



MOORE

**TRANQUILLITY CREDIT UNION CO-OPERATIVE SOCIETY
LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2023

Tranquillity Credit Union Co-operative Society Limited
Financial Statements
31 December 2023

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Tranquillity Credit Union Co-operative Society Limited

Statement of Managements' Responsibilities

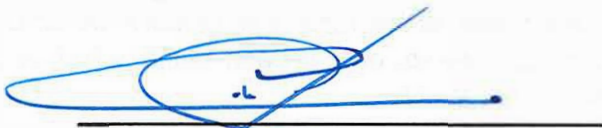
Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Tranquillity Credit Union Co-Operative Society Limited ("the Credit Union") which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Credit Union keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Credit Union's assets, detection/prevention of fraud, and the achievement of Credit Union 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 judgement in the determination of estimates.

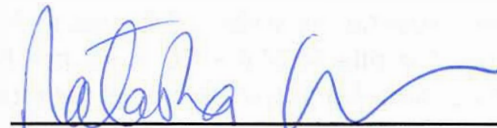
In preparing these audited financial statements, management utilised the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS presented alternative accounting 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 accompanying financial statements have been authorised for issue, if later.

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



Signed
Title: General Manager
Date: 27 September 2024



Signed
Title: Accountant Date:
27 September 2024



MOORE

Independent Auditors' Report

To the Members,

Report on the Audit of the Financial Statements of Tranquillity Credit Union Co-operative Society Limited

Opinion

We have audited the financial statements of Tranquillity Credit Union Co-operative Society Limited ("the Credit Union"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in members equity, and cash flows for the year then ended, and 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 Credit Union as at 31 December 2023 and financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3.8 Revenue Recognition on the notes to the Financial Statements which describes the effects of the Society's practice of recording loan interest on the 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 consists of the information included in the annual report other than the financial statements and our auditor's report thereon. The annual report was not made available to us before the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditors' Report (Continued)

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 IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditors Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report (Continued)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

San Juan
27 September 2024


Chartered Accountants

Tranquillity Credit Union Co-operative Society Limited
Statement of Financial Position
As at 31 December 2023

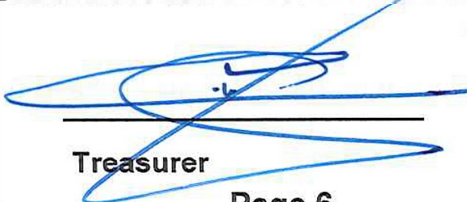
	<u>Note</u>	<u>2023</u> <u>TT\$</u>	<u>2022</u> <u>TT\$</u>
Assets			
Non-current assets			
Property and equipment	5	10,343,301	10,482,729
Members loans	6	83,878,990	81,994,338
Long term investments	7	<u>55,055,102</u>	<u>53,069,847</u>
Total non-current assets		<u>149,277,393</u>	<u>145,546,914</u>
Current assets			
Short-term investment	8	9,262,037	10,928,618
Inventory		1,270	3,772
Accounts receivables and prepayments	9	1,948,916	1,587,250
Cash at bank and in hand	10	<u>3,405,662</u>	<u>3,948,969</u>
Total current assets		<u>14,617,885</u>	<u>16,468,609</u>
Total assets		<u>163,895,278</u>	<u>162,015,523</u>
Members' equity and liabilities			
Members' equity			
Investment re-measurement reserve		(3,637,641)	(2,349,160)
Reserve fund		8,178,201	8,009,448
Education fund		914,302	1,101,124
Undivided earnings		<u>2,679,900</u>	<u>3,869,988</u>
Total members' equity		<u>8,134,762</u>	<u>10,631,400</u>
Non-current liabilities			
Gratuity fund		1,091,974	1,017,841
Members' share balances	11	<u>62,886,444</u>	<u>64,199,514</u>
Total non-current liabilities		<u>63,978,418</u>	<u>65,217,355</u>
Current liabilities			
Members' savings and deposit accounts	12	88,376,492	82,988,381
Accounts payables and accruals	13	3,395,805	3,178,387
Tax payable		9,801	-
Total current liabilities		<u>91,782,098</u>	<u>86,166,768</u>
Total liabilities		<u>155,760,516</u>	<u>151,384,123</u>
Total members' equity and liabilities		<u>163,895,278</u>	<u>162,015,523</u>

The notes on pages 16 to 41 form an integral part of these financial statements.

