

THE POWER IS IN YOUR HANDS



ANNUAL REPORT 2018



## MISSION

To become an efficient and professional financial Co-operative committed to improving the economic and social well-being of our members, delivering superior products and services.

## VISION

To be the best managed, full service financial Co-operative in Trinidad and Tobago.

## OUR COMMITMENT

- Improving the quality of life of our members
- Providing Quality service
- Ensuring continuous quality Loan growth
- Sustainability
- Empowering members



TRANQUILLITY

CREDIT UNION



## CREDIT UNION PRAYER

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

O Divine Master, grant that we  
May not so much seek  
To be consoled as to console  
To be understood as to understand  
To be loved as to love;  
For it is in giving that we receive,  
It is in pardoning  
that we are pardoned  
And it is in dying  
that we are born to eternal life.

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# NOTICE OF Meeting

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**NOTICE IS HEREBY GIVEN** that the Sixty-Eighth (68th) **Annual General Meeting** of the Tranquillity Credit Union Co-operative Society Limited.

**DATE:** SATURDAY MAY 11th, 2019 at 1:30 p.m.

**TIME:** Registration begins at 12:30 p.m.

Meeting begins promptly at 1:30 p.m. and in accordance with **BYE-LAW 19**. **Members are asked to produce valid identification when registering on the day of AGM.**

**VENUE:** RADISSON HOTEL, Wrightson Road, Port of Spain.

## AGENDA

1. *National Anthem*
2. *Credit Union Prayer*
3. *Reading of the Notice convening the 68th A.G.M.*
4. *Adoption of Standing Orders*
5. *President's Address*
6. *Minutes of the 67th Annual General Meeting*

7. *Reports for the 2018/ 2019 Term*
  - *Board of Directors' Report*
  - *Credit Committee's Report*
  - *Supervisory Committee's Report*
  - *Education Committee's Report*
  - *Auditor's Report*
  - *Financial Statements*
  - *Budget*
8. *Resolutions*
9. *Nominations Committee's Report*
10. *Election of Officers*
11. *Special Presentation*
12. *Other Business*
13. *Closing Prayer*

**By Order of the Board of Directors**



**ESTHER PARIAG**, *Hon. Secretary*

# STANDING Orders

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1. (a) A Member shall stand when addressing the Chair.  
(b) Speeches are to be clear and relevant to the subject before the meeting.
2. A Member shall only address the meeting when called upon by the Chairman to do so, after which, he/she shall immediately take his/her seat.
3. No Member shall address the meeting except through the Chairman.
4. A Member may not speak twice on the same subject except:-
  - (a) The Mover of a motion who has the right to reply.
  - (b) He/she rises to object or to explain (with the permission of the Chair).
5. The mover of a “Procedural Motion” (Adjournment, Lay on the table, Motion to Postpone) shall have no right to reply.
6. No speeches are to be made after the “Question” has been put and carried or negated.
7. A Member rising on a “Point of Order” is to state the point clearly and concisely. (A “Point of Order” must have relevance to the “Standing Orders”.)
8. (a) A Member shall not “Call another Member to order” but may draw the attention of the Chair to a “Breach of Order”.  
(b) In no event can a Member call the Chair to order.
9. A “Question” shall not be put to the vote if a Member desires to speak on it or move an amendment to it, except that a “Procedural Motion: The Previous Questions”, “Proceed to the Next Business” or the Closure: “That the Question be Now Put” may be moved at any time.
10. Only one amendment shall be before the meeting at one and the same time.
11. When a motion is withdrawn, any amendment to it fails.
12. The Chairman shall have the right to a “casting vote”.
13. If there is equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
14. Provision is to be made for protection by the Chairman from vilification (personal abuse).
15. No member shall impute improper motives against another Member.

# MINUTES OF 67th Annual General Meeting



“Good Governance - Integrity and Confidentiality”

**HELD ON SATURDAY APRIL 21ST, 2018  
AT TRINITY COLLEGE EAST - COLLEGE AVENUE, TRINCITY.**



# MINUTES OF 67th Annual General Meeting

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## CALL TO ORDER - NATIONAL ANTHEM/PRAYERS

At 9.25 a.m., the meeting was called to order by Mrs. Esther Pariag, the Secretary, who welcomed all to the meeting. The National Anthem was played which was followed by the recitation of the Credit Union Prayer.

One minute's silence was observed in honour of members and others associated with members, who died during the period under review.

## CREDENTIAL REPORT

A credential report, presented by Mrs. Esther Pariag, reflected that at 9.25 a.m., there were 120 members present, consisting of 9 Directors and 111 members.

## NOTICE OF MEETING

The Notice of Meeting, as stated on page 2 of the brochure, was read by the Secretary.

## STANDING ORDERS

The Standing Orders, as stated on page 3 of the brochure, were read by the Secretary.

Upon moving a motion for the adoption of the Standing Orders, Mr. Nurse suggested that the Minutes of the Special General Meeting (SGM) held on April 07, 2018 be inserted on the Agenda after item 4, Minutes of the 66th Annual General Meeting (AGM). The Secretary informed members that those Minutes would be dealt with under Other Business as advised by the Co-operative Development Division. Mr. Nurse reiterated his suggestion, noting that Other Business was for matters which may not have previously arisen.

The Secretary proceeded to read an abstract from a letter dated April, 18, 2018 received from Ms. Marla Sookoo of the Co-operative Development Division, who was in attendance at today's AGM, advising that the Minutes of the SGM be dealt with under Other Business.

Mr. Newton George interjected to respectfully endorse the suggestion of Mr. Nurse, stating that the guidance received from the Co-operative Division was neither mandatory nor obligatory. Mr. George also reminded that emanating out of the SGM were two resolutions coming for this AGM which supported the call for the Minutes of the SGM to be dealt with as a specific item on the Agenda.

The Secretary then invited Ms. Sookoo of the Co-operative Development Division to bring clarity to the issue.

Ms. Sookoo read from her letter to the Credit Union which stated that the AGM was to discuss matters pertinent to the events of 2017. She affirmed that because of the nature of the Special General Meeting, those Minutes should be discussed under Other Business, so as to not detract from the purpose of the AGM which was scheduled to discuss the business of 2017, according to the Law.

Mr. Newton George enquired where in the Act stipulated that the purpose of the AGM was solely to discuss the past financial year, noting that the Act does not specifically state what shall not be an item on the agenda.

The President and Chairman of the AGM, Mr. Reuben Elias, interceded to remind members that this was an AGM, urging members to proceed with the meeting at hand.

The Chairman stated that if the SGM's Minutes was brought forward, it would eventually disrupt the intended purpose of the AGM which was to discuss the business of the Credit Union for the financial year 2017. He urged members to proceed with the AGM and the SGM be discussed under Other Business.

Mr. Andrew Nurse pointed out that the issues dealt with at the SGM occurred in 2017, making the issues relevant at this AGM, which he stressed was the only opportunity for members to discuss the business of the Credit Union. He continued that if the matter of the SGM was left under Other Business, its true sense and purpose would be derailed.

The Chairman reminded members of the purpose of the Standing Orders and proceeded to ask for the Standing Orders to be adopted.

A motion for the acceptance of the Standing Orders was moved by Mr. Larry Raymond and seconded by Mr. Michael Mc Clean. The motion was carried.

## INVITED GUESTS

*Mr. Curtis Alleyne - Credit Union League of Trinidad and Tobago*

*Ms. Marla Sookoo - Co-operative Development Division, Ministry of Labour, Small & Micro Enterprise Development*

*Mr. William Guadeloupe - Antilles Credit Union*

*Ms. Nekeisha Mc Leod - Co-operative Development Division, Ministry of Labour, Small & Micro Enterprise Development*

*Mr. Sanchish Sudama - Hardys Chartered Accountants*

*Ms. Jonelle Skinner-Valentine - CUNA Caribbean Insurance*

*Ms. Elizabeth Steward - Trinidad & Tobago Association of Responsible Persons (TTARP)*

*Mr. Stephan Ramsey - Returning Officer*

## PRESIDENT'S ADDRESS

The Chairman greeted the membership and noted that Tranquility Credit Union, though at a crossroad, has the potential to be a great organization, noting that the Shareholders determine the future of the organization. He stated that elected members of the Statutory Committees should have integrity, exhibit high ethical standards and display confidentiality.

The Chairman stated that the World Council of Credit Unions (WOCCU) had listed three principles of good governance, external, internal and individual governance. He noted that external governance ensured transparent practices and regulatory compliance. The second principle, internal governance, defined the responsibilities of the Membership, Board of Directors, Management and Staff which preserves continuity, creates balance within the organization and maintains accountability for their actions within the Credit Union. The third principle, individual governance, requires that Directors and Management be able to fulfil the two previous principles competence and communication to Shareholders. Mr. Douglas Williams attempted to raise a point of order, without success, upon the Chairman's statements about ethical standards, confidentiality and communication to Shareholders.

The Chairman continued with his address, stating that there had been an insistent and constant call for the disbandment of the Board of

Directors which he viewed as a short-sighted approach that could destabilize the Institution which would cause a collapse of the Organization. He thanked the Staff, acting General Manager and all his fellow Directors who put integrity, honesty and the best interest of the Credit Union before self.

**AMENDMENT OF AGENDA**

In reference to the Chairman’s speech regarding issues relevant to the SGM, Mr. Andrew Nurse emphasised his view that the Minutes of the SGM should be discussed, and moved a motion to have the Agenda amended to have the Minutes of the SGM inserted after “Minutes of the 66th AGM” and all other items moved down accordingly.



The Chairman reiterated that the current meeting was to deal with the Financials and other matters of 2017 and that if the matters of the SGM were raised, the meeting would be prolonged. Mr. Newton George made reference to Section 21 of the Co-operative Societies Act, expressing the view that the motion/question raised by Mr.

Nurse, should be put to the members for a vote according to the section.

The Chairman conceded to the request of the membership to move the motion.

Mr. Andrew Nurse moved the motion to have the Agenda amended to insert the Minutes of the SGM as item No. 8 and all other items be moved down which would bring the total items on the agenda to 16 as opposed to 15. The motion was seconded by Ms. Beverly-Anne Cruikshank and the motion was carried.

**MINUTES OF THE 66TH AGM**

A motion for the Minutes to be taken as read was moved by Mr. Andrew Nurse and seconded by Dr. Kenneth Niles. The motion was unanimously accepted.

**Correction**

Page 8, change “Beverly-Ann” to “Beverly-Anne”.

There were no Matters Arising and a motion for the adoption of the Minutes of the 66th Annual General Meeting was moved by Mr. Michael Mc Clean and seconded by Mr. Royds Williams.

**MINUTES OF THE SGM**

A motion for the Minutes of the SGM held on April 07, 2018 to be taken as read was moved by Mr. Michael Mc Lean and seconded by Ms. Kathlene Lalman. The motion was carried.

Mr. Andrew Nurse drew the Chairman’s attention to the fact that there were two versions of the Minutes of the SGM in members’ possession. It was agreed that three officers, the Secretary to the



Board, Secretary to the Supervisory Committee and a member from the general membership, Ms. Chanda La Touche, be selected to verify that both documents were the same. The meeting paused to facilitate the confirmation.

The Secretary to the Board returned to report that the contents of both documents were the same but differed in terms of font size and number of pages.

### Corrections

- Page 1, change “Cruikshank” to “Cruickshank”. To also amend throughout the SGM Minutes.
- Page 11, change “George Newton” to “Newton George”.

There being no further corrections/omissions, the Minutes of the SGM was adopted on a motion moved by Mr. Larry Raymond and seconded by Ms. G. Roberts-Moore. The motion was unanimously carried.

### Matters arising

Mr. Andrew Nurse referred to the second to last paragraph on page 3 and enquired about the status of the disciplinary matter re the General Manager. The Chairman responded that a Tribunal was scheduled to be held on May 01, 2018.

- Ms. Marsha Smith-Cox asked who constituted the Tribunal and was informed by the Chairman that three persons constituted the Tribunal - Mr. Michael Labadie, Mr. Danny Adam and Ms. Marlene Goddard.
- Ms. Ursha Hector questioned how the members of the Tribunal had been selected, to which the Chairman responded that

the Board had made the selections based on the number of recommendations.

- Ms. Marsha Smith-Cox enquired of the criteria used to select the persons for the Tribunal and was informed that those persons were found to be independent minded, in the opinion of the Board, and current members of the Credit Union.

The Chairman clarified that Michael Labadie, the third member of the Tribunal, is an independent Industrial Relations Consultant but not a member of the Credit Union.

- Ms. Kathlene Lalman enquired whether the Supervisory Committee was a part of the investigation as suggested on page 7 of the Minutes. The Chairman informed that the Supervisory Committee received the dossier on the matter on April 11.
- Mr. Andrew Nurse asked if the Tribunal would consider any recommendations of the Supervisory Committee. The Chairman responded that the Tribunal was set up to deal with the charges that arose and the Supervisory Committee had its own investigation.
- Mr. Nurse expressed his concern about whether any recommendations of the Supervisory Committee would be considered by the Tribunal prior to a decision being made. The Chairman indicated that he was unable to say.
- Ms. Nadia Sudan drew attention to the questions at the bottom of page 9 and the top of page 10. The Chairman responded that the date of the issue at hand was May 20, 2017; the first issue was recognized between June 08 and 09, 2017 and the other issue arose in September and October, 2017. He also responded

that the Investigator was appointed on January 12, 2018 and the appointment was accepted on January 16, 2018. The Chairman disclosed that \$26,000 had been expended thus far, inclusive of the investigator and legal fees. He also stated that it was not so much a breach of industrial relations law which barred disclosure of the issues but it was against good industrial relations practice to do so. In terms of the final question, the Chairman indicated that discussing the details of the matter could prejudice the hearing of the Tribunal and would be inappropriate to have the matter of the General Manager disclosed and ventilated in public.

- Mr. Newton George enquired whether an auditor was hired and at what cost. The Chairman responded that an Auditor was hired to conduct a Systems and Control Audit at a cost of \$37,500.
- Mr. George reminded the Chairman that he was on record and enquired whether the Commissioner for Co-operatives had delegated his responsibility for an investigation surrounding the General Manager. The Chairman responded in the negative. Mr. George then referred to Part VII of the Co-operative Societies Regulations, section 67(1) which suggested that the matter concerning the General Manager should have been referred to the Commissioner for Co-operatives for a decision, stating that since that was not done, he was putting the Chairman on notice that the matter would be a costly exercise for the organization. As a Shareholder, he was concerned about the large sums of money being expended to no avail and reminded that the dispute procedure enshrined under the Regulations were not followed.

The Chairman responded that the Board had taken the decision to treat with the matter from an Industrial Relations standpoint. He

stated that the Co-operative Division had been approached and the advice received was that, in the instance of an Industrial Relations matter, such as this one, the first option was for the Society to treat with the matter, and where there was no resolution, the Division would intervene. The Chairman then invited Ms. Sookoo of the Co-operative Division to offer some comments.



Ms. Sookoo indicated that it was her intention to offer a correction in that the Commissioner's office did not have jurisdiction to treat with Human Resource matters. She said that an investigation would be done in this instance but would be in terms of how the business of the organization could be affected. She reiterated that the Commissioner's office had no jurisdiction to deal with Industrial Relations dispute matters but only with Co-operative member-related matters.

- Ms. Chanda La Touche asked about the lawyer and auditor fees, expenditure for the SGM, tribunal and other fees. The Chairman stated that he had been unable to go through all the items and had not anticipated that the Minutes would have been discussed at length at this time. He also indicated that he could not give

a timeframe for when the information would be available for circulation, since the composition of the Board was likely to change and as such, he did not want to give a commitment.

