9,032,675</u>

## 1. Identification & Activities

N A J & Health Services Co-operative Credit Union Ltd- “the Credit Union”

- a) The Credit Union is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. The Credit Union's registered office is located 6 Trevennion Park Road, Kingston 5, Jamaica.
- b) Membership is restricted to members of the Nurses Association of Jamaica and other medical professionals and their families. The liability of members is limited by shares.
- c) No member may hold more than 20% of the total share capital.
- d) The main activities of the Credit Union are to promote thrift among its members by affording them an opportunity to accumulate their savings and to create for them a source of credit for provident or productive purposes at reasonable rates of interest.
- e) The Credit union is exempted from Income Tax under Section 59(1) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

## 2. Significant Accounting Policies

### a) Basis of preparation

The significant accounting policies that have been used in preparation of the financial statements are summarised below and have been consistently applied for all the years presented. The measurement bases used are those specified by International Financial Reporting Standards (IFRS) for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board (IASB).

**New, revised, amended standards and interpretations that became effective during the year.**

Reference to the Conceptual Framework (Amendments to IFRS 3) effective after January 1, 2022.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective January 1, 2022.

These new, revised, amended standards and interpretations have had no impact on the Credit Union's financial statements.



## 2. Significant Accounting Policies (cont'd)

### a) Basis of preparation (cont'd)

#### New, revised and amended standards and interpretations that are issued but not yet effective.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) effective after January 1, 2023.

This new, revised, amended standards and interpretations are not expected to have any significant impact on the Credit Union's financial statements

#### **Functional currency**

The amounts stated in the financial statements are in Jamaican Dollars which is the functional currency of the primary economic environment in which the Credit Union operates.

#### **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.

2. Significant Accounting Policies (cont'd)

a) Basis of measurement (cont'd)

Level 3 inputs are unobservable inputs for the asset or liability.

**Use of estimates and judgements**

The preparation of the financial statements to conform with International Financial Reporting Standards (**IFRS**) requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to assets and liabilities at the reporting date, and the income and expenses for the year ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised, and future period if the revision affects both current and future periods.

Judgements made by management in the application of International Reporting Financial Standards (**IFRS**) that have significant effect on the financial statements and estimates with a significant risks of material adjustments are discussed below

**I. Useful Lives of Property, plant and equipment**

The useful life of property, plant and equipment are reviewed at the reporting date, and, if any expectations differ from previous estimates, the charge is accounted for as a change in accounting estimates.

**II. Going concern**

The preparation of the financial statements in accordance with IFRS assumes that the Credit Union will continue in operational existence for the foreseeable future. This means that the statements of profit or loss and other comprehensive income and financial position assume no intention or necessity to liquidate the Credit Union or curtail the scale of operation.

## 2. Significant Accounting Policies

### b) Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset if, and only if: It is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be reliably measured.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost.

**The Credit Union recognises depreciation under the expense heading of “depreciation” in the period.**

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation is charged using the straight-line method and is designed to write off the cost of the assets over the period of their useful lives. The annual rates of depreciation are as follows:

Building	2.5%
Furniture, fixtures & equipment	10%
Computer and Equipment	20%

**Repairs and maintenance expenditures are charged to the profit or loss during the financial period in which they are incurred.**

### c) Employee benefits

The cost of providing employee benefits is recognised in the period in which the benefit is earned by the employee, rather than when it is paid, and each category of employee benefits are measured, providing detailed guidance in particular about post-employment benefits.

#### Defined benefit plan

The Credit Union participates in a multi-employer defined benefit plan administered by the Jamaica Co-operative Credit Union League Limited into which the Credit union and its employees make contributions. The Credit Union has an obligation to provide agreed benefits to current and past employees and effectively places actuarial and investment risk on the Credit Union.

## 2. Significant Accounting Policies (cont'd)

### c) Employee benefits (cont'd)

#### Defined Contribution Plan (cont'd)

The Credit Union also contributes to a defined contribution plan. Contribution by the Credit Union to this plan is an expense to the Credit Union and the Credit Union bears no further risk nor obligation.

### d) Financial Instruments: Classification; Recognition; Derecognition and Measurement

A financial instrument is an instrument that give rise to a financial asset in one entity and a financial liability or equity instrument of another entity.

#### Classification

Financial assets comprise financial investments, loans originated, liquid assets, cash and bank balances and other assets. Financial liabilities comprise voluntary shares, members deposits and payables. Equity is described as permanent shares

#### Recognition & Initial Measurement

The Credit Union recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Credit Union initially recognise loans to members and other assets on the date they are generated. At initial recognition the Credit Union measures a financial asset or liability at its fair value. Transaction cost of assets or liabilities carried at fair value through profit or loss are expensed.