On 27 September 2024 the Board of Directors authorized these financial statements for issue.



 President



 Treasurer



 Supervisory Committee

Tranquillity Credit Union Co-operative Society Limited
Statement of Comprehensive Income
Year Ended 31 December 2023

Income	Note	2023 TT\$	2022 TT\$
Interest on members loans		8,515,114	8,788,714
Investment income		1,684,502	1,397,075
Other (loss)/income		377,769	(382,826)
Total income		<u>10,577,385</u>	<u>9,802,963</u>
Expenditure			
Annual General and Special Meetings		289,571	167,300
Bank Charges		139,372	151,620
Co-operative Activities		228,343	87,650
Cuna Insurance Premiums		361,994	364,565
Depreciation		325,167	332,927
Directors' Expenses		256,245	252,671
Donations		31,625	60,950
Staff Bonus		99,572	96,655
Green Fund Levy		31,734	26,993
Gratuity Expense		74,133	47,991
Insurance		90,648	90,926
League Dues		16,241	16,241
Legal and Professional Fees		310,498	411,427
Marketing Expenses		174,137	147,333
Members' Fixed Deposit Interest		2,021,250	2,181,447
Members' Premium Deposit Interest		1,164,186	1,051,171
Office Supplies		122,342	97,068
Postage		7,128	3,400
Printing and Stationery		79,580	57,966
Rental		168,460	158,284
Repairs and Maintenance		216,500	199,580
Salaries and Wages		1,834,215	1,568,045
Security Courier		149,409	149,929
Sports & family Day		259,286	-
70th Anniversary Gala		400	445,939
Staff Benefits		180,540	110,743
Staff Training and Development		37,342	44,136
Sundry Committees		108,272	107,153
Telephone Expenses		88,088	71,695
Utilities		39,176	35,220
Total		<u>8,905,454</u>	<u>8,537,025</u>
Surplus		<u>1,671,931</u>	<u>1,265,938</u>
Other comprehensive income			
Unrealised gain on financial assets		2,157,214	1,192,661
Unrealised loss on financial assets		(3,445,695)	(5,905,486)
Total comprehensive income		<u>383,450</u>	<u>(3,446,887)</u>

The notes on pages 16 to 41 form an integral part of these financial statements.

Tranquillity Credit Union Co-operative Society Limited
Statement of Changes in Members' Equity
Year Ended 31 December 2023

	Investment Re-measurement Reserve	Reserve Fund	Education Fund	Undivided Earnings	Total
	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>
Balance at 01 January 2023	(2,349,160)	8,009,448	1,101,124	3,869,988	10,631,400
Net surplus for the year	-	-	-	1,671,931	1,671,931
Other comprehensive income	(1,288,481)	-	-	-	(1,288,481)
Transfer to the reserve fund	-	167,193	-	(167,193)	-
Transfer to the education fund	-	-	83,597	(83,597)	-
Entrance fees to reserve fund	-	1,560	-	-	1,560
Education expenses	-	-	(270,419)	-	(270,419)
Honorarium	-	-	-	(60,000)	(60,000)
Dividends paid -2022	-	-	-	(2,551,229)	(2,551,229)
Balance at 31 December 2023	<u>(3,637,641)</u>	<u>8,178,201</u>	<u>914,302</u>	<u>2,679,900</u>	<u>8,134,762</u>
Balance at 1 January 2022	2,363,665	7,881,554	1,460,170	5,948,964	17,654,353
Net surplus for the year	-	-	-	1,265,938	1,265,938
Other comprehensive income	(4,712,825)	-	-	-	(4,712,825)
Transfer to the reserve fund	-	126,594	-	(126,594)	-
Transfer to the education fund	-	-	63,297	(63,297)	-
Entrance fees to reserve fund	-	1,300	-	-	1,300
Education expenses	-	-	(422,343)	-	(422,343)
Honorarium	-	-	-	(60,000)	(60,000)
Dividends paid – 2019 & 2020	-	-	-	(3,095,023)	(3,095,023)
Balance at 31 December 2022	<u>(2,349,160)</u>	<u>8,009,448</u>	<u>1,101,124</u>	<u>3,869,988</u>	<u>10,631,400</u>

The notes on pages 16 to 41 form an integral part of these financial statements

Tranquillity Credit Union Co-operative Society Limited
Statement of Cash Flows
Year Ended 31 December 2023