- Mr. Douglas Williams approached the podium to enlighten the membership of money expended by the Credit Union in terms of the investigation. He informed members that an Auditor had been employed to conduct an Audit which cost approximately \$25,000, the Investigator cost \$15,000 and Mr. Labadie's cost was \$5,000 per day with an additional \$2,500 to have the Tribunal report produced. He also informed members that the SGM had a cost of \$30,000, stating that he had suggested that the SGM be hosted two days earlier which would have saved the Credit Union \$19,000 but noted that the President had refused, due to a down payment being already paid. He also referred to the cost of salaries to Mr. Cambridge and the acting General Manager, which had to be added to the expenditure, indicating that the final figure would be in excess of \$100K.
- Ms. Karissa Patino-Nanton stated that there was nothing reflected in the Financial Statements, noting that the audited Financial Statements were deemed to be free from fraud, error and so forth. She also asked why the costs related to the issue in 2017 were not reflected in the statements. The Chairman responded that there were no financial improprieties in 2017.
- Mr. Harold Ragonanan drew attention to the last paragraph on page 8 and enquired why the Board did not meet with the Supervisory Committee.

The Chairman responded that he did meet with the Chairman of the Supervisory Committee and had apprised him of the disciplinary

actions taken. He said that the Chairman of the Committee had been satisfied with the information received at the meeting and subsequently had requested, via email, to attend a meeting of the Board of Directors in an observer capacity. The Chairman then referred to an email by a previous Chairman of the Supervisory Committee seeking to meet with the Board and noted the advice given by the Commissioner's office at that time that the Committee had no entitlement to that accommodation of attending a Board meeting.

- Ms. Carol Joseph expressed her concern about the General Manager's good name being tarnished by this direct attack on his integrity in the absence of transparency and urged that it be brought to an end.

The Co-operate Officer, Ms. Sookoo, interjected that the Minutes of the SGM had taken precedent over the matters and the purpose of the AGM. She reminded members that these issues should be done under Other Business and suggested that the Chairman proceed to deal with the business of the AGM, urging him to take control of the meeting and desist from allowing members to comment without the permission of the Chair.

- Mr. Winston Drayton, with permission of the Chair, stated that when it came to the order of how matters were to be dealt with at the AGM, no one from the Co-operative Division, the Attorney General's office or any other officer, can determine matters to discuss other than the membership of the Credit Union. He noted that at an AGM, the majority vote of the General Membership stood over anything else and there was no executive role for the President. The Chairman urged Mr. Drayton to complete his comments. Mr. Drayton stated that as a result of the general membership's loss of confidence in



the President and the Board, he wished to move a motion that the President and the Board be removed, and an independent person appointed to continue with the meeting.

The Chairman informed members that the meeting would not entertain any motion or resolution of that nature.

- Mr. Drayton reiterated that the Chairman put the motion to the membership. The Chairman stated that the meeting would be aborted if the membership continued in that manner.
- Ms. Charon Maxime reminded members that other such matters can be discussed under Other Business.

### BOARD OF DIRECTORS' REPORT

The Report of the Board of Directors, as stated on pages 14 to 17 was presented by the Chairman.

A motion for the Report of the Board of Directors to be taken as read was moved by Ms. Joy John-Benjamin and seconded by Ms. Marsha Smith-Cox. The motion was carried.

### Matters arising

- Mr. Joseph Ross enquired why there were so few meetings of the Board of Directors to which the Chairman responded that there were 12 regular and 9 special meetings, which were no less than the requirements under the Act.
- The Chairman responded to Ms. Joy John-Benjamin re the Business Plan, stating that it had been completed and submitted to the Board for approval. Ms. John-Benjamin inquired into whether a risk assessment was conducted in relation to the

impact of IFR S9 and the declining loan portfolio. The Chairman responded that the General Manager (Ag.) had participated in a training exercise in respect of IFRS 9 and had indicated that further information would be revealed in the Financials.

- Mr. Andrew Nurse attempted to raise a matter regarding the Caribbean Confederation of Credit Union conference but was advised by the President to raise his concern under Other Business.

There being no further business, a motion for the adoption of the Report of the Board of Directors was moved by Mr. Michael Mc Clean and seconded by Jenelle Archie-Alleyne. The motion was carried.

### CREDIT COMMITTEE REPORT

The Report of the Credit Committee, as stated on pages 22 and 23, was presented by Mr. Royds Williams, the Chairman.

- Mr. Winston Drayton referred to the Recommendation of the Committee regarding the widening of its Bond and enquired why it was not done during the past financial year. Mr. Williams indicated that in an effort to remain strong, the Credit Union thought it wise to seek out new members from other entities, especially in light of the 68 workers recently fired by National Petroleum a few years ago. The Chairman added that about two years ago, the Bond had been extended to encourage persons from other energy-based companies to join Tranquillity Credit Union. He stated that the Business Plan spoke to further extending the Bond to include other companies in the demographics of the location of the Credit Union.
- Mr. Kion Williams queried the 8.3% decrease in loans stated in

the Credit Committee report and the 0.6% quoted in the Report of the Board of Directors. Ms. Marcia Quammie, General Manager (Ag.), responded that the figure quoted represented total loans granted for the entire 2017 period. She noted that the Board of Directors Report looked at overall loans and quoted no figures in terms of decreases, stating that the Credit Committee looked at the different categories in which Loans are granted.

In relation to the Credit Committee's Recommendation regarding revenue generation loans, Ms. Nadia Sudan suggested that training be offered to the membership in entrepreneurship. Mr. Williams stated that the Credit Committee would make the recommendations and the respective committees would decide on the best approach.



A motion for the adoption of the Report of the Credit Committee was moved by Ms. Donna Millard and seconded by Ms. Gail La Touche. The motion was carried.

### SUPERVISORY COMMITTEE REPORT

Mr. Kion Williams, Chairman, presented the Report of the Supervisory Committee as stated on pages 26 and 27 of the brochure.

Mr. Williams highlighted a recommendation of the Supervisory Committee that there be more timely communication and information sharing among the various committees.

There being no further matters, a motion for the adoption of the Report of the Supervisory Committee was moved by Ms. Lennon Ballah-Lashley and seconded by Mr. Dexter Nathaniel. The motion was carried.

### EDUCATION COMMITTEE REPORT

Ms. Sheryl Strachan presented the Report of the Education Committee as stated on pages 30 and 31 of the brochure.

Ms. Strachan took the members through the report and commended members for the support to the Retirement and Business Seminars, stating that the hosting of the Business Seminar in Tobago would be passed to the new Committee for execution to ensure that Tobago members can participate.

Ms. Strachan stated that a suggestion was made to widen the scope to include all parents regarding the Parents Workshop,. She further noted the plans of the Marketing and Education Committees to encourage age groups to save and understand the Credit Union movement.

Ms. Strachan expressed the hope that what was not accomplished, would be continued by the incoming Education Committee.

- Mr. Harold Ragonanan stated that retirees appeared to be forgotten and urged that efforts be made to reach out to retirees, perhaps by way of technology.
- Ms. Karissa Patino-Nanton recommended that members be

exposed to training with respect to the Bye-Laws and other laws that govern the Credit Union. She also asked about the budget for the Committee.

Ms. Strachan stated that training in this capacity was offered by the National Credit Union League as well as the Northwest Regional Chapter, which can be communicated to the membership.

Ms. Strachan also responded to Mrs. Patino-Nanton that the Education Committee was allocated a stipulated 5% of the Reserve Fund.

There being no further discussion, the Report of the Education Committee was adopted on a motion moved by Ms. Ingrid Harris-Dick and seconded by Mr. Joseph Ross. The motion was carried.

### AUDITOR'S REPORT

The Independent Auditor's Report, as stated on page 1 of the 2017 Financials, of the brochure was presented by Mr. Sanchish Sudama of Hardys Chartered Accountants.

Ms. Kathlene Lalman referred to the Auditor's Report regarding the recording of loan interest on a cash basis and enquired if there was an alternative to this. Mr. Sudama informed that IFRS 9 required that income be recorded on an accrual basis but most Credit Unions did so on a cash basis. He noted that it was just a matter of procedure and had no material impact.

Mr. Joseph Ross moved a motion for the adoption of the Auditor's Report which was seconded by Mr. Michael Mc Clean.

### FINANCIAL STATEMENTS

- Mr. Robert Fortune referred to page 2 re Assets and Liabilities

and the building depreciation, asking if the building had been depreciated. The GM (Ag.) confirmed that the building had been assessed prior to the insurance coverage and responded that the value of the building based on the insurance coverage was \$9.8M. He asked about the long term investment, Towers Consortium Loan Notes and the nature of their operations. The GM (Ag.) explained that the investment was deemed to be beneficial to the Credit Union and made via Firstline Securities Limited, the Credit Brokers.

### BUDGET PROJECTIONS

The Chairman drew members' attention to the 2018 Budget Projections stated on pages 25 and 26 of the Financials and invited questions.

- Ms. Marsha Smith-Cox enquired about the plans for the increased allocation for Marketing Expenses. The GM (Ag.) explained that the Commissioner's Office would be approached for the approval of the Business Plan re the intended expansion of the Bond. She stated that once achieved, aggressive marketing for the various demographics would be required.
- Ms. Smith-Cox questioned whether a market survey was conducted to identify the companies in the area to be targeted. The GM (Ag.) responded that one had been conducted after the relocation of the Credit Union to Maraval Road, out of which the Business Plan was developed to identify the companies.
- Ms. Gillian Lynch asked about the reduction in the provision for Bad Debts and Members' Fixed Deposits Interest. The GM (Ag.) explained that an increase was made the previous year based on the advice of the Auditor and noted that the provision of \$200,000 was made as a result of efforts to recover funds from





a number of loans that were now in the hands of AV Knowles. She stated that it was an attempt to reduce delinquency, which was the basis for the reduction and the route by which to address the recommendation of the reporting standard of IFRS 9.

Regarding the Members' Fixed Deposits Interest, the GM (Ag.) explained that based on the current fixed deposits which are for a two-year period, it would roll over to 2019.

- Mr. Andrew Nurse drew attention to what may be a slight error whereby the figure quoted for Total Assets was different to that quoted for Total Liabilities and Members' Equity which should be the same. The President suggested that the meeting proceed while this was being verified.

## RESOLUTIONS

The Chairman drew members' attention to the Resolutions on page 27 of the brochure.

### A. Dividend

Be it resolved:

- (i) That in accordance with Bye-Law 54, dividends of 4.5% be approved and that 2% be credited to members' Share Account consistent with Bye-Law 54(a) for the year ended December 31, 2017
- (ii) That dividends due to members whose accounts have become delinquent be credited to their outstanding loans and interest balances.

This motion was moved by Mr. Harold Ragonanan and seconded by Ms. Gail La Touche. The motion was unanimously accepted.

### B. Honorarium

Be it resolved:

That in accordance with Bye-Law 54 (c) the 67th AGM approves Honorarium in the sum of \$50,000.00 to be distributed among the Board of Directors, Credit Committee and the Supervisory Committee for the period under review.

- Mr. Marcelle Johnson expressed his disagreement with the motion, stating that the Board did not perform as it should and urged members to vote against it.

The Chairman reread the motion, asking all who were in favour. He announced that the motion was carried and Mr. Johnson asked for a count. The Chairman moved the motion again and requested a count, which indicated that the motion was carried.

- Mrs. Christiana Wallace asked whether she could raise a matter with respect to a motion of no confidence and was advised by the Chairman that she can do so under Other Business.

### C. Appointment of Auditor

Be it resolved:

That the firm Hardys Chartered Accountants be retained as Auditors of the Tranquillity Credit Union Co-operative Society Limited for the fiscal year 2018.

The Chairman put the Motion to the membership who voted in favour. The motion was carried unanimously.



### AMENDMENTS TO BYE LAWS

#### Bye Law 27(i) - Powers and Duties

##### *Existing*

To designate the Bank or Banks in which funds of the Society shall be deposited.

##### *Proposed Amendment*

To enter into such agreement for services as offered by Financial Institutions that are not in contravention of the Act, Regulations or Bye-Laws of the Society.

The Chairman explained that this amendment, which was approved by the Co-operative Division, was a redrafted version of an adopted amendment at the AGM held on May 12, 2016 which had not been approved by the Co-operative Division at that time.

- Mr. Sherwin Cambridge reminded the membership that a headcount was needed, since 75% of members present must approve an amendment to the Bye-Laws.
- Ms. Smith-Cox asked for clarification on the proposed amendment and the Chairman explained that the amendment would allow for latitude to deposit funds in Institutions and invest in instruments other than Banks.

The Chairman reminded the membership that this amendment had been approved by the AGM on May 12, 2016, quoting the then amendment and the approved amendment, noting that the amended version sought to offer protection to the Credit Union in that the organizations must not be in contravention of the Co-operative Societies Act, Regulations or the Bye-Laws of the Society.

A credential report was made noting 195 members present, which determined that 147 members were required to vote in favour of the recommendation.

The motion was proposed by the Chairman with 75 members voted in the affirmative. The Co-operative Division's Officer requested a recount due to members moving around, which resulted with 172 members present.

The motion was put to the membership with 93 members voting in favour of the motion. The motion had therefore failed.

- Mr. Larry Raymond made attempts to raise three resolutions at this point and the Chairman denied him, quoting Standing Order No. 4. After another attempt by Mr. Raymond to have a hearing, the Chairman drew attention to the Standing Orders and stressed that the Chairman would recognize persons to speak.

## NOMINATIONS COMMITTEE REPORT

Ms. Charon Maxime, the Chairman of the Committee, presented the Report of the Nominations Committee as stated on pages 34 and 35. She informed the membership that candidates, Mrs. Kerlina Niles, Mr. Enos Reid, nominees for the Board of Directors, and Mr. Kendal Charles, nominee for the Credit Committee, were not present at the meeting but had indicated their willingness to serve on the respective Committees.

She further informed the membership that all members are eligible to serve on the Board and Committees, providing that they are in good standing and met the requirements of the Bye-Laws and Constitution. She also reminded the membership that nominations could be accepted from the floor.

The Report of the Nominations Committee was adopted on a motion moved by Mr. Andrew Nurse and seconded by Ms. Ingrid Harris-Dick. The Motion was carried.

## ELECTION OF OFFICERS

The Chairman handed over the meeting to Mr. Stephen Ramsey, the Returning Officer, for the conduct of the Elections.

A Credential Report read by the Returning Officer revealed that at 1.24 p.m., there were 234 members present.

Nominations for the Supervisory Committee were as follows:

- Walter Jules
- Raegan Bernard
- Kion Williams
- Ursha Bernard
- Marsha Smith-Cox

Nominations from the floor for the Supervisory Committee were as follows:

- Jenelle Archie-Alleyne nominated by Ms. Beverly Thomas and seconded by Mr. Robert Morales
- Andrew Nurse nominated by Mr. Larry Raymond and seconded by Ms. Beverly-Anne Cruickshank

Nominations for the Credit Committee were as follows:

- Kendal Charles
- Kathlene Lalman
- Royds Williams
- Dianna Joseph
- Nadia Sudan
- Lisa-Marie Foster



Nominations from the floor for the Credit Committee were as follows:

- Wendell Worrell nominated by Mr. Larry Raymond and seconded by Mr. Andrew Nurse

Nominations for the Board of Directors were as follows:

- Ann Debbie Young
- Enos Reid
- Robert Fortune
- Kerlina Niles
- Joy John-Benjamin
- Douglas Williams
- Christiana Wallace
- Jason Matoram

Nominations from the floor for the Board of Directors were as follows:

- Osric Bacchus
- Ingrid Harris-Dick
- Dave Sankar
- Noel Maxwell

The above nominees were nominated by Mr. Andrew Nurse and seconded by Mr. Larry Raymond.

Ms. Maxime moved that all Nominations from the floor cease which was seconded by Mr. Dana Bennett.

The Returning Officer informed the membership that all nominees were fit to be elected and instructed members to proceed with their votes.

Upon completion of the submission of the ballots, the Returning Officer handed the meeting back to the Chairman.

The meeting was suspended for lunch and resumed at 4.10 p.m. with the Chairman requesting members' indulgence to move forward the Election Results on the agenda to facilitate the departure of the Returning Officer and his team. The members agreed.