#### Classification and subsequent re-measurement

The Credit Union has classified its financial instruments in the following measurement categories:

- Amortised cost
- Fair value through profit or loss

#### **Financial investments**

Financial investments are financial instruments which are held to collect contractual cash flows and to sell.

Permanent shares held with the Jamaica Co-operative Credit Union League are equity instruments. The Credit Union has elected to measure these shares at fair value through profit or loss.

**2. Significant Accounting Policies (cont'd)**

**d) Financial Instruments: Classification; Recognition; Derecognition and measurement (cont'd)**

**Financial investments (cont'd)**

Voluntary shares, mortgage fund, gilt edge securities and bond are debt instruments and are measured at fair value through the profit or loss.

**Loans originated**

Loans provided by the Credit Union to its members are classified as loans originated. The objectives of the loan portfolio is to hold and collect contractual cash flows; the performance targets of the portfolio are determined by the compliance rate in terms of interest and principal payments and the key performance index for each portfolio is the delinquency ratio. Loan originated are measured at fair value through the profit or loss.

**Liquid assets**

A liquid asset is an asset that can readily be converted into cash is similar to cash itself because the asset can be sold with little impact on its value. Investments are considered liquid assets if they can be readily liquidated. Savings accounts held at The National Commercial Bank Jamaica Limited and Cumax Money Market Account held with Credit Union Fund Management Company Limited are classified as liquid assets and measured at fair value through the profit or loss.

**Cash and bank balances**

Cash and Bank balances includes notes and coins on hand and unrestricted funds held at other financial institutions representing non-interest-bearing liquid assets owned by the Credit Union.

**Other assets**

Other assets are sundry receivables and prepayments. These are recognized at fair value and measured at amortized cost.

**Members' voluntary shares**

The voluntary shares are classified as interest earning liabilities. Interest is calculated and paid annually based on the weighted average balance on the members account during the year. The rate of interest is determined by the Board of Directors. Voluntary shares are initially recognized at fair value and subsequently measured at amortized cost.

**2. Significant Accounting Policies (cont'd)**

**d) Financial Instruments: Classification; Recognition; Derecognition and measurement (cont'd)**

**Members' deposits**

These are savings accounts held by the members of the Credit Union. These amounts are payable on demand. Interest on these accounts is calculated and paid annually. The rates of interest paid are determined by the Board of Directors. Members deposits are classified as financial liabilities and are measured at amortized cost.

**Permanent shares**

This represents equity in the Credit Union which cannot be withdrawn but may be transferred to another member or repurchased by the Credit Union. These shares are classified as equity and are measured at their nominal value.

**Payables & accruals**

These are short term liabilities which are recognized at fair value and measured at amortized cost

**e) Institutional capital**

Institutional Capital includes the Statutory Reserve Fund as well as various other reserves established from time to time as is deemed necessary by the Board of Directors to support the operation of the Credit Union and thereby protect the interest of the members. These reserves are not available for distribution.

The stronger the overall capital position, the easier it is for the Credit Union to deal with future uncertainties such as asset loss and adverse economic cycles.

**f) Non - Institutional capital**

Non institutional capital are amounts approved by the members at their annual general meetings and set aside to facilitate outreach and development activities of the Credit Union.

## 2. Significant Accounting Policies (cont'd)

### g) Revenue recognition

#### Interest on loans

Interest on loans is recognized when interest is calculated on the outstanding balance at the beginning of each month, using the reducing balance method. When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases and interest is taken into account on the cash basis.

#### Interest on investments

Interest income from investments is recognized on the accrual basis.

#### Dividend income

Dividend income is recognized when the Credit Union's right to receive payment is established.

#### Commission and Fees

Fees and commission income are generally recognised on a cash basis when the services have been provided.

### h) Interest expense

Interest expense is recognized in the statement of profit or loss for interest bearing liabilities on the accrual basis using the weighted average method.

### i) Operating expense

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred.

### j) Allowance for loan impairment

An allowance for loan impairment is established based on lifetime expected credit loss (ECL) which is the ECL that result from all possible default events over the expected life of the loan. Loans for which a lifetime ELC is recognized but which are not credit impaired are referred to as 'stage 1'. If significant increase in credit risk since initial recognition is identified, the loan moves to 'stage 2', but is not yet credit impaired. If the loan is credit impaired it moves to 'stage 3'

**2. Significant Accounting Policies (cont'd)**

**j) Allowance for loan impairment (cont'd)**

The loan loss provision is derived based on a model which takes account of, among other factors, the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective rate of interest of the loan and the probability of default. Provision is calculated as follows:

State 1: 12 months loan repayments for loans 30 days past due

Stage 2: Principal & interest for loans 31-90 days past due

Stage 3: Principal only for loans over 90 days past due.