	2023	2022
	TT\$	TT\$
Cash flow from operating activities		
Surplus for the year	1,671,931	1,265,938
<u>Adjustments:</u>		
Depreciation	325,167	332,927
Loss on disposals of property, plant, and equipment	-	-
Net movement in the investment re-measurement reserve	<u>(1,288,481)</u>	<u>(4,712,825)</u>
	708,617	(3,113,960)
Changes in:		
Inventory	2,503	(120)
Members' loans	(1,884,652)	3,027,889
Receivables and prepayments	(361,666)	(487,120)
Payables and accruals	217,417	1,272,244
Members' savings and deposit accounts	5,388,111	1,098,515
Taxation payable	9,802	(32,015)
Gratuity fund payable	74,132	47,991
Net cash generated from operating activities	<u>4,154,264</u>	<u>1,813,424</u>
Investing activities		
Net movement in long term investments	(1,985,255)	7,226,036
Additions to property, plant, and equipment	<u>(185,739)</u>	<u>(328,667)</u>
Net cash used in investing activities	<u>(2,170,994)</u>	<u>6,897,369</u>
Financing activities		
Increase in members' shares	(1,313,070)	(1,519,978)
Reserve fund	1,560	1,300
Education fund expenses	(270,419)	(422,343)
Honorarium paid	(60,000)	(60,000)
Dividends paid	<u>(2,551,229)</u>	<u>(3,095,023)</u>
Net cash provided by financing activities	<u>(4,193,158)</u>	<u>(5,096,044)</u>
Decrease in cash and cash equivalents	(2,209,888)	3,614,749
Cash and cash equivalents at the beginning of the year	14,877,587	11,262,838
Cash and cash equivalents at the end of the year	<u>12,667,699</u>	<u>14,877,587</u>
Represented by:		
Cash at bank and in hand	3,405,662	3,948,969
Short-term investments	<u>9,262,037</u>	<u>10,928,618</u>
	<u>12,667,699</u>	<u>14,877,587</u>

The notes on pages 16 to 41 form an integral part of these financial statements.

Tranquillity Credit Union Co-operative Society Limited
Statement of Receipts and Payments
Year Ended 31 December 2023

	2023	2022
	TT\$	TT\$
Receipts		
A.G.M. Expenses	2,500	6,235
Accrued Interest on Oil Notes	63,654	63,654
Ach Clearing Account	368,951	-
Appliance Loans	21,976	-
Appliance Promo Loans	37,597	11,875
Bank Charges Jmmb Bank	73	-
Bank Charges Rbl Bank	14	6
Beautification Expenses	718	-
Beneficiary Account Payable	17,154	56,141
Board Expenses	520	729
Carpark Rental/Expense	-	10,125
Computer (Cost)	15,918	-
Computer Loan Interest - Np Staf	23,914	16,025
Co-Operative Activities	18,120	727
Cuna Fip Members' Receivables	528	-
Cuna Fip Payables	-	2,082
Debit Card Deposits	3,342,083	4,281,959
Deposits	320,827	340,378
Dividend Ngl Shares	-	24,480
Dividends From Agostini Ltd	5,454	4,773
Dividends From Angostura Ltd	3,500	3,600
Dividends From Ansa Mcal Ltd.	8,100	8,100
Dividends From Massy Holding Ltd	20,079	19,889
Dividends From Nel	31,214	-
Dividends From Sbtt Ltd.	6,300	6,900
Dividends From Wi Tobacco	5,199	9,466
Dividends On Fcgfh Shares	104,612	74,824
Donations	-	1,000
Dsr Loans	392,847	462,179
Education Expenses	2,000	878
Entrance Fee	1,040	1,060
F.I.P. Deposits	212,859	165,098
Fcb Receivables	909,056	636,532
Fcbas Nif -Series A	225,120	-
Fip Death Benefit Receivables	490,000	534,504
First Citizens Group Financial Holdings Shares	-	1,399,400
First Line Securities Loan Notes Tocl	449,660	456,400
Firtal (Card Services)	5,217	-
Food Voucher Loans	307,415	107,204
Food Voucher Service Charge	36,365	33,525
Future Cash Investment Interest	897	-
Future Cash Investment Loans	3,450	-
Gala 70th Anniversary Dinner Income	-	8,700

Tranquillity Credit Union Co-Operative Society Limited
Statement of Receipts and Payments
Year Ended 31 December 2023