## ELECTION RESULTS

The Returning Officer announced the results of the Elections as follows:

### Supervisory Committee

Marsha Smith-Cox  
Kion Williams  
Ursha Bernard  
Andrew Nurse - 1st Alternate  
Walter Jules - 2nd Alternate

### Credit Committee

Royds Williams  
Kendal Charles  
Dianna Joseph  
Lisa-Marie Foster  
Nadia Sudan  
Kathlene Lalman - 1st Alternate  
Wendell Worrell - 2nd Alternate

### Board of Directors

Douglas Williams  
Joy John-Benjamin  
Osric Bacchus  
Dave Sankar  
Christiana Wallace - 1st Alternate  
Kerlina Niles - 2nd Alternate

The voting process having been concluded, a motion for the Destruction of the Ballots was moved by Mr. Larry Raymond and seconded by Mr. Trevor Montano. The motion was unanimously accepted.

## OTHER BUSINESS

- Mr. Larry Raymond moved a motion that the meeting rescind the Board's decision to suspend the General Manager/Treasurer and was seconded by Mr. Trevor Montano. The Chairman responded that the motion would not be entertained as he felt it was prudent that the new Board, in its wisdom or otherwise, determine the way forward, He noted that it was a disciplinary matter which fell before the Human Resources of the Credit Union. Mr. Raymond responded that it was the duty of the Board to act on behalf of the membership, stating that the members ought to concur with or ratify those decisions.

The Chairman thanked all members for their attendance and the Credit Union Prayer was said at 4.30 p.m. to close the meeting.



**ESTHER PARIAG**



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# MINUTES OF Special General Meeting



AT RADISSON HOTEL,  
WRIGHTSON ROAD, PORT OF SPAIN

# MINUTES OF Special General Meeting

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## Call to Order

The Hon. President, Mr. Douglas Williams, having been informed by the Registration Desk that there were Thirty One (31) Members present, called the Meeting to order at approximately 5.00 p.m.

## National Anthem

Members sang, accompanied by a recorded version of the National Anthem.

## Credit Union Prayer

Members recited the Credit Union Prayer.

## Moment of Silence for the Deceased

One minute of silence was observed in memory of Members who died during the year.

## Notice of AGM

The Hon. Secretary, Mrs. Esther Pariag, read the “Notice of the Special General Meeting”.

## Adoption of the Standing Orders

The Hon. Secretary, Mrs. Esther Pariag, read the Standing Orders, and a motion to adopt the Standing Orders was moved by Mrs. Claudette Gomez, and seconded by Mr. Kion Williams.

## Welcome to Guests

The Hon. Secretary welcomed Mrs. Shelly Charles-Williams, representative of the Co-operative Division, Ministry of Labour, and Small Enterprise Development.

## PRESIDENT’S ADDRESS

The Hon. President welcomed Members to the Special General

Meeting, and stated that the following Three (3) Directors were not in attendance:

- Director Reuben Elias;
- Director Edwin Reid;
- Director Ronald Fraser.

The Hon. President took the opportunity to welcome the General Manager/Treasurer, Mr. Sherwin Cambridge, back to duties. The President informed the meeting that the current Board of Directors had carefully examined the issues which had been raised by the past Board, against Mr. Cambridge, and was satisfied that he had done nothing in contravention of the Credit Union’s Legal and/or Industrial Relations obligations. The President assured members that the current Board of Directors would continue to look into the matter, and report to Members if anything of significance was brought to its attention.

The Hon. President reminded Members that this Special General Meeting had become necessary so that an error which had occurred at the Annual General Meeting on Saturday 21st April, 2018 could be rectified.

He stated that according to Bye Law 21 (e), the Budget for the current financial year must be approved at the Annual General Meeting.

He recalled that at the AGM, the Budget was unfortunately not approved, since the Chairman had requested that the meeting should consider other matters on the Agenda while an error on the Financial Statements, which had been drawn to its attention by Member Andrew Nurse, was rectified by the Acting Manager. In short, the Chairman of the meeting did not inform the meeting whether the

error had been corrected and as a result, the Budget had not been presented for approval.

The Hon. President informed the meeting that the error had been corrected, and the amended Budget had been brought to this Special General Meeting for approval. He invited the General Manager to present the Budget.

### PRESENTATION OF THE BUDGET

The amended Budget was distributed to Members present.

The General Manager re-stated that the error referred to at the AGM was the figure for “Undivided Earnings” on the Financial Statements. The incorrect figure was \$4,049,787.00 and the amended figure is \$3,510,657.00.

The General Manager led the meeting through the 2018 Projected Statement of Financial Position. He stated that the Credit Union would be engaging in new Loan Promotions, and was also looking forward to delivering the Business Plan to the Commissioner of Co-operatives. Upon receipt of the Commissioner’s approval, the Credit Union could then move forward with its objective to widen the Membership Bond.

It was also expected that an investment would be considered in the Bonds being issued by the National Investment Fund. He stated that the Board of Directors would first examine the Prospectus when it becomes available and do the required analysis for a decision.

- Member Mr. Robert Fortune enquired whether the General Manager was concerned that Members would want to withdraw

their funds from the Credit Union and invest in Government Bonds instead.

The General Manager responded that Members will have to make their own investment decisions. He noted once again that the Prospectus is not yet available and even though some commentators are speaking against the Bonds, some investors will take the risk and others will not. He further stated that this was not the first time that Government Bonds have been issued. However, he was certain that Members will always prefer to save with the Credit Union because of the flexibility of access to funds.

- Mr. Fortune added to his earlier statement by noting that the Interest rate being proposed was high and that the Bonds are well secured.

The General Manager replied that the Credit Union, upon analysis, may encourage members to invest by giving investment loans.

The Hon. President added that those who have retirement funds may also wish to invest, but the Board will encourage Members to do so by way of loans.

- Member Mrs. Marsha Smith-Cox referred to the figure for Bad Debt. She stated that for 2017 the actual bad debt expense was \$400,000.00 but in the Budget for 2018, it was \$200,000.00. She asked for an explanation for the difference in figures.

The General Manager replied that in 2016, it was also stated as \$200,000.00, however, the new Accounting Standard IFRS 9 which takes effect in 2018, required the Credit Union to make a provision



for Loss, based on Investments and Loan. The Auditors brought the requirement to Credit Union's attention and the Board agreed to increase the provision by \$200,000.00.

- Mrs. Smith-Cox enquired further whether the budgeted \$400,000.00 was spent, and whether the Delinquency figure was available.

The General Manager replied that Credit Union had never written off Loans; there was always a Provision for Write Off; which is approved at an AGM or Special General Meeting.

- Mrs. Smith-Cox again asked for an explanation of the figure of \$200,000.00.

The General Manager re-stated that it is a Provision for Write Off.

- Mrs. Smith-Cox followed up by enquiring what would happen if the figure was not used.

The General Manager replied that when the Auditors examine the Accounts, the Provision must always be shown. It is only if Loans are written off that the Provision will no longer be recorded.

- Member Mrs. Karrisa Patino-Nanton enquired about the length of time the oldest Bad Debt had been on the Credit Union's records.

The General Manager responded that Writing Off debt is always difficult. There must be strong justification, so it was important to ensure that all avenues are explored to ensure the debt is repaid. Assistance from the Co-operative Division is also sought in order to

recover Loans. Some members may have died, gone away or simply cannot be found. There is no set policy which gives the period of time after which debts could be written off.

Mrs. Patino-Nanton also enquired whether the Credit Union offered Mortgage Lending.

The General Manager replied that most of the Credit Unions investments are short term, and therefore, will not be getting into Mortgage lending such as what is done by the TTMA and other financial institutions. He stated that the Credit Union could probably consider partnering with such an institution to offer Bridging Finance.

- Member Mr. Robert Fortune stated that he noted from the Financial Statements that the Credit Union had an investment of \$31M with the Unit Trust. He enquired what interest rate was being received and whether the Credit Union would consider moving this investment towards the purchase of the NIF Bonds instead.

The General Manager responded that the Assets & Liabilities Committee would give overall investment advice to ensure the capital is preserved.

- Mr. Fortune further enquired whether the Credit Union could afford a \$10M to \$30M investment in those Bonds.

The General Manager replied that it was difficult to say but he would not advise that it be done. He reminded Mr. Fortune that the Credit Union is not an investment company, and must always maintain its Liquidity Ratio, and whatever remains in excess is then available for investment.

At this point, the Hon. President declared that he was invoking Standing Order No. 5 – “The mover of a “Procedural Motion” (Adjournment, Lay on the Table, Motion to Postpone) shall have no right to reply.”

He also advised Mr. Fortune that since he was the newest member of the Assets & Liabilities Committee, he should bring his wisdom on investments to bear at the meetings of the Committee.

- Member Mr. Noel Maxwell stated that he was looking forward to the declaration of a very good Dividend.

The General Manager responded that based on the Net Surplus, the projected Dividend was between 4% to 4.5%.

There being no further queries/comments, the Hon. President brought the discussions to a close.

At approximately 5.55 p.m., having been informed that there were Fifty One (51) Members present, the Hon. President requested that a motion should be brought for the adoption the Budget.

The motion was moved by Mr. Noel Maxwell and seconded by Ms. Michelle Williams; it was accepted on a Simple Majority Vote with one (1) Abstention.

Since there was no other business for consideration, the Hon. President invited Director Sheryl Strachan to deliver the Vote of Thanks and to say the Closing Prayer.

The SGM was declared closed at approximately 6.00 p.m., and Members were invited to partake of the evening snacks provided.

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ESTHER PARIAG



# BOARD OF Directors



**MS. JOY JOHN-BENJAMIN**  
Assistant Secretary



**MRS. ESTHER PARIAG**  
Secretary



**MR. DOUGLAS WILLIAMS**  
President



**MS. SHERYL STRACHAN**  
Vice President



**MR. SHERWIN CAMBRIDGE**  
Treasurer



**MR. RONALD FRASER**  
Director



**MS. CHRISTIANA WALLACE**  
Director



**MR. DAVE SANKAR**  
Director



**MR. OSRIC BACCHUS**  
Director



**MR. EDWIN IAN REID**  
Director



**MR. KENRICK JARVIS**  
Director



**MS. ANNA-LISA  
ARLEN-BENJAMIN**  
Director



**MR. RICHARD TRIM**  
Director



# BOARD OF DIRECTORS Report

## Introduction

The Board of Directors takes great pleasure in reporting on the satisfactory performance of TCU for the year ended December 31, 2018. We focused on stabilising and re-engineering our beloved credit union to provide exceptional services to our membership. We faced multiple threats to our projected growth path as TCU navigated turbulent/choppy waters internal and external to the Credit Union. In Trinidad and Tobago, the economic activity continued to be sluggish in 2018, with continued fiscal consolidation, suppressed expenditure, lethargic aggregate demand for goods and services and heightened unemployment. Within this context, we have managed the resources of the membership to deliver financial stability and growth, offering financial assurance and protecting the proud legacy of sound and transparent governance. We proudly report that the Board of Directors reversed the first decline in our loan portfolio in over 20 years, first reported in the 2017 annual report, and increased the surplus of income over expenditure in 2018. The total assets of the Credit Union dipped slightly as a result of the mandatory impact of the initial adoption of IFRS 9, an International Financial Reporting Standard which specifies how banks, credit unions and other corporate entities should classify and measure financial instruments.

Our governance framework has been enhanced with a complete review of the existing Bye-Laws, and a Special General Meeting is planned in June 2019 for due consideration by the membership. Also, the Human Resources policy review has been completed and would be shared with the staff to get their input and views before approval from the Board. Our foundation has been bolstered, as we place more focus on performance management and building a culture of service to our valued members. In this regard, the Board in 2018 approved a new organisation structure, which took effect from February 1st 2019. We aggressively pursued the implementation of the mobile

and web-based digital (GIA) application approved in 2016. This is in addition to the relaunch of our website in 2018 [www.tranquillitycu.com](http://www.tranquillitycu.com). Our membership would also be pleased to know that the Group Health Plan under consideration for the last two years was finalised with a reputable insurance company. The scheduled official launch is expected to take place in early June 2019. The Board of Directors is confident that the strides made in 2018 will continue to strengthen membership confidence and loyalty and will bode well for the future growth trajectory proposed for Tranquillity.

## Directors

The Board elected the under-mentioned Directors to serve on the Executive Committee at the first meeting following the 67th Annual General Meeting:

<i>President</i>	- <i>Mr Douglas Williams</i>
<i>Vice President</i>	- <i>Ms Sheryl Strachan</i>
<i>Secretary</i>	- <i>Mrs Esther Pariag</i>
<i>Assistant Secretary</i>	- <i>Ms Joy John-Benjamin</i>

The other serving members of the Board of Directors:

- *Mr Kenrick Jarvis*
- *Mr Edwin Reid*
- *Mr Ronald Fraser*
- *Mr Richard Trim*
- *Mr Osric Bacchus*
- *Mr Dave Sankar*
- *Mr Reuben Elias (resigned Sept. 2018)*
- *Ms Christiana Wallace (replaced R. Elias)*
- *Kerlina Niles (Alternate Director)*

### Board Committees:

The three standing committees of the Board – Asset and Liabilities, Building and Infrastructure, and Bye-Laws, completed the governance and operational framework at the Credit Union.

### Management Discussion and Analysis

At the end of the financial year ended 31st December 2018, Tranquillity Credit Union reported a surplus before appropriations of \$3.5M. This surplus represented an increase of \$218,473 or 6.48% when compared to the corresponding period of 2017. Despite the increase in the surplus, the total assets of TCU experienced a marginal decrease of \$130,761 or .10% ending at \$126.4M as against \$126.5M in 2017. Similar marginal declines were recorded in our members 'shares and members' savings.

### Members' Loans Portfolio

Total members' loans as at December 31st, 2018 stood at \$82M, an increase of \$6.8M or 9% when compared to the corresponding period of 2017. The Credit Union saw declines in all the loan categories except the General, Mortgage, Motor Vehicle, Staff loans and the newly negotiated NPMC Back Pay loan.

The management of National Petroleum Marketing, on a request from employees, approached the Credit Union with a proposal to offer a Special Loan Facility secured by the impending outstanding monies owed to employees who are members of Credit Union. NPMC and the OWTU are currently engaged at the Industrial Court in negotiations for the collective bargaining period of 2011-2014. Moreover, as a result of the protracted negotiations process, a substantial number of employees were presently experiencing financial hardship which pervaded the work environment and had undermined staff morale and productivity. It is noteworthy that the support of TCU for its members

and by extension of the NPMC employees contributed significantly in providing employees with a sense of care, as well as, an appreciation for their financial adversities. This support ultimately resulted in the growth of the loans portfolio and an increase in income. The Special Loan Facility was a resounding success and provided loans between \$10,000 - \$20,000 to 341 members in the first loan offering and 264 in the second offering to a total \$10M inclusive of the interest fee as at December 2018.

Total loans disbursed for the fiscal year amounted to \$33.3M, an increase of \$13M or 39% over December 31st 2017. The primary loan purposes were Back-Pay, House Repairs, Personal Expenses and Motor Vehicle purchases.

### Financial International Reporting Standards (IFRS 9)

Effective January 1, 2018, all financial institutions in Trinidad and Tobago were mandated to implement the International Financial Reporting Standard (IFRS 9). This sets the international accounting standard applicable to impaired financial assets, including loans made by cooperative financial institutions such as credit unions, cooperative banks, savings and loan cooperatives, to their members.

IFRS 9 is an "expected loss" methodology and replaced the "incurred loss" IAS 39 Financial Instruments: Recognition and Measurement standard. Expected credit loss methodologies seek to estimate lifetime credit losses that are likely to occur, whereas incurred loss methodologies focus on what credit losses have happened already. Expected credit loss methodologies create more substantial loan loss reserves because they include estimates of future losses that have not yet been incurred as an economic matter. To this end, allowances had to be made for all investments and loans with no gaps, whether performing or not. Due to the adoption of this new model, the total

provision made for the fiscal year 2018 was \$1.6M with \$1.2M applied to Undivided Earnings and the balance of \$405,340 expense to the current year 2019.