In both current and prior year regulatory provisions are established for loans originated as a result of a review of the carrying value of loans in arrears and are derived based on the requirements stipulated by the Jamaica Co-operative Credit Union League Limited (JCCUL) provisioning policy of making full provision for loans in arrears over twelve (12) months. General provisions ranging from 10 % to 60% are established in respect of loans in arrears for two (2) to twelve months. Regulatory provision that exceeds International Financial Reporting Standards is accounted for as in a loan loss reserve.

**write-offs**

Loans are written off (either partially or in full) when there is no reasonable expectation of recovering it in its entirety or a portion thereof. This is generally the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to write-off. This assessment is carried out at the individual asset level. Recoveries of amounts written off could still be subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.



### 3. Financial risk management

The Credit Union activities are related to the use of financial instruments which involves analysis, evaluation and management of risks. The Board of Director is responsible for the establishment of the risk management framework.

The Credit Union has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

#### a) Credit risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Credit Union's loans to members & debt instruments with other institutions.

##### Loans to members

The management of credit risk in respect of loans to members and guarantees is delegated to the Credit Committee. The Committee is responsible for oversight of the Credit Union's credit risk, including formulating credit policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, limiting concentration of exposure to counterparties and developing and maintaining the Credit Union's risk grading. There is a documented credit policy in place which guides the Credit Union's credit review process.

##### Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk (before recognition of collateral held) at the reporting date was:

	<u>2022</u>	<u>2021</u>
	\$	\$
Loans to members	766,384,131	639,021,436
Liquid assets	29,245,566	1,990,502
Financial investments	75,970,809	144,557,804
Other assets	11,154,278	12,198,696
	<u>882,754,784</u>	<u>797,768,438</u>

3. Financial risk management(cont'd)

b) Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations for its financial liabilities. The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its obligations when due under both normal or stressed conditions. Prudent liquidity risk management which the Credit Union uses includes maintaining sufficient cash and marketable securities, monitoring future cash flows and liquidity on a daily basis.

The Credit Union is subject to a liquidity limit imposed by the Credit Union League and compliance is regularly monitored. The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to total savings deposit. For this purpose, liquid assets include loans which are expected to be repaid within the year, cash bank balances, deposits held with JCCUL and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the reporting date was 0.29 (2021 0.03)

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>Cash resources:</b>		
Loans (after provision for loan impairment)	5,112,744	5,388,943
Financial investments	114,815,678	18,058
Liquid assets	29,245,566	1,990,502
Other assets	2,596,537	1,439,576
Cash & bank balances	19,923,096	7,042,173
	<u>171,693,621</u>	<u>15,879,252</u>
<b>Saving deposits and other liabilities:</b>		
Members' share capital	204,588,368	256,517,158
Members deposits	379,334,104	355,737,863
External loans	822,585	682,434
Payables & accruals	3,174,298	2,979,119
	<u>587,919,355</u>	<u>615,916,574</u>
 Ratio	 0.29	 0.03

**3. Financial risk management(cont'd)**

**b) Liquidity risk (cont'd)**

The following table presents the undiscounted contractual maturities of financial liabilities, on the basis of their earliest possible contractual maturity.

	<b>2022</b>			
	Within 3 months	3 to 9 months	Over 12 months	Carrying value
	\$	\$	\$	\$
Members' share capital	200,308,972	4,279,396	223,351,259	427,939,627
Members' deposits	229,927,647	149,406,457	-	379,334,104
External loans	822,585	2,563,948	45,838,375	49,224,908
Payables and accruals	3,174,298	-	-	3,174,298
	<u>434,233,502</u>	<u>156,249,801</u>	<u>269,189,634</u>	<u>859,672,937</u>

	<b>2021</b>			
	Within 3 months	3 to 9 months	Over 12 months	Carrying value
	\$	\$	\$	\$
Members' share capital	252,630,534	3,886,624	132,155,188	388,672,346
Members' deposits	218,977,583	136,760,280	-	355,737,863
External loans	682,434	2,047,301	22,143,033	24,872,768
Payables and accruals	2,979,119	-	-	2,979,119
	<u>475,269,670</u>	<u>142,694,205</u>	<u>154,298,221</u>	<u>772,262,096</u>

3. Financial risk management(cont'd)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rate and equity prices and will affect the Credit Union's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Credit Union's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Credit Union does not deal in foreign currencies nor currently hold any securities denominated in foreign currencies. There was no exposure to currency risk at the end of the reporting period.

Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. It arises when there is a mismatch between interest-earning 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. Interest rate risk is managed by holding primarily fixed rate financial instruments. The Credit Union exposure to interest rate risk at the end of the end of the reporting period was as follows:

	<b>2022</b>			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
<u>Assets</u>	\$	\$	\$	\$
Loans	5,112,744	16,366,310	744,905,077	766,384,131
Liquid assets	29,245,566	-	-	29,245,566
Financial investments	18,058	-	75,952,751	75,970,809
	<u>34,376,368</u>	<u>16,366,310</u>	<u>820,857,828</u>	<u>871,600,506</u>
<u>Liabilities</u>				
Savings deposits	229,927,647	149,406,457	-	379,334,104
Members' shares	200,308,972	4,279,396	223,351,259	427,939,627
External Loans	822,585.00	2,563,948	45,838,375	49,224,908
	<u>431,059,204</u>	<u>156,249,801</u>	<u>269,189,634</u>	<u>856,498,639</u>
Total interest rate gap	<u>(396,682,836)</u>	<u>(139,883,491)</u>	<u>551,668,194</u>	<u>15,101,867</u>
Cumulative gap	<u>(396,682,836)</u>	<u>(536,566,327)</u>	<u>15,101,867</u>	<u>-</u>

3. Financial risk management(cont'd)

c) Market risk (cont'd)

Interest rate risk(cont'd)

	2021			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
<u>Assets</u>	\$	\$	\$	\$
Loans	5,388,943	6,162,790	627,469,703	639,021,436
Liquid assets	1,990,502	-	-	1,990,502
Financial investments	114,815,678	14,212,342	15,529,784	144,557,804
	<u>122,195,123</u>	<u>20,375,132</u>	<u>642,999,487</u>	<u>785,569,742</u>
<u>Liabilities</u>				
Savings deposits	218,977,583	136,760,280	-	355,737,863
Members' shares	252,630,534	3,886,624	132,155,188	388,672,346
External Loans	682,434	2,047,301	22,143,033	24,872,768
	<u>472,290,551</u>	<u>142,694,205</u>	<u>154,298,221</u>	<u>769,282,977</u>
Total interest rate gap	<u>(350,095,428)</u>	<u>(122,319,073)</u>	<u>488,701,266</u>	<u>16,286,765</u>
Cumulative gap	<u>(350,095,428)</u>	<u>(472,414,501)</u>	<u>16,286,765</u>	<u>-</u>

#### 4. 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 financial risks such as arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The Credit Union's objective when managing operational risk so as to balance the avoidance of financial loss and damages to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of control to identify operational risk is assigned to the Board of Directors. This responsibility is supported by overall co-operative standards for the management of operational risk in following areas:

Requirements for periodic assessment of operational risk faced, and the adequacy of controls and procedure to address the risks identified.

Requirements for the appropriate segregation of duties, including the independent authorisation of transactions;

- Compliance with regulatory and other legal requirements;

- Documentation of controls and procedures;

- Requirements for the reporting of operational losses and proposed remedial action;

- Development of contingency plans;

- Ethical and business standards;

- Risk, mitigation, including insurance where this is effective;

- Compliance with the Credit Union's policies is supported by a programme of periodic reviews;

#### Capital management

The Credit Union's objectives when managing capital are to safeguard the Credit Union's ability to continue as a going concern. The Credit Union defines its capital as Permanent share capital, institutional capital and special reserve. Its dividend pay-out is made taking into account the maintenance of an adequate capital base. The Credit Union is required by the Jamaica Co-operative League Limited to maintain its institutional capital at a minimum of 8 % of total assets. At the statement of financial position date, this ratio was 9 % (2021:- 11 %) which is in compliance with the requirements.

**4. Operational risk (cont'd)**

**Insurance**

The Credit Union has in place the following insurance coverage which are deemed adequate: fidelity bond; life savings & loan protection and general all risk.