	2023	2022
	<u>TT\$</u>	<u>TT\$</u>
Receipts (Continued)		
General Loans	7,112,809	7,167,103
Group Health Plan Deposits	265,099	190,519
Health Surcharge Payable	495	363
Home Mortgage Bank (Samaan Tree Fund)	3,500,000	10,000,000
Interest from First Line Securities loan Notes-Tccl	75,044	123,936
Interest from Kcl Capital Marker Brokers Ltd-Nipdec	-	15,902
Interest from Nif Bonds -A	8,960	5,040
Interest from Nif Bonds -B	85,044	42,522
Interest on Appliance Loans	912	-
Interest on Appliance Promo Loans	4,868	6,434
Interest on Computer Loans	455	553
Interest on Dsr Loans	54,033	27,303
Interest on General Loans	1,518,723	1,259,114
Interest online of Credit Loans	29,591	29,793
Interest on Long Term Loans	100,405	68,780
Interest on Nmpc Cola Loans	-	110
Interest on Other Investments	15,954	71,012
Interest on Republic Money Marke	7,232	-
Interest on Savings Plus Loans	1,798	4,251
Interest on Share Builder Loans	3,867	-
Interest on Small Business Loans	1,289	-
Interest on Special Loans	208	5,540
Interest on Vehicle Loans	237,890	195,909
Janitorial Services	157	1,854
Kcl Capital Market Brokers Ltd-Nipdec	-	822,242
Legal & Professional Fees	-	10,369
Lfctt	236,694	152,009
Line Of Credit Loans	306,996	329,602
Marketing Expense	14,827	1,377
Member Control Account	394,443	-
Members' Fixed Deposits	-	120,000
Member's Mobile Top-Up	-	222
Members' Payable	50,639	124,294
Members' Shares	2,855,022	2,883,157
Mortgage Loans	98,296	213,159
N.F.M Dividend	600	-
N.I.S Payable	19,485	-
National Petroleum Company	19,239,906	21,953,425
Natpet	1,097,711	1,082,501
Non-Statutory Committees Exp.	386	229
Npmc Computer Loans	11,546	29,949
Npmc-Cola Loans	-	11,836
Office Supplies	3,800	2,029
Other Accrued Expenses	32,700	15,330
Other Income	66,033	54,989

Tranquillity Credit Union Co-Operative Society Limited

**Statement of Receipts and Payments
Year Ended 31 December 2023**

	2023	2022
	<u>TT\$</u>	<u>TT\$</u>
Receipts (Continued)		
Other Payables	5,753	-
Other Receivables	2,511,021	1,640,120
Overages/Shortages	1,546	2,542
Paye Payable	24,727	8,593
Postage	1,302	150
Premium Deposits	27,292,471	22,667,757
Printing And Stationery	-	653
Repairs & Maintenance General	7,526	-
Republic Bank (Money Market)	7,499	-
Salaries & Wages	1,900	-
Savings Plus Loans	17,664	32,113
70th Anniversary Activities	2,200	32,504
Share Builder Loans	17,143	-
Small Business/Demand Loans	12,951	-
Special Loans	2,489	14,393
Sports & Family Day	3,000	-
Staff Incentives	467	986
Staff Training and Development	1,868	-
Standing Order Deposits	126,912	101,164
Standing Orders Payable-Ghp	198,255	-
Telephone	5,000	2,752
Unit Trust Growth & Income fund	700,000	16,413,029
Vehicle Loans	2,037,408	1,277,983
Visa Debit Card Income	6,900	8,143
W.O.C.C.U / C.C.C.U Conference	-	<u>3,628</u>
Total Receipts	<u>77,894,849</u>	<u>97,977,715</u>

The notes on pages 16 to 41 form an integral part of these financial statements.

Tranquillity Credit Union Co-Operative Society Limited
Statement of Receipts and Payments
Year Ended 31 December 2023