### Investment Portfolio

Our long-term investment which stood at \$24.4M at the end of the fiscal year 2018, decreased by \$7.5M or 23%, as a result of two (2) significant withdrawals, 1) from the Unit Trust Growth and Income Fund and 2) the ROYTRIN Income and Growth Fund to fund the NP Employees Special Loan and invest in National Investment Fund Holding Company Limited (NIF). The Credit Union was allocated in the Trinidad & Tobago Governments' National Investment Fund Holding Company Series A 5 years at 4.50% and Series B 12 years at 5.70%, \$ \$224,000 and \$1.4M respectively.

### Members' Deposits

Members' savings deposit which stood at \$59.8M as at December 31st 2018 declined by \$1.7M or 2.90% when compared to the previous financial year ended 2017. This is notwithstanding that our deposit rates continue to remain favourable in the local market relative to our industry peers.

### Members' Shares

Our Members' Share Savings experienced a marginal decrease of \$221,640 or 1% when compared to December 2017, moving from \$54.7M to \$54.6M as at 30th December 2018. This reduction in shares is against a backdrop where our members have not yet received their outstanding back-pay from NPMC and chose to consolidate their debts by using their shares to clear off their loans.

### Income

Total income for the period under review amounted to \$10.5M,

representing an increase of \$614,218 over the corresponding period for 2017. Our loan interest yield from the loan portfolio was 12% in 2018, which is favourable at this time given the low-interest rates currently available on short to medium investments.

Interest on members' loans continued to be the major contributor to the Credit Union's total income, as it accounted for 88% or \$9.3M in 2018. The one-off interest fee associated with the backpay loans amounted to \$795,618 as of December 31st 2018, played a critical role in the increase shown in interest income.

Investment Income earned during the period was \$1.0M and remained relatively flat, with a modest decline of \$58,937 or 5.51% when compared to the financial year 2017.

### Expenditure

Total Expenses for the review period, total \$6.9M an increase of \$395,745 or 6% year on year. The Board and management will continue to engage in strategies to mitigate the increase in costs. While core expenses remained relatively stable when compared to year on year, higher costs were experienced in areas of the fixed deposit and premium interest, AGM expenses, Directors' expenses and legal and professional fees.

### Appropriations

Tranquillity Credit Union realised an operating surplus of income over expenditure of \$3.5M for the financial year ended December 31st, 2018. This represented an increase of \$218,473 or 6% over year on year 2017. As a result, and in keeping with our Bye-laws, the sum of \$358,943 or 10% and \$179,472 or 5% was transferred to the Reserve Fund and the Education Fund respectively.



However, our total comprehensive income which amounted to \$3.4M marginally declined year on year by \$45,873, principally due to the increase in unrealised (loss) on financial assets when compared to 2017.

Based on 2018 financial performance, the Board of Directors recommends a dividend payment of 4.5% or \$2.4M on the paid-up share savings of members.

### Membership

The Board is pleased to advise that the Business Plan was finally completed and would be submitted to Commissioner of Co-operatives as we seek the required approval to expand our existing bond outside of the energy sector.

The Credit Union during the period under review accepted 111 new members. Our current membership stood at 1,771 as at December 2018.

### Family Indemnity Plan

Total FIP members enrolled as at December 31st stood at 226. A total of eight (8) claims were paid in 2018 to the amount of \$407,439.20. We want to appeal to those members who are not enrolled in the FIP to do so and make it easier for your loved ones to find comfort at this phase of family life.

Plan options:	Monthly Premium	Individual Benefit
Plan A	\$52.80	\$10,000
Plan B	\$79.20	\$15,000
Plan C	\$105.60	\$20,000
Plan D	\$158.40	\$30,000
Plan E	\$211.20	\$40,000

Plan options:	Monthly Premium	Individual Benefit
Plan F	\$343.20	\$65,000
Plan G	\$528.00	\$100,000

### Group Health Insurance

The Board of Directors has approved a group health insurance plan for the membership. The plan is competitively priced and would cover among other things major medical, dental, vision, accidental death and dismemberment along with preventative care benefits for the entire family. The launch of the group health insurance plan is carded for June 2019.

### Mobile Banking

TCU's mobile banking solution was initiated in 2016, with a planned launch in May of 2017. However, several delays prevented the long-awaited launch. In 2018, the back-end requirements were eventually installed, and we are now ready to fully embrace digital banking, offering superior convenience and quality service to our membership. Boundaries of time and space will be removed as members can now check account balances, transfer funds, receive e-statements, alerts and messages. A more customised approach to service and communication would be more efficiently and effectively delivered.

### Website Upgrade

TCU's website was upgraded to enhance its appeal to a changing and growing demographic. Several features were included to cater for future electronic banking initiatives, allowing for ease of navigation and membership convenience at <http://tranquillitycu.com>.

### Human Resources

The organisation was restructured to support effective administrative and sales oversight and place more focus on management and

supervision, thereby building a culture of service to our valued members. Two new positions were established, an Operations Officer and a Marketing and Sales Officer.

During the year, our Credit Union bid farewell to the Marketing Specialist, Ms Shelomi Legall, who has migrated abroad. In the same vein, we would want to welcome our new Member Relations Clerk, Ms Kelly Ann Clarke, to the Tranquillity Credit Union family.

### Representation

Our Secretary to the Board of Directors Mrs Esther Pariag, was elected to the Board of Directors of the North West Regional Chapter of the Co-operative Credit Union League of Trinidad and Tobago and was subsequently elected as Assistant Secretary to that Board.

### Obituaries

The Board extends its deepest condolences to the members who passed during the year. May the souls of the dearly departed rest in eternal peace.

- *Raegan Bernard*
- *Desmond Hill*
- *Kerwin Johnson*
- *Vishesh Mahabir*
- *Benjamin Devenish*
- *Malvin Blanche*
- *Adolph Christian*

### Acknowledgement

We place on record our appreciation to the staff of the Credit Union for professionalism to service to the membership. Our gratitude to all Directors and Committee members for giving of their time and expertise to the advancement and well-being of the membership.

We wish to recognise with a special 'Thank You' to the Board and Management of the Trinidad and Tobago National Petroleum Marketing Company for the continued use of its premises and all the courtesies that have been extended to Tranquillity Credit Union.

Thank you to our fellow Co-operative bodies and affiliates - The Co-operative Division of the Ministry of Labour and Small and Micro Enterprise Development; The Co-operative Credit Union League of Trinidad and Tobago; The North West Regional Chapter of the Co-operative Credit Union League of Trinidad and Tobago; and CUNA Caribbean Insurance Limited.

Above all, we thank you, our membership, for your continued support and loyalty to the ideals that founded Tranquillity Credit Union some Sixty-Eight Years (68) ago and to which we continue to hold dearly in our hearts today.

A handwritten signature in black ink that reads "Douglas Williams".

**DOUGLAS WILLIAMS**, *President*

## ATTENDANCE RECORDS FOR BOARD MEETINGS April 2018 - April 2109

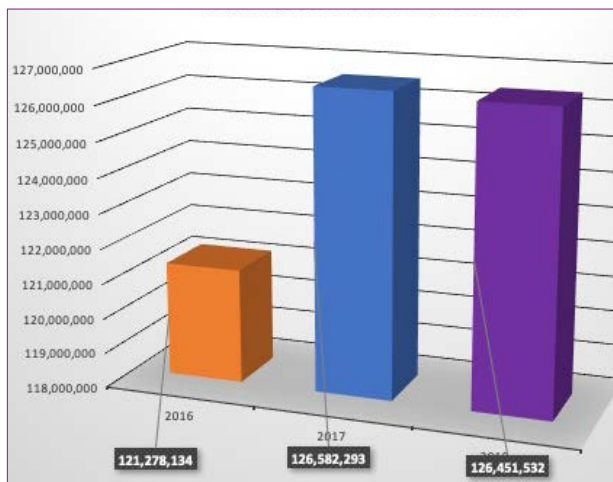
DIRECTORS	STATUTORY BOARD MEETINGS				SPECIAL BOARD MEETINGS				EXECUTIVE MEETINGS			
	PRESENT	EXCUSED	ABSENT	TOTAL	PRESENT	EXCUSED	ABSENT	TOTAL	PRESENT	EXCUSED	ABSENT	TOTAL
DOUGLAS WILLIAMS	13	1	0	14	6	1	0	7	7	0	0	7
SHERYL STRACHAN	13	1	0	14	7	0	0	7	6	1	0	7
ESTHER PARIAG	11	3	0	14	7	0	0	7	7	0	0	7
JOY JOHN-BENJAMIN	14	0	0	14	5	2	0	7	6	1	0	7
KENRICK JARVIS	14	0	0	14	6	0	1	7				
ANNA-LISA ARLEN-BENJAMIN	13	1	0	14	6	1	0	7				
OSRIC BACCHUS	14	0	0	14	7	0	0	7				
RICHARD TRIM	11	3	0	14	3	4	0	7				
EDWIN REID	8	1	5	14	3	2	2	7				
RONALD FRASER	7	6	1	14	4	3	0	7				
DAVE SANKAR	12	2	0	14	5	2	0	7				
CHRISTIANA WALLACE	8	1	0	9	4	0	0	4				
REUBEN ELIAS	4	0	1	5	1	1	1	3				

### TERM OF OFFICE Outgoing

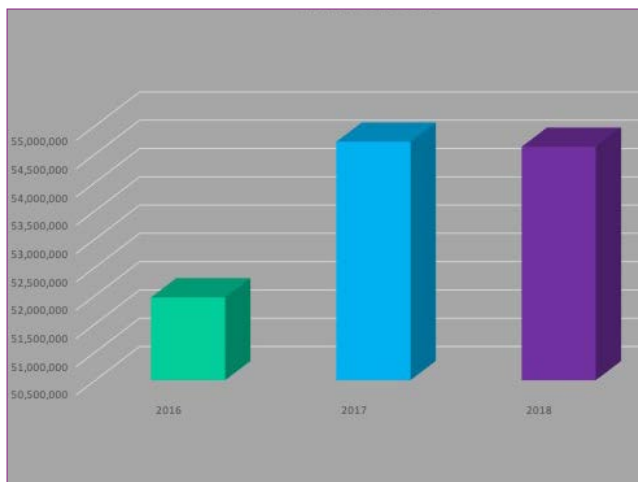
2019	2020
CHRISTIANA WALLACE	ANNA-LISA ARLEN-BENJAMIN
RONALD FRASER	ESTHER PARIAG
KENRICK JARVIS	EDWIN REID
SHERYL STRACHAN	RICHARD TRIM



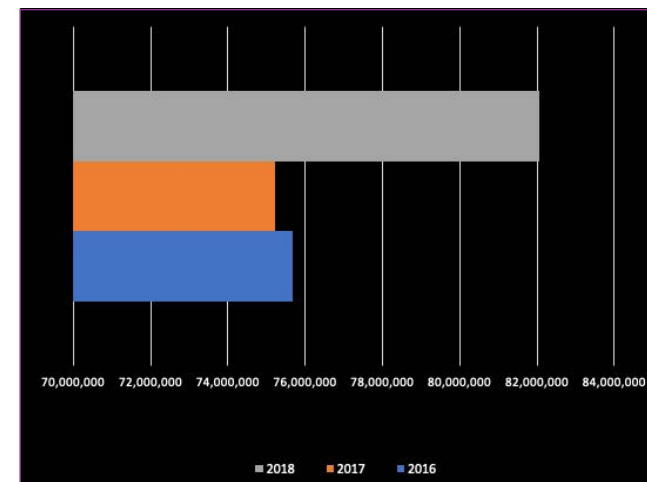
**TOTAL ASSETS: 2016-2018**



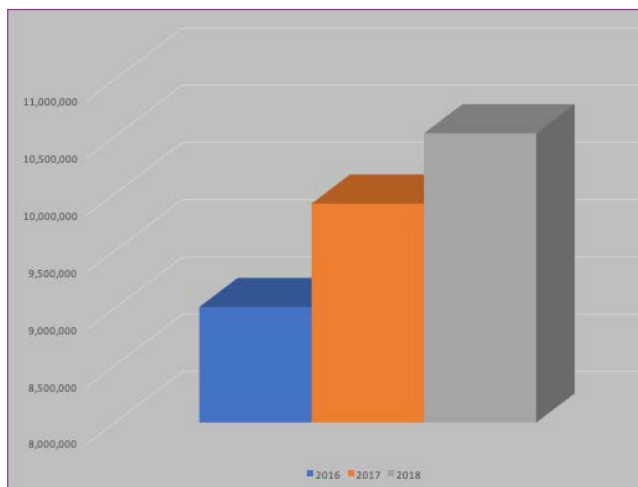
**SHARES: 2016-2018**



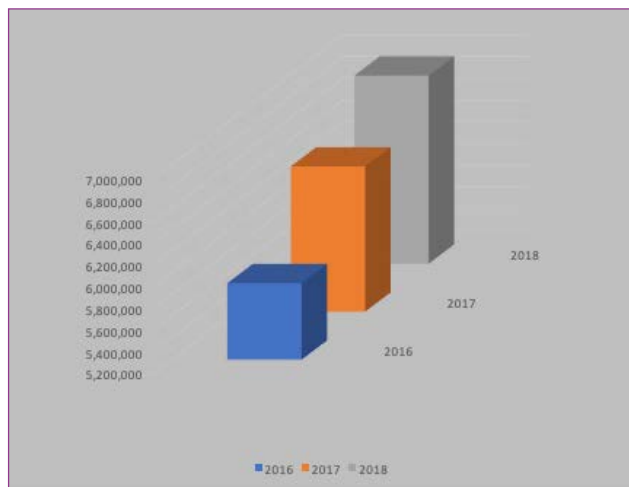
**LOANS: 2016-2018**



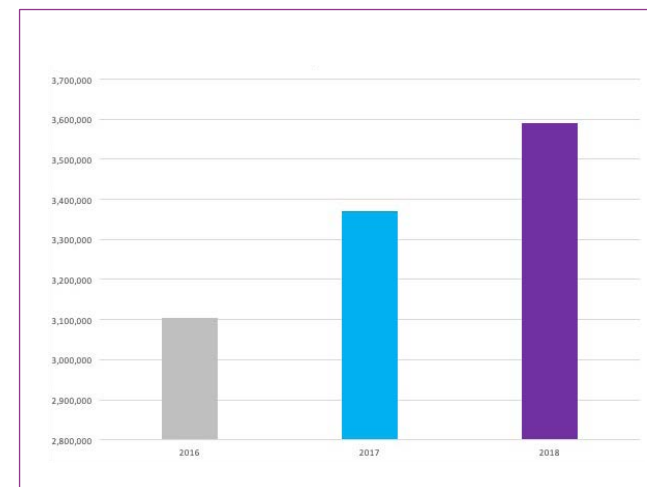
**INCOME: 2016-2018**



**EXPENDITURE: 2016-2018**



**SURPLUS: 2016-2018**





## CREDIT Committee



**MR. KENDAL CHARLES**  
Member

**MR. LISA-MARIE FOSTER**  
Secretary

**MR. ROYDS WILLIAMS**  
Chairman

**MS. KATHLENE LALMAN**  
Member

**MS. DIANNA JOSEPH**  
Member

# CREDIT COMMITTEE Report

## Introduction

The Credit Committee has a very important function in credit unions and it's no different at Tranquillity Credit Union (TCU). The members that form this committee perform their duties on a voluntary basis and are guided by the Co-operative Societies Act 1971 Section 34 and TCU's Bye-Laws. Its core function is to approve or reject loans requested from the membership i.e. Board of Directors, Supervisory Committee, Credit Committee, Staff and the general membership. The Loans Department and the General Manager assist with approving and rejecting loans no greater than Seventy-Five Thousand Dollars (\$75,000.00) which are also under the oversight of the Credit Committee. This assistance helps to shorten the processing time of loan applications.