**Related party balances**

At December 31, 2022, members of the Credit Union's Board of Directors, Committee members and staff had savings and loans inclusive of interest as stated below:

	<u>2022</u>	<u>2021</u>
	\$	\$
Savings	34,012,517	23,593,788
Loans (inclusive of interest)	94,921,975	73,501,973

**Staff Compliment**

	<u>2022</u>	<u>2021</u>
Number of persons employed		
Full time	9	7
Temporary	1	2
	<u>10</u>	<u>9</u>

**General Ledger & Subledger Comparison**

	<u>2022</u>	<u>2022</u>	<u>2022</u>
	Shares	Deposits	Loans
	\$	\$	\$
Balance as per general ledger	444,397,070	378,903,717	765,077,108
Balance as per members' ledger	444,397,070	378,889,506	765,077,108
Differences	-	14,211	-

	<u>2021</u>	<u>2021</u>	<u>2021</u>
	Shares	Deposits	Loans
	\$	\$	\$
Balance as per general ledger	404,490,217	355,297,592	643,495,252
Balance as per members' ledger	404,490,217	355,312,009	643,495,252
Differences	-	(14,417)	-

4. Operational risk (cont'd)

Collaterals

The Credit Union holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other registered securities over assets, hypothecation of shares held in the Credit Union and guarantees. Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.

5. Financial investments

	2022			
	Within 3 months	3 to 12 months	Over 1 year	Carrying value
<b><u>Equity Instruments-Unquoted</u></b>	\$	\$	\$	\$
Permanent shares	-	-	2,007,555	2,007,555
Ordinary shares	-	-	930,480	930,480
<b><u>Equity Instruments-Quoted</u></b>				
Ordinary shares	-	-	1,853,066	1,853,066
<b>Debt Instruments</b>				
Cumax Money Market Fund	18,058	-	-	18,058
Income portfolio	-	-	14,417,645	14,417,645
JCCUL Liquidity Reserve			56,744,005	56,744,005
	18,058	-	75,952,751	75,970,809

	2021			
	Within 3 months	3 to 12 months	Over 1 year	Carrying value
<b><u>Equity Instruments-Unquoted</u></b>	\$	\$	\$	\$
Permanent shares	-	-	2,007,555	2,007,555
Ordinary shares	-	-	930,480	930,480
<b><u>Equity Instruments-Quoted</u></b>				
Ordinary shares	-	-	2,606,726	2,606,726
<b>Debt Instruments</b>				
Cumax Money Market Fund	114,815,678	-	-	114,815,678
Income portfolio		14,212,342		14,212,342
Wealth Management fund			9,957,316	9,957,316
Capital Growth Fund	-	-	27,707	27,707
	114,815,678	14,212,342	15,529,784	144,557,804



6. Loans originated

	2022				Total Value
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$	\$	\$	\$	\$
Principal	813,444	18,002,561	266,231,442	480,029,661	765,077,108
Interest receivable	4,299,300	-	-	-	4,299,300
Less provision for loan loss	-	(1,636,251)	(1,356,026)	-	(2,992,277)
Carrying value	5,112,744	16,366,310	264,875,416	480,029,661	766,384,131

	2021				Total Value
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	
	\$	\$	\$	\$	\$
Principal	1,294,759	14,730,790	261,259,980	366,209,723	643,495,252
Interest receivable	4,094,184	-	-	-	4,094,184
Less provision for loan loss	-	(8,568,000)	-	-	(8,568,000)
Carrying value	5,388,943	6,162,790	261,259,980	366,209,723	639,021,436

Movement in loan loss provision

	2022	2021
	\$	\$
Allowance for loan loss at the beginning of year	8,568,000	9,415,872
Decrease in provision	(5,575,723)	(847,872)
Net provision at December 31,	2,992,277	8,568,000

6. Loans originated (cont'd)

Provision for loan loss

The credit union provides for loan loss using the expected credit loss model. At the reporting date the provision for loan loss was as follows:

2022

Stages	Aging	Number of Loans	Expected Credit Loss	Calculated Provision
Stage 1	Less than 2 months	517	60,751,334	2,553,926
Stage 2	2 - 3 months	29	2,386,997	211,915
Stage 3	over 3 months	14	1,808,376	226,436
Total		560	64,946,707	2,992,277

2021

Stages	Aging	Number of Loans	Expected Credit Loss	Calculated Provision
Stage 1	Less than 2 months	501	68,905,209	6,456,062
Stage 2	2 - 3 months	25	5,042,238	1,083,917
Stage 3	over 3 months	18	3,076,113	1,028,021
Total		544	77,023,560	8,568,000

6. Loans originated (cont'd)

Regulatory provision

Provision required by the rules of the Jamaica Co-operative Credit Union League Limited are stated below for comparative purposes.