	2023	2022
	<u>TT\$</u>	<u>TT\$</u>
Payments		
Annual General Meeting Expenses	279,737	173,390
Air-Condition Cost	1,207,859	-
Application Loans	28,244	-
Appliance Promo Loans	27,842	37,265
Audit Fees	41,344	35,437
Bank Charges JMMB	44,072	66,962
Bank Charges Republic Bank Limited	71,679	68,552
Beautification Expenses	15,001	14,283
Beneficiary Account Payable	135,078	186,498
Board Allowance	-	265
Board Expenses	20,457	19,024
Building Improvement Cost	102,223	-
Carpark Rental	168,425	168,325
Computer Cost	88,280	75,372
Computer Service Expenses	61,788	40,592
Co-Operative Activities	195,720	43,849
Credit Committee Expenses	3,162	1,005
Cuna Family Indemnity Plan	445,784	544,790
Cuna LP & LS Insurance	1,266	-
Debit Card Deposits	8,850,754	9,875,623
Deposits	527,369	661,741
Depreciation	1,350	-
Dividends Payable	-	1,528
Donations	31,625	61,950
DSR Loans	-	88,159
Education Expenses	235,194	172,071
Electricity	34,551	17,294
Equipment Rental	14,231	24,803
F.I.P. Death Benefit Receivable	130,000	325,006
F.I.P. Deposits	13,752	33,482
First Citizens receivables	43,409	-
First Citizens Group Financial Holdings Shares	-	2,000,000
First Line Securities Loan Notes - TCCL	-	-
Firstline Securities Loan Notes VI Series A	-	2,000,000
Firstline Securities Loan Notes VI Series B	-	1,941,156
FIRTAL (Card Services)	101	-
Food Voucher Loans	27,610	-
Food Vouchers Inventory	50,000	-
Furniture, Fixtures, And Fittings Cost	-	70,237
70th Anniversary Activities	-	487,758
General Insurance	67,181	8,136
General Loans	2,202,952	679,573
Gia Card Payment Charge	100	-
Green Fund Levy Payable	21,932	54,539

Tranquillity Credit Union Co-Operative Society Limited
Statement of Receipts and Payments
Year Ended 31 December 2023

	2023	2022
	<u>TT\$</u>	<u>TT\$</u>
Payments (Continued)		
Green Fund Levy Taxes	-	4,470
Group Health Plan Deposits	10,189	4,467
Group Life Insurance Expenses	285	20,062
Health Surcharge Payable	5,891	11,034
Home Mortgage Bank – Samaan Fund	1,000,000	14,000,000
Interest of Computer Loans	-	27
Interest on General Loans	-	-
Interest online of Credit	3,676	88
Janitorial Service Expenses	37,036	30,946
KCL Capital Market Brokers Ltd -Nipdec	318,609	822,242
League Fees	16,241	16,240
Legal And Professional Fees	245,478	407,008
Line of Credit	1,805,429	1,424,742
Marketing Expense	194,439	137,706
Massy Food Stores (Vouchers)	100,000	107,000
Massy Holdings Ltd Shares	-	1
Medical (Employer's Contribution)	5,967	3,000
Member Control Account	30,000	3,036
Members' Fixed Deposit	-	120,000
Members' Mobile Top-Up	35,000	35,889
Members' Payable	14,716	201
Members' Shares	713,316	268,898
Miscellaneous Expenses	-	878
Mortgage Loans	-	214,226
N.I.S Payable	212,633	166,993
National Petroleum Company Ltd	-	90
Nel Shares	380,418	-
Non-Statutory Committees	11,710	3,837
NPMC Computer Loans	13,268	69,306
Office Equipment Cost	6,400	69,079
Office Supplies	50,646	35,409
Other Accrued Expenses	687,228	564,203
Other Income	14,880	6,176
Other Payables	1,653,628	-
Other Receivables	331,274	1,081
Overages / Shortages	1,086	3,010
PAYE Payable	170,093	95,448
Pension (Employer's Contribution)	59,604	66,335
Postage	8,130	3,550
Premium Deposits	48,951,863	46,640,088
Prepayments	-	207,851
Pricesmart Supermarket Limited	156,500	174,500
Printing And Stationery	79,362	59,555
Processing Fees-Loans	3,898	2,232

Tranquillity Credit Union Co-Operative Society Limited
Statement of Receipts and Payments
Year Ended 31 December 2023