## Meetings

At our first meeting, we pulled straws to break the three-way tie between Mrs. Kathlene Lalman, Mrs. Nadia Sudan and Ms. Lisa-Marie Foster upon which Mrs. Nadia Sudan became the Alternate Member. This was done under the supervision of the Co-operative Division Officer and then Acting General Manager.

Mr. Royds Williams was re-selected as Chairman and Lisa-Marie Foster was re-selected as Secretary of the Credit Committee. Other members of the Committee were Mr. Kendal Charles, Mrs. Kathlene Lalman and Mrs. Dianna Joseph-Morris. The Committee decided to meet on Wednesday afternoons at TCU's office.

The Credit Committee recorded thirty-two (32) meetings and the following table shows each member's attendance:

NAME	ATTENDANCE	EXCUSED
Royds Williams <i>Chairman</i>	32	00
Lisa-Marie Foster <i>Secretary</i>	31	01
Kendal Charles <i>Member</i>	16	16
Kathlene Lalman <i>Member</i>	21	11
Dianna Joseph <i>Member</i>	26	06

## Credit Activities

Despite the economic challenges being endured by the general membership, members still utilized the products and services on offer. January to December 2018 recorded three thousand six hundred and fifty-four (3,654) approved and disbursed loans. The 2018 total was one thousand and eighty-eight (1,088) more loans than the same period in the year 2017.

The Society as it has done in the past was again asked to come up with a plan to facilitate its membership in alleviating the financial hardships experienced within the period. Consequently, within the last quarter of the reporting period, representatives of Trinidad and Tobago National Petroleum Marketing Company (NPMC) approached Tranquillity Credit Union and asked if a short-term service agreement can be granted to some of its employees who are members of the Credit Union. A product called Back Pay-NPMC was formulated and one thousand one hundred- and seventy-four



(1,174) -member loan applications were approved for a total sum not greater than thirty-five thousand dollars per member. TCU got NP to guarantee repayment for each employee/member who took the loan and had each employee/member sign to begin repayment of the loan at the end of November 2019 should there be no lump sum deposit from National Petroleum.

**Going Forward**

The Credit Union is poised to provide new and improved products and services. The Credit Committee has begun to review our Credit Administration Policy and Procedures with the intent to improving and bringing more relevance to what is being offered to you. Some members would've already experienced lower interest rates and longer repayment periods on their loans.

Delinquency can hurt our Society if not dealt with and so going forward, more aggressive measures would be put into action to mitigate delinquency. We are calling on all delinquent members to visit the office on Maraval Road and speak with one of the loan officers towards regularisation of outstanding loan balances.

**Conclusion**

Despite the hiccup at the beginning of our term, the team worked well together. We saw more loans being applied for which means

as a society we remain relevant. Your credit union is working on improving its products and services going forward and before you choose to become delinquent talk to a loans officer to consider your other options.

We thank the general membership for the opportunity to serve. Thanks to the Board of Directors, Supervisory Committee, General Manager, Loan Officers and the other staff members for your usual support.



**ROYDS WILLIAMS**



**LISA-MARIE FOSTER**



**KENDAL CHARLES**



**KATHLENE LALMAN**



**DIANNA JOSEPH**

# The Power is YOURS!

## INTRODUCING THE



### MOBILE APP

# TCU ON D GO

- Check account balances
- Self or 3rd party funds transfers
- Loan payments
- Statement requests
- Real time transactions



*\*App available for Android platform only. iOS version will be available later on in 2019.*

For more information, log on to [www.tranquillitycu.com](http://www.tranquillitycu.com)



## SUPERVISORY Committee



**MR. ANDREW DAVID NURSE**  
Secretary

**MR. KION WILLIAMS**  
Chairman

**MS. URSHA HECTOR**  
Member



# SUPERVISORY COMMITTEE Report

The Supervisory Committee is pleased to report on our observations for the period April 2018-May 2019, in relation to the operations and stewardship of the Tranquillity Credit Union Co-Operative Society during that period.

The members elected to ensure that the credit union's operations remain in good standing and safe-guard the members' interests were as follows:

*Marsha Smith-Cox - Chairman*  
*Kion Williams - Secretary*  
*Ursha Hector - Member*  
*Andrew Nurse - 1st Alternate*

The members elected were all continuing from the previous year allowing for continuity, especially considering that at the time of the AGM 2018 the Supervisory Committee were involved in an investigation into matters relating to the General Manager of the Credit Union.

Unfortunately, the chairman of the committee, Ms. Smith-Cox, resigned from her post and from the committee late last year resulting in a delay to the conclusion of the investigation. However, the first alternate Mr. Andrew David Nurse, subsequently joined the committee and ably served as the Secretary for the remainder of the term.

## ACTIVITIES

In addition to the continuing investigation, the Supervisory Committee put together a work schedule which included, but was not limited to, the following:

- *Cash and Treasury Counts at both offices*
- *Review of Cash Receipts and Disbursements*
- *Review of Board Minutes*
- *Loan Reviews*

## OBSERVATIONS

Based on the work carried out, the committee was generally satisfied with the operations of the Credit Union.

However, our investigation into the charges lay against the General Manager by the previous Board of Directors and subsequent suspension brought several concerns to the fore. While there was sufficient reason for questions to be raised, our investigations did not reveal enough evidence to indicate there was malicious intent. However, we believe that the Credit Union remains vulnerable to future possible breaches or potential for mischief due to insufficient checks and balances, or lack of enforcement of same. While we attempt to ensure that our Credit Union remains a family oriented one and not become too stringent or formal, thus making it inconvenient for our members, we must also continue to balance that approach with one that ensures that no one can be accused of improper behaviour. One aspect of this is the implementation of the Human Resource Policy that has been underway for some time. This will assist in ensuring proper oversight of staff loans which is perhaps an area in which the General Manager may have been seen to have too much influence, resulting in questions being asked.

In addition, the Board of Directors would also have been found to have acted improperly in the claims raised against the General Manager, which may have left the Credit Union open to litigation. To this end, a proper Disciplinary Procedure must be enshrined to

in the proposed HR Policy ensure there is no repeat in the future, if required, to deal with matters of this nature.

The Supervisory Committee would like to applaud the efforts of the current Board of Directors in their attempts to work with the committee to bring this matter to an end. In addition, we note their continued work to bring to fruition the recommendations of the various committees and the concerns of the Membership that has been raised in previous Annual General Meetings.

### CONCLUSION

The committee expresses its sincerest gratitude to the members for their trust in this team to protect their interests over the past year. We also give sincerest thanks to the management and staff for their willingness to accommodate our requests. We also thank the

Board of Directors, the members of the Credit Committee and all the members who volunteered for the other subcommittee of the Board for their continued commitment to serving the best interests of Tranquillity Credit Union.



KION WILLIAMS



ANDREW DAVID NURSE



URSHA HECTOR



# EDUCATION Committee





# EDUCATION COMMITTEE Report

The members of the Education Committee for the period under review were as follows:

**Richard Trim** - Chairman  
**Nadia Sudan** - Secretary  
**Sean Nanton** - Member  
**Christon Sandy** - Member  
**Rae Gilbert** - Member  
**Marcia Quammie** - Member



## Committee Purview

To educate the membership through developmental and educational programs as well as literature. In this way the committee seeks to improve the overall lives of our membership by allowing them the opportunity to see and action items in their lives differently based upon this increased knowledge standpoint.

The committee uses as its terms of reference the following guidelines:

- Utilization and expansion of the M2M program for member benefit
- Hosting of our annual SEA/CAPE/CSEC award program which seeks to acknowledge and inspire excellence.
- Creation and hosting of programs aimed at adding value to the general membership

## SEA/CAPE/CSEC Awards Ceremony and Parent Workshop: FRAMING YOUR FUTURE

This year twenty (20) students received awards at our function held at the Cascadia Hotel & Conference Centre. Mr. Don La Foucade was the facilitator for this children's session while Ms. Jacqueline London facilitated the parent's/guardian's program where twenty (20) parents attended.



This year's awardees, who received grants from our credit union, were:

**S.E.A.**

- Chanlyse Bourne
- Dayna Aerin Cox
- Gianni Borel
- Keiana Thomas
- Chelsea Willock
- Emily Reid
- Jeshiah Peters

**CSEC**

- Afeiya Johnson
- Jordon Gill
- Justin Khan-Ali
- Kerchelle Williams
- Darion Mc Letchie
- Josiah Quammie
- Kermuel Williams
- Maia Salandy

**CAPE**

- Aaliyah Ferdinand
- Dherrick Quammie
- Leana Lutchman
- Chenoa Cattine
- Kelcia Fraser

Top awardees from this year's group were:

**S.E.A.**

Chelsea Willock and Gianni Borel

**CSEC**

Maia Salandy and Darion Mc Letchie

**CAPE**

Kelcie Fraser, Chenoa Cattine and Dherrick Quammie



The Parent Workshop introduced to the award ceremony in 2018 was continued in 2019 due to the positive feedback that the committee received. This Workshop saw Ms. London emphasize to the attendees the importance of taking care of themselves in order to be able to take care of their families. Each parent was asked to read “My Confession” which was a statement of things that were not under their control. This was used as a spring board to focus on the elements of their children’s lives over which they have little



or no control. As such parents were encouraged to be learners and listeners to bridge the gap between parents and children as well as their span of areas of control. Parents were encouraged to put in place a “Me” plan and a plan for their children to deal with fears created from a lack of knowledge, focus or planning.

Parents were given a certificate of participation at the end of the workshop.



**Social Media Hacking Strategy Session**

As part of the augmentation plan for our M2M program, the Education Committee offered to all members a seminar geared at assisting and equipping them with the tips, tricks and tools to take their businesses to another level. This value skills one day seminar called Hacking Your Social Media Strategy was hosted by Ms. Karel Mc Intosh of the Live Wire Group.

Sixteen (16) members attended the all-day seminar where Ms. Mc Intosh walked those present through strategies and tips for utilizing the various social media platforms like Facebook and Instagram to boost their business’s visibility and translate likes and business page

visits into additional revenue. Members were taught about the value of each post’s content and how this determined whether or not visitors to their business pages could be converted into purchasing customers.



**Member Comment**  
*Afiya: “This was truly a great session. The content was beyond what I expected and the presenter made the information easy to digest. Thank you for seeing the need for this session and extending it to us, your members.”*

The positive feedback from members was tremendous and as a result we would like to expand on this seminar by offering in the next term entrepreneurial seminars geared at educating members on the proper methods of business finance, human resource development as well as presentation skills for the business owner.

The committee would like to extend sincere thanks to the membership and staff of Tranquility Credit Union for their continued support and commitment throughout the past year and we hope that this good work continues in the year to come.

**RICHARD TRIM**



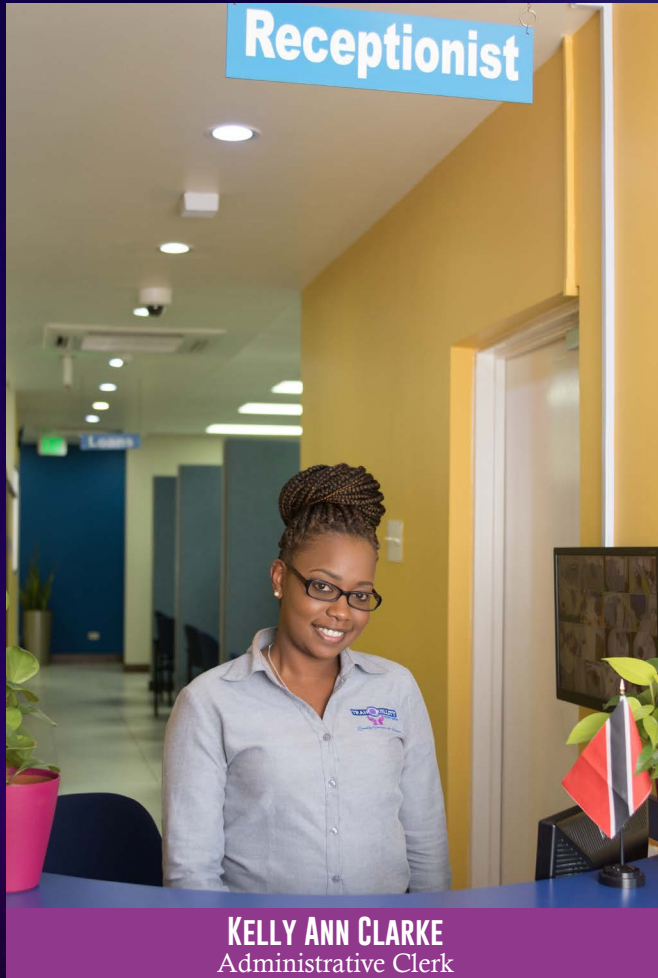


# THE OFFICE Team





# THE OFFICE Team



**KELLY ANN CLARKE**  
Administrative Clerk



**SILVANNA FLORES**  
Executive Assistant



**VIKASH REEMAUL**  
Jr. Systems Administrator



**IFEOMA DURRANT**  
Teller



**AARON RAJNAUTH**  
Teller





# FINANCIAL Report





# FINANCIAL Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

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# STATEMENT OF Management Responsibilities

TO THE MEMBERS OF  
TRANQUILLITY CREDIT UNION  
CO-OPERATIVE SOCIETY LIMITED


PRESENTED BY:

*Nardys*  
CHARTERED ACCOUNTANTS

## Management is responsible for the following:

- Preparing and fairly presenting the Financial Statements of Tranquillity Credit Union Co-operative Society Limited, which comprise the Statement of Financial Position at December 31, 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the Receipts and Payments Account for the year then ended, including a summary of significant accounting policies and other explanatory information;
- Ensuring that the credit union keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Credit Union's assets, detection/prevention of fraud, and the achievement of credit union operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Co-operative Societies Act; and
- Using reasonable and prudent judgment in the determination of estimates.

In preparing these Financial Statements, Management utilized the International Financial Reporting Standard, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, Management chose those considered most appropriate in the circumstances. Nothing has come to the attention of Management to indicate that the Credit Union will not remain a going concern for the next twelve months from the reporting date; or up to the date the Financial Statements have been authorized for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.



Sherwin Cambridge  
General Manager

April 9, 2019  
San Fernando,  
Trinidad, W.I.



# INDEPENDENT Auditor's Report

TO THE MEMBERS OF  
TRANQUILLITY CREDIT UNION  
CO-OPERATIVE SOCIETY LIMITED

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

## Opinion

We have audited the Financial Statements of Tranquillity Credit Union Co-operative Society Limited, which comprise the Statement of Financial Position as at December 31, 2018, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Receipts and Payments Account for the year then ended, and the Notes to the Financial Statements, including a summary of significant accounting policies. In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Society in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter

We draw attention to Note 2 k) (i) Page 16 on the notes to the Financial Statements which describes the effects of the Society's practice of recording loan interest on a cash basis, which is a departure from IAS 1. Our opinion is not modified in respect of this matter.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Credit Union's 2018 Annual Report but does not include the Financial Statements and our Auditors' Report thereof. The Credit Union's Annual Report is expected to remain available to us after the date of this Auditors' Report. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information 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.

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

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Financial Statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society's financial reporting process.





# INDEPENDENT Auditor's Report

TO THE MEMBERS OF  
TRANQUILLITY CREDIT UNION  
CO-OPERATIVE SOCIETY LIMITED

As part of an audit in accordance with ISAs, we can 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures in the Financial Statements are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including; the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

  
HARDYS  
Chartered Accountants

April 9, 2019

San Fernando,  
Trinidad, W.I.