2022

Months in Arrears	Total Number of loans	Total Delinquent loans	Savings Held	Exposure	Provision	
		\$	\$	\$	\$	%
Less than 2 months	179	211,625,629	274,696,098	(63,070,469)		-
2-3 months	7	3,824,936	3,295,899	529,037	382,494	10%
4-6 months	7	3,681,725	4,269,953	(588,228)	1,104,518	30%
7- 12 months	2	248,731	214,689	34,042	149,239	60%
Over 12 months	2	1,481,861	1,591,463	(109,602)	1,481,861	100%
Totals	197	220,862,882	284,068,102	(63,205,220)	3,118,111	

2021

Months in Arrears	Total Number of loans	Total Delinquent loans	Savings Held	Exposure	Provision	
		\$	\$	\$	\$	%
Less than 2 months	158	126,633,217	159,007,754	(32,374,537)		-
2-3 months	11	8,018,717	6,571,368	1,447,349	801,872	10%
4-6 months	9	4,767,711	3,106,287	1,661,424	1,430,313	30%
7- 12 months	6	9,827,122	2,640,521	7,186,601	5,896,273	60%
Over 12 months	-	-	-	-	-	100%
Totals	184	149,246,767	171,325,930	(22,079,163)	8,128,458	

Loan loss reserve

	<u>2022</u>	<u>2021</u>
	\$	\$
Regulatory provision	3,118,111	8,128,458
Expected credit loss	<u>(2,992,277)</u>	<u>(8,568,000)</u>
	<u>125,834</u>	<u>-</u>

No loan loss reserve was required in prior year as expected credit loss exceeded regulatory provision.

7. Property, plant & equipment

	Furniture & fixtures	Building	Computers	Total
<u>At cost</u>	\$	\$	\$	\$
Balance December 31, 2020	3,918,606	60,281,508	2,069,218	66,269,332
Addition during 2021	9,551	-	78,200	87,751
Assets written off	(663,235)	-	(95,916)	(759,151)
Balance December 31, 2021	3,264,922	60,281,508	2,051,502	65,597,932
Addition during 2022			- 609,659	609,659
Assets written off	(215,426)	-	(410,464)	(625,890)
Balance December 31, 2022	3,049,496	60,281,508	2,250,697	65,581,701

Accumulated depreciation

Balance December 31, 2020	2,845,900	10,794,741	574,593	14,215,234
Charge for the year 2021	344,585	1,507,038	441,979	2,293,602
Depreciation written off	(663,235)		(95,990)	(759,225)
Balance December 31, 2021	2,527,250	12,301,779	920,582	15,749,611
Depreciation charged	298,489	1,507,113	477,921	2,283,523
Depreciation written off	(216,493)		(411,404)	(627,897)
Balance December 31, 2022	2,609,246	13,808,892	987,099	17,405,237

Carrying value

December 31, 2022	440,250	46,472,616	1,263,598	48,176,464
December 31, 2021	737,672	47,979,729	1,130,920	49,848,321

**8. Retirement benefit asset**

**Amounts recognized in the statement of financial position**

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Present Value of obligations	21,204	33,061
Fair value of plan assets	<u>(41,808)</u>	<u>(40,200)</u>
	(20,604)	(7,139)
Effect of the asset ceiling	<u>15,157</u>	<u>-</u>
Asset recognized in the statement of financial position	<u><u>(5,447)</u></u>	<u><u>(7,139)</u></u>

**Movement in net liability (asset)**

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Opening Net Liability (Asset)	(7,139)	(7,602)
Pension Expense (Income)	1,263	1,354
Total Remeasurement included in OCI	1,507	136
Employer's Contributions	<u>(1,078)</u>	<u>(1,027)</u>
	<u><u>(5,447)</u></u>	<u><u>(7,139)</u></u>
Discount rate at beginning of period	8.00%	9.00%
Expected future salary increases	5.50%	6.50%
Expected future pension increases	3.75%	4.50%

**Movement in the present value of the obligation.**

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Balance at the beginning of the period	33,061	30,436
Employer's current service cost	1,688	1,919
Employees' contributions	674	642
Interest cost	2,645	2,682
Benefits paid	-	(1,267)
Actuarial loss -experience adjustments	(464)	(2,513)
Actuarial (gain) loss - changes in financial assumptions	<u>(16,399)</u>	<u>1,162</u>
Present value of obligations at the end of the period	<u><u>21,205</u></u>	<u><u>33,061</u></u>

8. Retirement benefit asset (cont'd)

**Movement in the fair value of the plan assets.**

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Fair value of plan assets at the beginning of the period	40,200	38,038
Employees' contributions	674	642
Employer's contributions	1,078	1,027
Interest income	3,286	3,441
Benefits paid	-	(1,267)
Administrative expenses	(216)	(194)
Actuarial loss on plan assets	(3,214)	(1,487)
Fair value plan assets at the end of period	<u>41,808</u>	<u>40,200</u>