	2023	2022
	<u>IT\$</u>	<u>IT\$</u>
Payments (Continued)		
Rates And Taxes	4,907	17,925
Relocation Expenses	-	1,100
Relocation Expense	-	104,276
Repairs And Maintenance - General	58,466	30,195
Republic Bank (Money Market)	147,660	-
Salaries And Wages	13,780	20,889
Salaries Payable	46,027	74,160
Security Courier	1,406	-
Security Property	9,039	-
70 th Anniversary Activities	-	-
Special Meeting Expenses	34,036	-
Sports And Family Day	257,131	-
Staff Incentives	13,915	6,552
Staff Training and Development	39,030	36,076
Staff Travelling and Allowance	179	-
Standing Order Deposits	313,851	327,584
Standing Orders Payable – Group Health Plan	1,018,222	763,000
Storage Container Improvement (Cost)	-	84,037
Storage Expense	-	3,636
Supervisory Allowance	313	-
Supervisory Expenses	2,057	1,254
Sure Pay Payable	23,030	-
TCL Shares	243,485	-
Telephones	78,624	67,824
Unit Trust Growth and Income Fund	3,400,000	10,200,000
Vehicle Loans	10,107	1,063,278
Visa Debit Card Income	9	53
Xtra Foods Supermarket (Vouchers)	226,917	186,317
Total Payments	<u>78,461,156</u>	<u>98,767,725</u>
Cash in transit:		
Replacement cheques & cash		
Opening Balance	3,948,969	4,738,979
Total Receipts	77,894,849	97,977,715
Less: Payments	(78,461,156)	(98,767,725)
Closing Balance	<u>3,382,662</u>	<u>3,948,969</u>
<u>Represented by:</u>		
Cash in Hand and at Bank	<u>3,382,662</u>	<u>3,948,969</u>

The notes on pages 16 to 41 form an integral part of these financial statements.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

1. General information

Tranquillity Credit Union Co-operative Society Limited (“the Credit Union”) was registered under the Co-operative Societies Act 81:03 on 7 November 1952. The registered office of the Credit Union is located at 5 Maraval Road, Newtown, Port of Spain. The objective of the Credit Union is to promote the economic welfare of its members, self-help, and co-operation and to support the development of co-operative ideas.

2. Adoption of new and revised International Financial Reporting Standards

2.1 New standards and amendments effective in the period on or after 1 January 2023

The following standards and amendments have become effective for the annual periods commencing on or after 1 January 2023.

- ❖ *Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39 - Interest Rate Benchmark Reform – Phase 2*
- ❖ *Amendments to IFRS 16 - Covid-19-Related Rent Concessions*

Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 & IAS 39 Interest Rate Benchmark Reform – Phase 2

As a result of these amendments, among other matters, an entity:

- will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

Amendments to IFRS 16 ‘Leases’ Covid-19 Related Rent Concessions

Amendments to IFRS 16 ‘Leases’ provide a practical expedient that permits lessees to account for the rent concessions, that occur as a direct consequence of the COVID - 19 pandemic and meets specified conditions, as if they were not lease modifications.

The amendment is effective 1 June 2022.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.1 New standards and amendments effective in the period on or after 1 January 2023 (continued)

Amendments to IFRS 16 'Leases' Covid-19 Related Rent Concessions beyond 30 June 2023

This amendment extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2023, provided the other conditions for applying the practical expedient are met.

The amendment is effective 1 April 2023. Earlier application is permitted, including in financial statements not authorised for issue at the date this Standard was issued. Where an entity early adopts Covid-19-Related Rent Concessions then they shall disclose that fact (including the requirements in the paragraph above) and provide the additional disclosures.

2.2 New standards and amendments issued but not yet effective for years ending 31 December 2023

Amendments to IFRS 16 'Leases' provide a practical expedient that permits lessees to account for the rent concessions, that occur as a direct consequence of the COVID - 19 pandemic and meets specified conditions, as if they were not lease modifications. Although, the amendment is applicable for annual periods commencing on or after 1 June 2023.

- ❖ *Amendments to IFRS 16 - Covid-19-Related Rent Concessions*
- ❖ *IFRS 17 - Insurance Contracts*
- ❖ *Amendments to IAS 1 - Classification of Liabilities as Current or Non-current*
- ❖ *Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use*
- ❖ *Amendments to IFRS 3 - Reference to the Conceptual Framework*
- ❖ *Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract*
- ❖ *Annual Improvements to IFRS Standards 2018–2023*
- ❖ *Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture*
- ❖ *Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*
- ❖ *Amendments to IAS 8 - Disclosure of Accounting Policies and Definition of Accounting Estimates.*

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 New standards and amendments issued but not yet effective for years ending December 31, 2023 (continued)

- ❖ *Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction*

Amendments to IFRS 16 'Leases' Covid-19 Related Rent Concessions beyond 30 June 2023

This amendment extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2023, provided the other conditions for applying the practical expedient are met. The amendments are applicable for annual periods commencing on or after 1 April 2023.