PRESENTED BY: 



# STATEMENT OF Financial Position

AS AT DECEMBER 31, 2018

PRESENTED BY:

**Nardys**  
CHARTERED ACCOUNTANTS

*The attached notes and comments form an integral part of these Financial Statements*

ASSETS	NOTES	2018	2017
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5	\$ 10,873,242	\$ 10,963,370
Members' Loans	6	82,069,218	75,218,472
Long-Term Investments	7 (a)	24,413,452	31,954,048
Total Non-Current Assets		117,355,912	118,135,890
<b>Current Assets</b>			
Short-Term Investments	7 (b)	3,522,863	3,443,767
Inventory		53,076	72,820
Receivables and Prepayments	9	1,439,138	1,443,277
Cash at Bank and in Hand	8	4,080,543	3,486,539
Total Current Assets		9,095,620	8,446,403
<b>TOTAL ASSETS</b>		<b>\$ 126,451,532</b>	<b>\$ 126,582,293</b>
<b>MEMBERS' EQUITY AND LIABILITIES</b>			
<b>Members' Equity</b>			
Investment Re-measurement Reserve		\$ 1,079,301	\$ 966,912
Reserve Fund		6,636,058	6,275,055
Education Fund		1,168,552	1,089,907
Undivided Earnings		2,839,110	3,506,030
Total Members' Equity		11,723,021	11,837,904
<b>Non-Current Liabilities</b>			
Members' Share Balances		54,626,204	54,715,238
<b>Current Liabilities</b>			
Members' Savings and Deposit Accounts	14	59,801,258	59,910,286
Payables and Accruals	10	301,049	118,865
Total Current Liabilities		60,102,307	60,029,151
Total Liabilities		114,728,511	114,744,389
<b>TOTAL MEMBERS' EQUITY AND LIABILITIES</b>		<b>\$ 126,451,532</b>	<b>\$ 126,582,293</b>

These Financial Statements were approved by the Board of Directors on April 9, 2019.

*Williams*  
President

*[Signature]*  
Treasurer

*[Signature]*  
Chairman,  
Supervisory Committee



# STATEMENT OF Comprehensive Income

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:



*The attached notes and comments form an  
integral part of these Financial Statements*

## INCOME

Interest on Members' Loans  
Investment Income  
Other Income

	2018	2017
Interest on Members' Loans	\$ 9,329,541	\$ 8,275,102
Investment Income	1,010,209	1,069,146
Other Income	186,395	567,679
	<u>10,526,145</u>	<u>9,911,927</u>

## EXPENDITURE

Annual General Meeting  
Audit Fees  
Bad Debts  
Bank Charges  
Co-operative Activities  
Cuna Insurance Premiums  
Depreciation  
Directors' Expenses  
Donations  
Ex Gratia Payments  
Insurance  
League Dues  
Legal and Professional Fees  
Loss on Disposals of Property, Plant and Equipment  
Marketing Expenses  
Members' Fixed Deposit Interest  
Members' Premium Deposit Interest  
Office Supplies  
Postage  
Printing and Stationery  
Rental  
Repairs and Maintenance  
Salaries and Wages  
Security Courier  
Staff Benefits  
Staff Training and Development  
Sundry Committees  
Telephone Expenses  
Uniforms  
Utilities

Annual General Meeting	221,736	184,997
Audit Fees	31,625	27,500
Bad Debts	405,340	400,000
Bank Charges	149,819	131,330
Co-operative Activities	92,627	118,090
Cuna Insurance Premiums	351,680	346,400
Depreciation	169,954	179,308
Directors' Expenses	276,254	251,716
Donations	14,569	14,800
Ex Gratia Payments	89,810	83,633
Insurance	76,539	75,334
League Dues	16,240	16,241
Legal and Professional Fees	167,845	127,693
Loss on Disposals of Property, Plant and Equipment	-	28,353
Marketing Expenses	66,322	73,419
Members' Fixed Deposit Interest	1,526,291	1,436,849
Members' Premium Deposit Interest	957,526	736,035
Office Supplies	99,377	98,056
Postage	6,615	9,551
Printing and Stationery	45,756	53,193
Rental	125,250	115,247
Repairs and Maintenance	136,325	165,269
Salaries and Wages	1,370,217	1,332,980
Security Courier	157,556	145,382
Staff Benefits	107,729	106,301
Staff Training and Development	41,102	38,218
Sundry Committees	97,324	97,388
Telephone Expenses	72,662	75,491
Uniforms	17,778	20,201
Utilities	44,844	51,992

## SURPLUS OF INCOME OVER EXPENDITURE

	<u>6,936,712</u>	<u>6,540,967</u>
	<u>3,589,433</u>	<u>3,370,960</u>

## APPROPRIATIONS

Transfer to Reserve Fund (10%)  
Transfer to Education Fund (5%)

Transfer to Reserve Fund (10%)	358,943	337,096
Transfer to Education Fund (5%)	179,472	168,548

## TOTAL APPROPRIATIONS

	<u>538,415</u>	<u>505,644</u>
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## NET SURPLUS AFTER APPROPRIATIONS

	<u>\$ 3,051,018</u>	<u>\$ 2,865,316</u>
--	---------------------	---------------------

## OTHER COMPREHENSIVE INCOME

Unrealised Gain on Financial Assets  
Unrealised (Loss) on Financial Assets

Unrealised Gain on Financial Assets	419,544	502,785
Unrealised (Loss) on Financial Assets	(307,155)	(158,821)

## TOTAL COMPREHENSIVE INCOME

	<u>\$ 3,163,407</u>	<u>\$ 3,209,280</u>
--	---------------------	---------------------





# STATEMENT OF Changes In Equity

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

*The attached notes and comments form an  
integral part of these Financial Statements*

## YEAR ENDED DECEMBER 31, 2018

Particulars	Investment					Total
	Re-measurement Reserve	Reserve Fund	Education Fund	Undivided Earnings		
Balance at January 1, 2018	\$ 966,912	\$ 6,275,055	\$ 1,089,907	\$ 3,506,030	\$ 11,837,904	
Impact of initial adoption of IFRS 9	-	-	-	(1,279,628)	(1,279,628)	
Restated Balance at January 1, 2018	966,912	6,275,055	1,089,907	2,226,402	10,558,276	
<b>Adjustments</b>						
Net Surplus for the Year	-	-	-	3,589,433	3,589,433	
Other Comprehensive Income	112,389	-	-	-	112,389	
Transfer to the Reserve Fund	-	358,943	-	(358,943)	-	
Transfer to the Education Fund	-	-	179,472	(179,472)	-	
Entrance Fees to Reserve Fund	-	2,060	-	-	2,060	
Education Expenses	-	-	(100,827)	-	(100,827)	
Honorarium	-	-	-	(50,000)	(50,000)	
Dividends Paid - 2017	-	-	-	(2,388,310)	(2,388,310)	
<b>Balance at December 31, 2018</b>	<b>\$ 1,079,301</b>	<b>\$ 6,636,058</b>	<b>\$ 1,168,552</b>	<b>\$ 2,839,110</b>	<b>\$ 11,723,021</b>	

## YEAR ENDED DECEMBER 31, 2017

Particulars	Investment					Total
	Re-measurement Reserve	Reserve Fund	Education Fund	Undivided Earnings		
Balance at January 1, 2017	\$ 622,948	\$ 5,936,959	\$ 1,011,292	\$ 2,888,589	\$ 10,459,788	
<b>Adjustments</b>						
Net Surplus for the Year	-	-	-	3,370,960	3,370,960	
Other Comprehensive Income	343,964	-	-	-	343,964	
Transfer to the Reserve Fund	-	337,096	-	(337,096)	-	
Transfer to the Education Fund	-	-	168,548	(168,548)	-	
Entrance Fees to Reserve Fund	-	1,000	-	-	1,000	
Education Expenses	-	-	(89,933)	-	(89,933)	
Honorarium	-	-	-	(50,000)	(50,000)	
Dividends Paid - 2016	-	-	-	(2,197,875)	(2,197,875)	
<b>Balance at December 31, 2017</b>	<b>\$ 966,912</b>	<b>\$ 6,275,055</b>	<b>\$ 1,089,907</b>	<b>\$ 3,506,030</b>	<b>\$ 11,837,904</b>	



# STATEMENT OF Cash Flows

FOR THE YEAR ENDED  
DECEMBER 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Net Surplus Before Appropriations	\$ 3,589,433	\$ 3,370,960
<b>Adjustment For:</b>		
Depreciation	169,954	179,308
Loss on Disposals of Property, Plant and Equipment	-	28,354
<b>Operating Surplus Before Changes in Working Capital and Reserves Components</b>	<b>3,759,387</b>	<b>3,578,622</b>
Decrease / (Increase) in Inventory	19,744	(9,346)
(Increase) / Decrease in Members' Loans	(6,850,746)	452,128
Decrease / (Increase) in Receivables and Prepayments	4,139	(235,111)
(Decrease) / Increase in Members' Savings and Deposit Accounts	(109,028)	1,149,785
Increase in Payables and Accruals	182,184	25,137
<b>Net Cash (Used In) / Generated From Operating Activities</b>	<b>(2,994,320)</b>	<b>4,961,215</b>
<b>INVESTING ACTIVITIES</b>		
Decrease / (Increase) in Long Term Investments	7,540,596	(5,607,770)
Additions to Property, Plant and Equipment	(79,826)	(89,473)
<b>Net Cash Generated From / (Used In) Investing Activities</b>	<b>7,460,770</b>	<b>(5,697,243)</b>
<b>FINANCING ACTIVITIES</b>		
Net Movement in the Investment Re-measurement Reserve	112,389	343,964
Education Fund Expenses	(100,827)	(89,933)
(Decrease) / Increase in Members' Shares	(89,034)	2,751,121
Honorarium Paid	(50,000)	(50,000)
Dividends Paid	(2,388,310)	(2,197,875)
Entrance Fees	2,060	1,000
<b>Net Cash (Used In) / Generated From Financing Activities</b>	<b>(2,513,722)</b>	<b>758,277</b>
<b>Net Change For The Year</b>	<b>1,952,728</b>	<b>22,249</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>6,930,306</b>	<b>6,908,057</b>
<b>Impact of initial adoption of IFRS 9</b>	<b>(1,279,628)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>\$ 7,603,406</b>	<b>\$ 6,930,306</b>

**Represented By:-**

Cash at Bank and in Hand	\$ 4,080,543	\$ 3,486,539
Short-Term Investments	3,522,863	3,443,767
	<u>\$ 7,603,406</u>	<u>\$ 6,930,306</u>

PRESENTED BY:  **Wardys**  
CHARTERED ACCOUNTANTS

*The attached notes and comments form an integral part of these Financial Statements*



# RECEIPTS AND Payments Accounts

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:



*The attached notes and comments form an  
integral part of these Financial Statements*

## RECEIPTS

	2018	2017
AGM Expenses	\$ 12,718	\$ 1,036
Appliance Promo Loan	51,201	41,072
Bank Charges	539	1,097
Beautification Expenses	-	718
Board Expenses	593	799
Computer (Cost)	-	11,411
Computer Loan Interest - NP	24,030	23,441
Computer Services	-	100
Co-operative Activities	911	3,893
Credit Committee Expenses	94	77
Debit Card Deposits	4,926,828	4,563,568
Dividend NGL Shares	43,200	26,605
Dividends FCB Shares	45,129	-
Dividends WI Tobacco	10,199	-
Dividends Massy Holding	3,298	-
Dividends Agostini	2,806	-
Dividends NCB Financial	3,063	-
Donations	900	875
DSR Loans	25,031	106,742
Education Expenses	1,680	3,202
F.I.P Death Benefit Receivables	407,439	449,525
F.I.P Deposits	114,457	94,449
Food Voucher Loan Receipts	110,840	84,033
Food Voucher Service Charge	32,760	34,320
General Loans Receipts	4,024,054	3,768,972
Health Surcharge Payable	-	454
Interest from TCCL Loan	-	39,793
Interest on Appliance Promo	17,354	15,320
Interest on Computer Loans	341	482
Interest on DSR Loan	4,161	8,731
Interest on FCB IPO	-	56,411
Interest on General Loans	942,731	1,027,892
Interest on Line of Credit	51,317	48,214
Interest on Long Term Loan	46,634	58,419
Interest on Share Builder Loan	15,701	1,835
Interest on Small Business	8,787	40,839
Interest on Special Loans	5,276	9,133
Interest on Staff Loan	5,654	4,865
Interest on Vehicle Loan	231,152	249,046
Janitorial Services	2,400	-
Legal and Professional Fees	-	20,447
Line of Credit Receipts	370,569	217,797
Marketing	1,312	6,100
Members' Control Account	3,000	15,586
Members' Payable	130,833	309,051
Members' Shares Receipts	3,068,786	3,001,664
Mortgage Loan Receipts	460,470	27,157
National Petroleum Company	21,602,354	22,654,895
Natpet Receipts	1,036,627	922,252
NFM Dividend	2,000	2,000
NGL IPO	-	1,651,105
NIS Payable	-	12,857
Non Statutory Committee	-	130





# RECEIPTS AND Payments Accounts

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:



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RECEIPTS	2018	2017
NP Employees Consumer Co-Op	\$ 24,624	\$ 15,856
NPMC Computer Loans	29,123	38,265
NPMC - Back Pay Loans	50,900	-
Office Supplies	406	3,392
Other Accrued Expenses	22,340	1,054
Other Income Receipts	62,561	4,486,564
Other Receivables	441,613	233,279
PAYE Payable	-	7,648
Pension (Employer's Contrib)	33,212	3,619
Petrotrin Limited	109,415	163,595
Postage	2,635	-
Printing and Stationery	311	297
Promotion Loan	-	10,000
Regular Savings Receipts	288,003	127,713
Repairs and Maintenance -Building	-	1,694
Repairs and Maintenance General	1,750	4,358
Roytrin Mutal Funds	5,000,000	-
Share Builder Loan Receipts	12,326	1,693
Small Business/Demand Loans	75,983	81,299
Special Deposits Receipts	19,511,054	13,684,325
Special Loans	166,661	71,827
Staff Incentives	-	32
Staff Loans Receipts	9,546	13,135
Staff Training and Development	550	-
Standing Order Deposits	52,094	68,388
Standing Order Payable	-	15,334
Telephone	-	8,107
Towers Consortium Loan Note	-	1,922,112
Uniform Expenses	18,080	-
UTC Income & Growth	10,000,000	-
Vehicle Loan Receipts	1,763,811	1,045,744
Visa Debit Card Income	3,251	5,982
W.O.C.C.U/ C.C.C.U	-	46,470
Interest From FirstLine Securities	101,862	-
FirstLine Securities Loan	383,854	-
FCBAS - NIF	284,000	-
<b>Total Receipts</b>	<b>\$ 76,299,194</b>	<b>\$ 61,680,192</b>
<b>Cash in Transit</b>		
<b>Replacement Cheques &amp; Cash</b>		
Opening Balance	\$ 3,486,539	\$ 3,541,363
Total Receipts	76,299,194	61,680,192
Less Payments	75,705,190	61,735,016
<b>Closing Balance</b>	<b>\$ 4,080,543</b>	<b>\$ 3,486,539</b>
<b>Represented By:</b>		
<b>Opening Balance</b>		
Cash at Bank and in Hand	\$ 4,080,543	\$ 3,486,539



# RECEIPTS AND Payments Accounts

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: **Wardys**  
CHARTERED ACCOUNTANTS