**Plan of assets consist of the following assets**

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Debentures	13,755	10,451
Quoted equities	9,277	9,299
Investment properties	9,287	9,172
Debentures-USD	2,998	5,298
Repurchase agreements	3,944	3,592
Unit Trust	2,277	2,139
Real estate investment trusts	517	453
Certificates of deposits-USD	0	335
Net current assets	(247)	(539)
	<u>41,808</u>	<u>40,200</u>

**Expense recognized in profit or loss**

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Employers' current service cost	1,688	1,919
Interest cost on obligation	2,645	2,682
Interest income on plan assets	(3,286)	(3,441)
Administrative expenses	216	194
	<u>1,263</u>	<u>1,354</u>

8. Retirement benefit asset (cont'd)

Amounts recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Actuarial (gain) on obligation	(16,863)	(1,351)
Actuarial loss (gain) on plan assets	3,213	1,487
Change in the effect of asset ceiling	15,157	-
	<u>1,507</u>	<u>136</u>

Principal actuarial assumptions

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Discount rate	13.00%	8.00%
Expected future salary increases	7.50%	5.50%
Expected future pension increases	5.50%	3.75%

Sensitivity analysis of key economic assumptions

	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
<b>Assumptions</b>	+1%	-1%	+1%	-1%
Discount rate	(2,977)	3,768	(5,957)	7,856
Future salary increases	1,514	(1,314)	3,210	(2,736)
Future pension increases	1,954	(1,670)	3,847	(3,253)

Liability duration

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Active members	19.4	23.4
Differed pensioners	10.2	11.9
All participants	17.8	21.6

**9. Liquid assets**

	<u>2022</u>	<u>2021</u>
	\$	\$
National Commercial Bank Limited		
Savings accounts	10,691,836	1,173,146
Current account	810,191	817,356
Jamaica Co-operative Credit Union League Limited		
Demand deposit	17,743,539	-
	<u>29,245,566</u>	<u>1,990,502</u>

**10. Other assets**

	<u>2022</u>	<u>2021</u>
	\$	\$
Staff loans	8,557,741	8,236,221
Rent	60,000	60,000
Bad debt recoverable	653,537	1,182,975
Other receivable	-	719,500
Misappropriation	1,883,000	2,000,000
	<u>11,154,278</u>	<u>12,198,696</u>

**11. Cash & bank balances**

	<u>2022</u>	<u>2021</u>
	\$	\$
Bank-current accounts	18,833,789	5,657,473
Cash in hand	1,089,307	1,384,700
	<u>19,923,096</u>	<u>7,042,173</u>

**12. Permanent Shares**

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance at December 31	15,817,871	15,205,745
Add subscription	639,572	612,126
	<u>16,457,443</u>	<u>15,817,871</u>



**13. Institutional capital**

	<u>2022</u>	<u>2021</u>
	\$	\$
Retained earnings	27,421,779	27,421,779
Statutory reserve	42,230,248	40,593,809
	<u>69,652,027</u>	<u>68,015,588</u>

**14. Non-institutional capital**

	<u>2022</u>	<u>2021</u>
	\$	\$
Scholarship fund reserve	70,000	70,000
Promotion	667,197	667,197
Share transfer fund	350,920	316,565
Retirement Benefit Asset Reserve	5,447,158	7,139,157
Special reserve	1,350,874	1,350,874
Dividend reserve	1,195,968	1,194,142
Donation & gifts reserve	2,438	57,618
Loan loss reserve	125,835	-
Information technology development	600,000	600,000
General reserve	800,000	800,000
	<u>10,610,390</u>	<u>12,195,553</u>

**15. Undistributed surplus**

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance January 1,	(6,493,018)	(6,402,516)
Surplus/(Deficit)	7,928,197	(417,503)
Statutory reserve	(1,585,639)	-
Bad debt reserve	(125,835)	-
Transfer from retirement benefit reserve	185,000	327,001
Balance at December 31	<u>(91,295)</u>	<u>(6,493,018)</u>

16. Members' share capital

<b>2022</b>			
Within 3 months	3 to 12 months	Over 12 months	Carrying value
\$	\$	\$	\$
200,308,972	4,279,396	223,351,259	427,939,627

<b>2021</b>			
Within 3 months	3 to 12 months	Over 12 months	Carrying value
\$	\$	\$	\$
252,630,534	3,886,624	132,155,188	388,672,346

17. External Loans

	<u>2022</u>	<u>2021</u>
	\$	\$
Amount payable after one year	45,838,375	22,143,033
Amount payable within one year	3,386,533	2,729,735
	<u>49,224,908</u>	<u>24,872,768</u>

This loan is from Credit Union Fund Management Company Limited with the following terms:

Principal - \$49,500,000.00  
 Interest Rate 8 %  
 Repayment period 10 years  
 Maturity date November 8,2032  
 Secured by legal mortgage over property located at 6 Trevennion Park Road, Kingston 5,  
 registered at Volume 1047 folio 80.