IFRS 17 'Insurance contracts' establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. IFRS 17 is effective for annual periods commencing on or after 1 January 2023.

Amendments to IAS 1 'Presentation of financial statements' clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 1 January 2023.

Amendments to IAS 16 'Property, plant and equipment' require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset. The amendments are applicable for annual periods commencing on or after 1 January 2023.

Amendments to IFRS 3 'Business combinations' update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are applicable for annual periods commencing on or after 1 January 2023.

Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify the costs that an entity includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 1 January 2023.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 New standards and amendments issued but not yet effective for years ending December 31, 2023 (continued)

Annual Improvements to IFRS Standards 2018–2023 amend:

- IFRS 1 to simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
- IFRS 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
- IFRS 16 illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements.
- IAS 41 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in other accounting standards.

The amendments are applicable for annual periods commencing on or after 1 January 2023.

Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates' clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. Otherwise, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments have been deferred until IASB has finalised its research project on the equity method.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 New standards and amendments issued but not yet effective for years ending December 31, 2023 (continued)

Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates modify:

- IFRS 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- IAS 1, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- IAS 8, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- IAS 34, to identify material accounting policy information as a component of a complete set of financial statements; and
- IFRS Practice Statement 2 Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to Deferred tax related to assets and liabilities arising from a single transaction modify IAS 12 to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.

The Standard amends IFRS 1 to require deferred tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to International Accounting Standards, despite the exemption set out in IAS 12.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

3. Significant accounting policies

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

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRIC interpretations. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments.

3.2 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 accounting policies selected for use by the Credit Union. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in relevant notes. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

3.3 Foreign currency translation

The Credit Union has determined the Trinidad and Tobago Dollar (TTD) as its functional currency, as this is the currency of the economic environment in which the Credit Union predominantly operates. The functional currency is also the presentation currency of the Credit Union.

Translation of transactions and balances in foreign currencies to functional

Transactions in currencies other than TTD are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in profit or loss.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

3. Significant accounting policies (continued)

3.3 Foreign currency translation (continued)

When consideration is paid or received in advance, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

3.4 Property and equipment

Land and buildings are stated in the statement of financial position at their revalued amounts, being the fair value on the basis of their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic conditions benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised as a loss in the Statement of Comprehensive Income, to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Other property and equipment are stated at historical cost. The residual values and useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

3. Significant accounting policies (Continued)

3.4 Property and equipment (continued)

Depreciation on revalued buildings is recognised in the statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Land is not depreciated. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the reducing balance method on the following bases:

The depreciation rates used are as follows:

▪ Furniture and fixtures	–	12.5%
▪ Computer equipment	–	25%
▪ Equipment	–	20%
▪ Leasehold improvements	–	5%
▪ Buildings	–	2%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

3.5 Accounts receivables and prepayments

Accounts receivables and prepayments are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the credit union will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

3.6 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at bank. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

3.7 Provisions

Provisions are recognised when the Credit Union has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

3. Significant accounting policies (Continued)

3.8 Revenue recognition

Interest charged on all loans to members is calculated between 0.5% to 1.5% per month on the outstanding balance at the end of the 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 cashflow information, using the *accrual basis of accounting*.

Interest on non-performing loan 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 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 provision is dependent upon the extent of delinquency.

3.9 Members' share account

In accordance with existing International Financial Reporting Standards (IFRS) and given the substance and the nature of members' shares, this balance is accounted for as a liability and not as capital of the Credit Union.

3.10 Loans to members

Loans to members are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3.11 De-recognition of financial assets

The Credit Union derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Credit Union recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Credit Union retains substantially all the risks and rewards of ownership of a transferred financial asset, the Credit Union continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

3. Significant accounting policies (Continued)

3.12 Investments – financial assets

The Credit Union classifies its financial assets into the following categories: investment securities at fair value through profit and loss, investment securities available for sale, investment securities held to maturity and loans and advances to customers. Management determines the classification of its financial assets at initial recognition.

Investment securities held for trading

Investment securities are classified as held for trading if they are either acquired or incurred principally for the purpose of selling in the short term or if they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Investment securities at fair value through profit and loss

Investment securities are designated at fair value through profit and loss when:

- The designation significantly reduces measurement inconsistencies that would arise from measuring the assets or recognising gains or losses on them on a different basis;
- Assets that are part of a group of financial assets are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis;
- Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit and loss.