*The attached notes and comments form an  
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PAYMENTS	2018	2017
AGM Expenses	\$ 225,979	\$ 183,468
Agostini Limited	287,330	-
Appliance Promo Loans	293,138	138,506
Audit Fee's	28,625	28,125
Audit Fees Payable	-	25,000
B/Charges JMMB	24,800	38,050
Bank Charges	77,858	62,802
Beautification Expenses	14,283	13,482
Board Expenses	33,097	15,215
Car - Park Rental	125,250	115,247
Computer - Cost	29,687	50,345
Computer Services	104,678	55,199
Co-operative Activities	46,234	39,934
Credit Committee Expenses	4,369	4,146
CUNA Family Indemnity Plan	493,553	453,859
Debit Card Deposits	14,534,247	10,780,866
Donations	12,869	15,675
DSR Loans	35,626	-
Education Expenses	86,058	72,755
Electricity	34,715	37,439
Equipment Rental	11,644	11,644
FCBAS - NIF	2,000,000	-
F.I.P. Death Benefit Receivable	308,178	179,578
F.I.P. Deposits	15,626	19,790
Food Voucher Loans	7,000	16,200
Furniture, Fixtures and Fitting	9,956	11,713
General Insurance	7,655	7,096
General Loans	6,984,213	4,915,942
Group Life Insurance	14,354	15,459
Health Surcharge Payable	4,538	5,098
Hilo Food Stores	180,000	470,000
Interest on Line of Credit	71	-
Interest on Small Business	276	-
Interest on Vehicle Loans	7,774	-
Interest on General Loans	4,928	-
Janitorial Services	67,863	83,231
League Fees	16,241	16,240
Legal and Professional Fees	178,232	118,368
Line of Credit	1,291,637	1,493,726
Marketing Expense	32,845	58,813
Massy Holdings	299,977	-
Medical (Employer's Contribution)	23,994	18,201
Members' Payable	-	1,350
Members' Shares	1,918,819	623,458
Mortgage Loans	358,000	376,328
Naipaul's Supermarket	102,250	118,000
NCB Financial Services	200,001	-
NGL IPO	-	1,999,600
NIS Payable	139,219	149,332
Non Statutory Committees	2,589	3,967
NPMC Computer Loans	71,011	126,540
NPMC - Back Pay Loans	2,338,000	-



# RECEIPTS AND Payments Accounts

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

*The attached notes and comments form an  
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PAYMENTS	2018	2017
Office Equipment (Cost)	\$ -	\$ 21,035
Office Supplies	18,203	24,492
Other Accrued Expenses	561,109	535,556
Other Income	286	1,561
Other Receivables	325,235	67,100
PAYE Payable	104,655	98,306
Pension (Employer's Contribution)	83,538	48,264
Postage	8,450	9,551
Prepayments	53,471	54,503
Pricesmart Supermarket Limited	163,000	148,800
Printing and Stationery	45,016	41,098
Processing Fees-Loans	600	192
Promotion Loan	-	10,000
Rates and Taxes	9,689	11,786
Regular Savings	802,019	501,547
Repairs and Maintenance -Building	-	24,628
Repairs and Maintenance General	35,343	36,865
Salaries and Wages	-	400
Security Courier	3,656	-
Security Property	10,707	-
Share Drive Promotion	-	23,000
Small Business/Demand Loans	-	105,000
Special Deposits	33,556,406	24,346,889
Special Loans	50,000	100,000
Staff Incentives	2,025	6,609
Staff Loans	-	155,777
Staff Training and Development	38,932	11,336
Staff Travelling and Allowance	-	240
Standing Order Deposits	190,944	227,725
Standing Orders Payable	187,188	191,455
Storage Expense	14,543	16,043
Supervisory Allowance	-	292
Supervisory Expenses	513	225
Telephones	73,469	74,497
Towers Consortium Loan Note	-	3,558,150
Uniforms Expenses	35,858	-
Unit Trust (Income and Growth Fund)	4,500,000	6,500,000
Vehicle Loans	1,499,613	1,765,836
West Indian Tobacco Company	196,758	-
W.O.C.C.U/ C.C.C.U	44,677	46,471
<b>Total Payments</b>	<b>\$ 75,705,190</b>	<b>\$ 61,735,016</b>





# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:

*Nardys*  
CHARTERED ACCOUNTANTS

## 1 REGISTRATION AND PRINCIPAL ACTIVITIES

The Society is registered under the Co-operative Societies Act Chapter 81:03 on November 7, 1952 [No. 127]. Its objectives are to promote the economic welfare of its members, self-help and co-operation and to promote the development of co-operative ideas.

## 2 ACCOUNTING POLICIES

### a) Basis of Accounting

These Statements have been prepared on the historic cost basis and in accordance with International Financial Reporting Standards and the requirements of the Co-operative Societies Act.

### b) New Accounting Standards and Interpretations

#### (i) Standards, amendments and interpretations to existing Standards applicable to the Society in the current year which were adopted by the Society

IFRS 9 Financial Instruments was adopted on January 1, 2018. As permitted by the transition provisions of IFRS 9, an election was made to not restate prior period results; accordingly, all comparative period information is presented in accordance with the previous accounting policies. Adjustments to carrying amounts of financial assets and liabilities at the date of initial application (January 1, 2018) were recognized in opening undivided earnings.

Details of the impact of this standard are disclosed given in note 15.

#### (ii) Standards, amendments and interpretations to existing standards early adopted by the Society.

The Society did not early adopt any new revised or amended standards.

### c) Use of Estimates

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the credit union's accounting policies. It also requires the use of assumptions that affect the amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of these Financial Statements and the reported amounts of income and expenditure during the period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### d) Property, Plant and Equipment and Depreciation

Property, Plant and Equipment are recorded at cost and depreciation is computed on the reducing balance basis at rates which are considered sufficient to write off the cost of the assets over their estimated useful lives.

Upon disposal or retirement of assets, the cost and related depreciation are removed from the accounts and the gain or loss, if any, is reflected on the Statement of Comprehensive Income.

The depreciation rates are as follows:

Computer	- 25%
Furniture & Fixtures	- 12.5%
Equipment	- 20%
Land and Building (Maraval Road)	- 0%
Residential Improvements	- 5%



# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:

*Nardys*  
CHARTERED ACCOUNTANTS

## e) Financial Assets

The Society classifies its investment financial assets as, amortised cost (2017: held-to-maturity financial assets), fair value through other comprehensive income (2017: available-for-sale financial assets) or fair value through profit or loss (2017: fair value through profit or loss and loans and receivables). The classification depends on the purpose for which financial assets were acquired or originated.

### Amortised cost (2017: held-to-maturity financial assets and loans and receivables)

Financial assets measured at amortised cost include corporate bonds, notes, repurchase agreements and fixed deposits.

These are financial assets with fixed or determinable payments and fixed maturity that the Society has the intent and ability to hold to maturity. They are initially measured at cost, being the fair value plus the transaction cost that are directly attributable to the acquisition of the instrument.

All non-trading financial liabilities and financial assets measured at amortised cost are subsequently measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortization of premiums and discounts are taken to the Statement of Other Comprehensive Income.

### Fair Value through profit or loss (2017: fair value through profit or loss and loans and receivables)

Certain equity instruments and receivables (for example trade receivables) are classified as fair value through profit or loss.

The equity instruments are either acquired for generating a profit from short-term fluctuations in price, or are securities included in a portfolio in which a pattern of short-term profit taking exists. These instruments are initially measured at fair value plus transaction costs that are directly attributable to their acquisition.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value, based on their quoted market price at the reporting date without any deduction for transaction costs or their recoverable value. Gains and losses both realised and unrealised, arising from the change in the fair value of equity instruments at fair value through profit or loss are recognised in net surplus for the year.

### Fair value through other comprehensive income (2017: available-for-sale)

Financial assets measured at fair value through other comprehensive income includes certain equity instruments, corporate bonds, notes and repurchase agreements.

These financial assets are investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables.

These financial assets are initially recognised at fair value plus transaction cost that are directly attributable to their acquisition.

After initial recognition, investments which are classified as "fair value through other comprehensive income" are measured at fair value with unrealized gains or losses on revaluation recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative loss or gain previously reported in the capital reserve is included in the Statement Other Comprehensive Income.



# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

## f) Impairment

### Financial assets

At the reporting date, the Society assess on a forward-looking basis, the credit losses associated with its financial assets measured at amortised cost and fair value through other comprehensive income (excluding equity instruments).

The Society measures loss allowances on its debt instruments at an amount equal to lifetime credit losses, except in the following cases, for which the amount recognized is 12 months credit losses.

For receivables the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

See note 2(h) for details of credit losses recognition on loans to members.

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

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

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

All impairment losses are recognized in the Statement of Other Comprehensive Income. Any cumulative loss in respect of investments measured at fair value through other comprehensive income (2017: an available for sale financial asset) recognized previously in equity is transferred to the profit or loss.

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

### Non-financial assets

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.





# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:

*Nardys*  
CHARTERED ACCOUNTANTS

## g) Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of change in value. These are shown at cost, which is equivalent to fair value.

Cash and cash equivalents also comprise cash balances which are payable on demand and deposits with maturities of three (3) months or less from the date of acquisition. Bank overdrafts are disclosed as current liabilities.

## h) Loans to Members

Member loans are initially measured at cost, net of loan origination fees and inclusive of transaction costs incurred. They are subsequently measured at amortised cost, using the effective interest rate method, less any impairment losses. Loans to members are reported at their recoverable amount representing the aggregate amount of principal, less any allowance or provision for impaired loans.

Impairment provisions for loans to members are recognized based on the three stage approach within IFRS 9 as follows:

### Stage 1 represents 12 month expected credit losses (gross interest)

- Applicable when there is no significant increase in credit risk
- Entities continue to recognize 12 month expected losses that are updated at each reporting date
- Presentation of interest on a gross basis

### Stage 2 represents lifetime expected credit losses (gross interest)

- Applicable in case of significant increase in credit risk
- Recognition of lifetime expected losses
- Presentation of interest on gross basis

### Stage 3 represents - lifetime expected credit losses (net interest)

- Applicable in case of credit impairment
- Recognition of lifetime expected losses
- Presentation of interest on net basis

## i) Members' Deposits

Members' deposits are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument. Members' deposits are subsequently measured at amortised cost, using the effective interest rate method.

## j) Members' Shares

Members' shares are classified as Long Term Liability and stated at fair value. In accordance with the Society's bye-laws each member, not being a minor, shall purchase at least one [1] ordinary share valued at five dollars [\$5.00] each. Members can withdraw all or any portion of their unencumbered shares from the Society at any time.

Members' shares are classified as financial liabilities under the International Accounting Standard (IAS) 32 Financial Instruments: Disclosure and Presentation and are measured at par value.

Dividends are paid on an annual basis at rates that are determined at the Annual General Meeting of members of the Society. Dividends are calculated based on the monthly minimum share balance of each active member of the Society and distributed via additional shares and credits to members' deposits.



# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:

*Nardys*  
CHARTERED ACCOUNTANTS

## k) Revenue Recognition

### (i) Loan Interest

Interest charged on all loans to members is calculated between 0.50% to 1.5% per month on the outstanding balance at the end of each month, these are in accordance with Section 51 of the Bye-laws and the Loan Policy.

Loan interest is accounted for on a cash basis which is the acceptable standard practice for this industry and acceptable under the Co-operative Societies Act. This basis is a departure from IAS 1 which requires that an entity prepare its Financial Statements, except for the cash flow information, using the accrual basis of accounting.

Interest on non-performing loans is not accrued or taken into income on an ongoing basis because there is doubt as to the recoverability of the loans. Income from non-performing loans is taken into income on a cash basis, but only after specific provisions for losses have been made.

For non-performing loans, specific provisions are made for the unsecured portion of the loan. The amount of the provision is dependent upon the extent of the delinquency.

### (ii) Investment Income

Income from investments is accounted for on the accruals basis except for dividends, which are accounted for on a cash basis, consistent with International Financial Reporting Standards (IFRS 15).

## l) Dividends payable to Members

Dividends are calculated using the weighted average method, which presumes that the Society had the benefit of the smallest share month value for the longest period. Thus the highest weight is applied to the lowest and vice versa. Dividends that are proposed and declared after the Statement of Financial Position date are not shown as a liability in accordance with IAS #10.

## m) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad & Tobago dollars at rate of exchange ruling at the Statement of Financial Position date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Statement of Other Comprehensive Income.

## n) Provisions

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

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

## o) Comparative Figures

Where necessary, comparative amounts have been adjusted to conform with changes in presentation in the current year.



# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:



### 3 FINANCIAL RISK MANAGEMENT

The Society's activities expose itself to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or a combination of risks. Taking risks is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Credit Union's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Credit Union's financial performance.

The Credit Union's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risk and adherence to limits by means of reliable and up-to-date information systems. The Credit Union periodically reviews its risk management policies and systems to reflect changes in products and emerging best practice.

Risk Management is carried out by the Credit Committee under policies approved by the Board of Directors.

The Credit Committee identifies and evaluates financial risks in close co-operation with the Credit Union's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate and credit risk. In addition, the Supervisory Committee is responsible for the independent review of risk management and the control environment. The most important type of risks are credit risks and other operational risks.

#### (i) Credit Risk

The Credit Union takes on exposure to credit risk, which is the risk that a member(s) will cause a financial loss for the Credit Union by failing to discharge an obligation.

##### Management of Risk

Credit risk is the most important risk for the credit union's business which principally arises in lending activities that lead to loans and other financing. The credit risk management and control are reported to the Board of Directors regularly. In order to effectively manage credit risk, the following are considered;

- a) Proper judgement of the creditworthiness of the member when analyzing the loan application
- b) Adequate collateral held as security for funds advanced
- c) Maintenance of a strict and aggressive collection policy
- d) Monthly review of the risk ratios for the management of credit risk
- e) Maintenance of a prudent loan provisioning policy
- f) Monitor exposures against limits to any one member
- g) The Credit Committee to be informed of any large exposures to any one borrower or borrower group in default
- h) The information technology system for reporting, monitoring and controlling risks is properly maintained and updated
- i) Regular reporting to the Board of Directors on the performance of the loan portfolio

#### (ii) Interest Rate Risk

The interest rate risk arises from the possibility that changes in market rates will affect future cash flows or the fair values of financial instruments externally and held internally by its members. The credit union is exposed to interest rate risks on annuity, fixed deposits and money market investments that can experience fluctuations on interest rates currently or upon reinvestment after maturity.

##### Management of Risk

The credit union should mitigate interest risk by setting interest rates on loans and other financing facilities taking into consideration the effects of an increase in funding cost during the short to medium term. Management is expected to monitor interest rate risks on these financial instruments and report on changes to the Statement of Financial Position and the Statement of Comprehensive Income.





# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:

*Nardys*  
CHARTERED ACCOUNTANTS

## (iii) Liquidity Risk

Liquidity Risk is the risk where the Credit Union will be unable to meet its payment obligations when they fall due under normal and stressed circumstances.

### Management of Risk

Through experience and monitoring, the Credit Union is able to maintain sufficient liquid resources to meet current obligations. The current asset ratio which compares current asset to current liabilities is 0.15 to 1. The largest of the current liability is Members' Deposits which has shown a consistent increase over the years suggesting that there is a greater tendency of members to save using this facility. This trend suggests a lesser possibility of any extraordinary call by the overall membership for these savings which can lead to undue stress on the Credit Union's Liquidity.

## (iv) Market Risk

The Credit Union is exposed to market risk, which is the risk that the fair values or future cash flows of invested financial instruments will fluctuate because of changes in market prices. Market risks arise from open positions in interest rates, equity prices, currency exchange rates and other market factors.

### Management of Risk

Management is entrusted with the responsibility to monitor this risk, however, no formal system is in place to effectively and specifically report on market changes and do sensitivity analysis on investments, considering future impact on cash flows on a systematic basis.

## (v) Foreign Currency Exchange Risk

The credit union is exposed to foreign exchange risk as a result of fluctuations in exchange rates, since it has financial assets that are denominated in the US dollar currency.

### Management of Risk

Management is responsible to monitor and report on changes that impacts on these financial assets.

## (vi) Operational Risk

Operational risk is the risk derived from deficiencies relating to the Society's information technology and control systems, as well as the risk of human error and natural disasters. The Society's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is trained on an on-going basis.

## (vii) Compliance Risk

Compliance risk is the risk of financial loss including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Inspector of Financial Institutions at Central Bank of Trinidad & Tobago, as well as by the monitoring controls applied by the Society.

## (viii) Reputation Risk

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



# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Society's accounting policies. See Note 2 (c).