**18. Members deposits**

	<b>2022</b>			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
	\$	\$	\$	\$
Regular deposits	177,122,494	-	-	177,122,494
Fixed deposits	-	138,389,076	-	138,389,076
Golden harvest deposits	52,268,542	-	-	52,268,542
Santa account	18,000	-	-	18,000
Partner Plan	-	10,586,993	-	10,586,993
Interest payable	-	430,388	-	430,388
Advance Protector	518,611	-	-	518,611
	<u>229,927,647</u>	<u>149,406,457</u>	<u>-</u>	<u>379,334,104</u>

	<b>2021</b>			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
	\$	\$	\$	\$
Regular deposits	164,754,072	-	-	164,754,072
Fixed deposits	-	129,065,334	-	129,065,334
Golden harvest deposits	54,085,742	-	-	54,085,742
Santa account	21,000	-	-	21,000
Partner Plan	-	7,254,675	-	7,254,675
Interest payable	-	440,271	-	440,271
Advance Protector	116,769	-	-	116,769
	<u>218,977,583</u>	<u>136,760,280</u>	<u>-</u>	<u>355,737,863</u>

**19. Payables and accruals**

	<u>2022</u>	<u>2021</u>
	\$	\$
Deceased members' balances	890,621	890,621
Unallocated receipts	545,354	381,243
Deposit clearing account	80,938	392,328
Other accruals	115,600	120,660
Audit fees	482,999	402,500
Vacation leave	444,579	86,538
Withholding tax payable	614,207	705,229
	<u>3,174,298</u>	<u>2,979,119</u>

**20. Other income**

	<u>2022</u>	<u>2021</u>
	\$	\$
Rental income	591,049	645,000
Gain on valuation of equity instruments	237,075	(397,953)
Dividends	682	94,247
Service charge	3,403,192	3,611,444
Loan processing fees	7,954,130	8,170,877
	<u>12,186,128</u>	<u>12,123,615</u>

**21. Operating expenses**

	<u>2022</u>	<u>2021</u>
	\$	\$
<b><u>Personnel</u></b>		
Pension	2,047,532	1,613,286
Salaries	30,735,909	26,604,814
Staff welfare and training	4,604,826	2,685,094
Statutory contributions-prior year	-	2,460,265
Statutory contributions	3,800,579	3,609,920
	<u>41,188,846</u>	<u>36,973,379</u>

	<u>2022</u>	<u>2021</u>
	\$	\$
<b><u>Administrative</u></b>		
Audit Fees-external	690,000	632,500
Audit Fees-internal	977,500	662,025
Bank charges	324,501	286,579
Cleaning & sanitation	886,761	667,779
Insurance premiums	4,352,996	4,261,770
Depreciation	2,280,501	2,293,602
Electricity	1,942,268	1,662,447
Professional fees	700,139	746,250
AML Monitoring	575,000	1,462,500
Office expenses	61,315	104,741
Printing and stationery	642,460	422,207
Property tax	96,600	96,600
Repairs and maintenance	2,208,944	2,275,814
Security	180,634	169,724
Telephone & cable	1,531,748	1,628,272
Travelling	87,730	20,170
Water	286,701	1,985,035
	<u>17,825,798</u>	<u>19,378,015</u>

21. Operating expenses (cont'd)

	<u>2022</u>	<u>2021</u>
	\$	\$
<b><u>Marketing &amp; promotion</u></b>	<u>1,370,654</u>	<u>562,735</u>
	<u>2022</u>	<u>2021</u>
	\$	\$
<b><u>Representation &amp; affiliation</u></b>		
Annual General Meeting	900,205	540,905
League & committee meetings	1,992,803	922,240
League fees and other dues	1,709,318	1,250,674
Stabilization dues	931,003	452,860
Training	-	123,438
	<u>5,533,329</u>	<u>3,290,117</u>
<b>Total operating expenses</b>	<u><u>65,918,627</u></u>	<u><u>60,204,246</u></u>