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The Society makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognized in the Statement of Comprehensive Income in the period which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Financial Statements, are as follows:

- i) Whether investments are classified as held-to-maturity investments, available-for-sale or loans and receivables.
- ii) Whether leases are classified as operating leases or finance leases.
- iii) Which depreciation method for plant and equipment is used.

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

i) Impairment of Assets

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

ii) Property, Plant and Equipment

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



# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Wardys*  
CHARTERED ACCOUNTANTS

## 5 PROPERTY, PLANT AND EQUIPMENT

(i) Year Ended December 31, 2018 - The sum of \$10,873,242 is made up as follows:-

	Computers	Furniture & Fixtures	Equipment	Land & Building (Maraval Road)	Leasehold Improvement	Total
<b>Cost</b>						
At Jan. 1, 2018	\$ 603,444	\$ 638,515	\$ 499,407	\$ 9,876,347	\$ -	\$ 11,617,713
Additions	69,869	9,957	-	-	-	79,826
At Dec. 31, 2018	673,313	648,472	499,407	9,876,347	-	11,697,539
<b>Depreciation</b>						
At Jan. 1, 2018	289,700	262,940	101,703	-	-	654,343
Charge	91,168	48,191	30,595	-	-	169,954
At Dec. 31, 2018	380,868	311,131	132,298	-	-	824,297
<b>Net Book Value</b>						
At Dec. 31, 2018	\$ 292,445	\$ 337,341	\$ 367,109	\$ 9,876,347	\$ -	\$ 10,873,242

(ii) Year Ended December 31, 2017 - The sum of \$10,963,370 is made up as follows:-

	Computers	Furniture & Fixtures	Equipment	Land & Building (Maraval Road)	Leasehold Improvement	Total
<b>Cost</b>						
At Jan. 1, 2017	\$ 584,178	\$ 630,321	\$ 477,442	\$ 9,876,347	\$ -	\$ 11,568,288
Additions	55,794	11,714	21,965	-	-	89,473
Disposals	(36,528)	(3,520)	-	-	-	(40,048)
At Dec. 31, 2017	603,444	638,515	499,407	9,876,347	-	11,617,713
<b>Depreciation</b>						
At Jan. 1, 2017	207,103	210,553	69,073	-	-	486,729
Charge	93,441	53,237	32,630	-	-	179,308
Disposals	(10,844)	(850)	-	-	-	(11,694)
At Dec. 31, 2017	289,700	262,940	101,703	-	-	654,343
<b>Net Book Value</b>						
At Dec. 31, 2017	\$ 313,744	\$ 375,575	\$ 397,704	\$ 9,876,347	\$ -	\$ 10,963,370





# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY:



## 6 MEMBERS' LOANS

Members' loans are stated at principal outstanding, net of a provision for loan losses. The provision for loan losses is based on the Board of Directors' evaluation based on the expected credit loss method.

		2018	2017
Loans to Members	(i) below	\$ 85,447,486	\$ 76,911,772
Less: Provision for loan losses		(3,378,268)	(1,693,300)
		<u>\$ 82,069,218</u>	<u>\$ 75,218,472</u>
<b>Provision for loan losses:</b>			
Balance, beginning of the year		\$ 1,693,300	\$ 1,293,300
Impact of initial adoption of IFRS 9		1,279,628	-
Charge for the year		405,340	400,000
Balance, end of year		<u>\$ 3,378,268</u>	<u>\$ 1,693,300</u>

### (i) Loan to Members

The sum of \$85,447,486 is made up as follows:-

	2018	2017
General Loans	\$ 53,193,583	\$ 49,883,377
Mortgage Loans	5,543,238	6,036,630
Appliance Loans	36,513	38,085
Vehicle Loans	12,392,602	14,906,103
Food Voucher Loans	684,567	624,293
Special Loans	111,591	407,585
NPMC Computer Loans	178,570	229,372
Promotion Loans	12,675	12,675
Small Business Demand Loans	69,154	144,457
Line of Credit	2,346,043	2,544,741
Staff Loans	839,381	972,649
Future Cash Investment Loans	6,192	6,192
Appliance Promo	459,364	454,114
DSR Loans	265,538	379,730
Share Builder Loans	184,575	220,837
Savings Plus	-	50,932
NPMC Bank Pay Loan	9,123,900	-
	<u>\$ 85,447,486</u>	<u>\$ 76,911,772</u>



# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

## 7 (a) LONG-TERM INVESTMENTS

The sum of \$24,413,452 is made up as follows:-

	2018	2017
T&T Unit Trust Corporation- Income and Growth Fund	\$ 13,531,367	\$ 19,045,774
T&T Unit Trust Corporation - North American Fund	-	61,171
Shares- Co-operative CU League	10,000	10,000
Roytrin Mutual Fund	1,703,681	6,514,674
Shares- National Flour Mills	33,000	38,200
Royal Scandia (E.W.B)	77,837	82,386
Republic Bank (Income & Growth)	2,714,950	2,520,347
First Citizens Bank - I.P.O	1,368,787	1,289,408
Trinidad and Tobago NGL Limited	838,080	763,200
Towers Consortium Loan Notes	1,245,034	1,628,888
NIF – Series B	1,574,060	-
NIF – Series A	226,419	-
NCB Financial Services Limited	261,257	-
West Indian Tobacco Company Limited	211,823	-
Massy Holdings Limited	298,074	-
Agostini Limited	319,083	-
	<u>\$ 24,413,452</u>	<u>\$ 31,954,048</u>

## (b) SHORT-TERM INVESTMENTS

The sum of \$3,522,863 is made up as follows:-

	2018	2017
<b>Money Market Fund:</b>		
- Trinidad and Tobago Unit Trust Corporation	\$ 1,340,160	\$ 1,323,640
- Republic Bank Limited	60,903	60,127
<b>First Line Securities Oil Note</b>	2,121,800	2,060,000
	<u>\$ 3,522,863</u>	<u>\$ 3,443,767</u>

## 8 CASH AT BANK AND IN HAND

The sum of \$4,080,543 is made up as follows:-

	2018	2017
Cash in Transit	\$ 753,373	\$ 293,459
Republic Bank Limited – Current Account	2,878,911	2,901,138
JMMB Bank Limited	448,259	291,942
	<u>\$ 4,080,543</u>	<u>\$ 3,486,539</u>



# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

## 9 RECEIVABLES AND PREPAYMENTS

The sum of \$1,439,138 is made up as follows:-

	2018	2017
National Petroleum Marketing Company	\$ 824,343	\$ 926,108
Petrotrin Limited	-	4,027
NATPET	46,124	40,741
Other Receivables	487,970	388,599
Accrued Interest on Oil Notes	25,837	27,468
Prepayments	54,864	56,334
	<u>\$ 1,439,138</u>	<u>\$ 1,443,277</u>

## 10 PAYABLES AND ACCRUALS

The sum of \$301,049 is made up as follows:-

	2018	2017
Other Accrued Expenses	\$ 252,999	\$ 56,059
Audit Fees	28,000	25,000
Other Payables	20,050	26,606
Members' Payable	-	11,000
Standing Orders Payables	-	200
	<u>\$ 301,049</u>	<u>\$ 118,865</u>

## 11 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Key Management Personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Society.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

### Assets, Liabilities and Members' Equity

	2018	2017
Due from Directors, Committee Members and Key Management Personnel	<u>\$ 7,051,016</u>	<u>\$ 5,114,846</u>
Due to Directors, Committee Members and Key Management Personnel	<u>\$ 5,040,504</u>	<u>\$ 6,683,251</u>





# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: **Nardys**  
CHARTERED ACCOUNTANTS

*The attached notes and comments form an  
integral part of these Financial Statements*

## 12 FAIR VALUES

Fair Values is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

### a) Current Assets and Liabilities

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

### b) Members' Loans

Loans are net of specific provisions for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with Financial Statement amounts.

### c) Investments

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

## 13 CAPITAL RISK MANAGEMENT

The Society manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to members, whilst providing value to its members by offering loan and savings facilities. The Society's overall strategy remains unchanged from previous years.

The capital structure of the Society consists of equity attributable to members, which comprises reserves and undivided surplus.

## 14 MEMBERS' SAVINGS AND DEPOSIT ACCOUNTS

The sum of \$59,801,258 is made up as follows:-

	2018	2017
Regular Savings Deposit	\$ 570,022	\$ 551,204
Special Deposits	25,565,282	24,342,437
F.I.P Deposits	141,616	136,602
Standing Order Deposits	133,211	113,043
Members Fixed Deposits	33,391,127	34,767,000
	<u>\$ 59,801,258</u>	<u>\$ 59,910,286</u>



# NOTES TO THE Financial Statements

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Hardys*  
CHARTERED ACCOUNTANTS

## 15 IMPACT OF ADOPTION OF IFRS 9

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

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

	At December 31, 2017 (IAS 39)	Impact of IFRS 9 Impairment	At January 1, 2018 (IFRS 9)
<b>Assets</b>			
Loans to Members	\$ 75,218,472	(\$ 1,279,628)	\$ 73,938,844
<b>Members' Equity</b>			
Undivided Earnings	\$ 3,506,030	(\$ 1,279,628)	\$ 2,226,402



# PROJECTIONS

## STATEMENT OF FINANCIAL POSITION 2019

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

	<u>Budgeted</u> <u>2019</u>	<u>Audited</u> <u>2018</u>
<b><u>ASSETS</u></b>		
<b>Non-Current Asset</b>		
Property, Plant and Equipment	\$ 11,038,940	\$ 10,873,242
Members' Loans	92,496,002	82,069,218
Long Term Investments	27,690,260	24,413,452
<b>Total Non-Current Assets</b>	<b>131,225,202</b>	<b>117,355,912</b>
<b>Current Asset</b>		
Short-Term Investments	\$ 4,527,983	\$ 3,522,863
Inventory	42,461	53,076
Receivable and Prepayments	1,655,008	1,439,138
Cash at Bank and in Hand	1,740,480	4,080,543
<b>Total Current Asset</b>	<b>7,965,932</b>	<b>9,095,620</b>
<b>TOTAL ASSETS</b>	<b>\$ 139,191,134</b>	<b>\$ 126,451,532</b>
<b><u>MEMBERS' EQUITY AND LIABILITIES</u></b>		
<b>MEMBERS' EQUITY:</b>		
Investment Re-measurement Reserves	\$ 1,079,302	\$ 1,079,301
Reserve Fund	6,998,718	6,636,058
Education fund	1,003,727	1,168,552
Undivided Earnings	3,431,354	2,839,110
<b>Total Members' Equity</b>	<b>12,513,102</b>	<b>11,723,021</b>
<b>Non-Current Liabilities</b>		
Members' Share Balance	\$ 60,908,218	\$ 54,626,204
<b>Current Liabilities</b>		
Members' Savings and Deposit Accounts	\$ 65,446,665	\$ 59,801,258
Payable and Accruals	323,149	301,049
<b>Total Current Liabilities</b>	<b>65,769,814</b>	<b>60,102,307</b>
<b>TOTAL LIABILITIES</b>	<b>126,678,032</b>	<b>114,728,511</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 139,191,134</b>	<b>\$ 126,451,532</b>





# PROJECTIONS

## STATEMENT OF COMPREHENSIVE INCOME FOR 2019

PRESENTED BY: *Nardys*  
CHARTERED ACCOUNTANTS

	<u>Budgeted 2019</u>	<u>Audited 2018</u>
<b>INCOME:</b>		
Interest on Members' Loans	\$ 9,553,418	\$ 9,329,541
Investments Income	\$ 854,528	\$ 1,010,209
Other Income	\$ 342,500	\$ 186,395
<b>Total income</b>	<b><u>\$ 10,750,447</u></b>	<b><u>\$ 10,526,145</u></b>
<b>EXPENDITURE</b>		
Annual General Meeting	\$ 207,819	\$ 221,736
Special General Meeting	\$ 37,875	\$ -
Audit Fees	\$ 29,000	\$ 31,625
Bad Debts	\$ 202,696	\$ 405,340
Bank Charges	\$ 129,900	\$ 149,819
Car Park Lease Payments & Expenses	\$ 129,500	\$ 125,250
Co-operative Activities	\$ 86,000	\$ 92,627
Cuna Insurance Premiums	\$ 386,848	\$ 351,680
Depreciation	\$ 175,000	\$ 169,954
Directors' Expenses	\$ 266,400	\$ 276,254
Donation	\$ 20,000	\$ 14,569
Ex Gratia Payment	\$ 119,122	\$ 89,810
Insurances	\$ 76,443	\$ 76,539
League Dues	\$ 16,601	\$ 16,240
Legal and Professional Fees	\$ 195,028	\$ 167,845
Marketing Expenses	\$ 230,009	\$ 66,322
Members' Fixed Deposits Interest	\$ 1,385,698	\$ 1,526,291
Members' Premium Deposits Interest	\$ 850,863	\$ 957,526
Office Supplies	\$ 91,939	\$ 99,377
Postage	\$ 5,000	\$ 6,615
Printing and Stationery	\$ 43,468	\$ 45,756
Repairs and Maintenance	\$ 276,014	\$ 136,325
Salaries and Wages	\$ 1,563,477	\$ 1,370,217
Security Expenses	\$ 155,666	\$ 157,556
Staff Benefits	\$ 127,961	\$ 107,729
Staff Training and Development	\$ 70,000	\$ 41,102
Staff Uniforms	\$ 20,398	\$ 17,778
Sundry Committees	\$ 108,600	\$ 97,324
Telephone Expenses	\$ 79,733	\$ 72,662
Utilities	\$ 36,792	\$ 44,844
<b>Total expenses</b>	<b><u>\$ 7,123,852</u></b>	<b><u>\$ 6,936,712</u></b>
<b>Net surplus for the year</b>	<b><u>\$ 3,626,595</u></b>	<b><u>\$ 3,589,433</u></b>



# RESOLUTIONS

FOR THE YEAR ENDED  
DECEMBER 31, 2018

PRESENTED BY: *Hardys*  
CHARTERED ACCOUNTANTS

## **Dividends**

Be it resolved

- i. That in accordance with Bye-Law 54, dividends of 4.5% be approved and that 2% be credited to members' Share Account consistent with Bye-Law 54(a) for the year ended 31st December 2018.
- ii. That dividends due to members whose accounts have become delinquent be credited to their outstanding loans and interest balances.

## **Board of Directors Honorarium**

Be it resolved

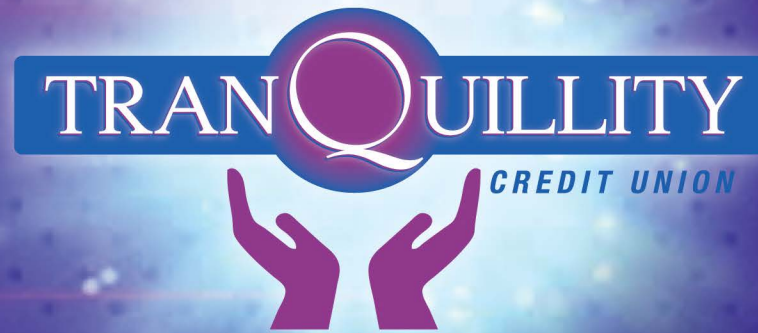
- i. That in accordance with Bye-Law 54 (c) the 68th AGM approves honorarium is the sum of \$50,000.00 to be distributed among the Board of Directors, Credit Committee and the Supervisory Committee for the period under review.

## **Appointment of Auditor**

Be it resolved

- i. That the firm Hardy's Chartered Accountants be retained as Auditors of the Tranquillity Credit Union Cooperative Society Limited for the fiscal year 2019.





#5 Maraval Road, Newtown, Port of Spain

Phone: (868) 628-9266/6466/3804

Fax: (868) 628-1847

Email: [info@tranquillitycu.com](mailto:info@tranquillitycu.com)

[www.tranquillitycu.com](http://www.tranquillitycu.com)