Investment securities held at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the statement of comprehensive income. Investment securities at fair value through profit and loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of investment securities at fair value through profit and loss are included in net trading income in the year in which they arise. Interest earned is accrued in interest income according to the terms of the contract.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

3. Significant accounting policies (continued)

3.12 Investments – financial assets (continued)

Investment securities available for sale

Investment securities available for sale are those 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. Financial assets available for sale are initially recognized at fair value plus transaction costs and are subsequently carried at fair value.

Gains or losses arising from changes in the fair value are recognized in other comprehensive income until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in other comprehensive income is recognized in the statement of comprehensive income. However, interest calculated using the effective interest method and foreign currency gains and losses on financial assets classified as available for sale are recognized in the statement of comprehensive Income.

Investment securities held to maturity

Held to maturity investment securities are non-derivative financial assets with fixed or determinable payments and fixed maturities where management has the positive intention and the ability to hold to maturity. Held to maturity investment securities are carried at amortized cost using the effective interest method, less any provision for impairment. If the Credit Union were to sell other than an insignificant amount of held to maturity investments, the entire category would be reclassified as available for sale.

Fair values

The fair values of quoted financial assets in active markets are based on current bid prices. If there is no active market for financial assets, the Credit Union establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Purchases and sales of financial assets are recognised at the settlement date.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

3. Significant accounting policies (continued)

3.13 Impairment of financial assets

The Credit Union assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset is impaired includes observable evidence that comes to the attention of the Credit Union about the following loss events:

- i) Delinquency in contractual payments of principal or interest;
- ii) Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- iii) Breach of loan covenants or conditions;
- iv) Initiation of Credit bankruptcy proceedings;
- v) Deterioration of the borrower's competitive position;
- vi) Deterioration in the value of value of collateral; and
- vii) Downgrading below investment grade level.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. Individually insignificant financial assets are included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. These characteristics are relevant to the estimates of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual term of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

A financial asset or a group of financial assets carried at fair value is impaired if its carrying amount is greater than its estimated recoverable amount based on the present value of expected future cash flows discounted at the current market rate of interest.

For listed and unlisted equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

At the end of the year if any such evidence exists for financial assets available for sale, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the other comprehensive income is removed and recognised in profit or loss.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

3. Significant accounting policies (continued)

3.13 Impairment of financial assets (continued)

With the exception of available for sale equity instruments, if, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3.14 Impairment or non-financial assets

At each reporting date, the Credit Union reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

3. Significant accounting policies (continued)

3.15 Renegotiated loans

Where possible, the Credit Union seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

3.16 Dividends

Dividends that are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

Dividends that are proposed after the Statement of Financial Position date are not shown as a liability on the Statement of Financial Position but are disclosed as a note to the financial statements.

3.17 Statutory reserve fund

The Co-operative Societies Act 1971 Section 47 (2) requires that at least 10% of the net surplus of the Credit Union for the year be transferred to a reserve fund. In accordance with Bye Law 13 of the Credit Union, this reserve fund may be used only with the approval of the Commissioner.

3.18 Education fund

In accordance with Bye-Law 13 (a) of the Credit Union, an education fund was established, and the Credit Union transfers no more than 5% of its net surplus to the fund.

In accordance with IFRS, all expenses incurred must be accounted for through the statement of comprehensive income. Thus, an intra-reserve transfer is made from this Fund to the undivided surplus at year-end to reflect the expenditure on education during the year and the reduction in the education fund.

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

4. Financial risk management

Financial risk factors

The Credit Union's activities are primarily related to the use of financial instruments. The Credit Union accepts funds from members and earns interest by investing in equity investments, government securities and on lending to members.

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

The following table summarizes the carrying amounts and fair values of the Credit Union's financial assets and liabilities:

	2023	
	TT\$	
	Carrying	Fair
	value	value
Financial assets		
Cash and cash equivalents	3,405,662	3,405,662
Short-term investments	9,262,037	9,262,037
Long-term investments	55,055,102	55,055,102
Accounts receivable and prepayments	1,948,916	1,948,916
Loans to members	<u>83,878,990</u>	<u>83,878,990</u>
	<u>153,550,707</u>	<u>153,550,707</u>
Financial liabilities		
Taxation payable	9,802	9,802
Accounts payable and accruals	3,395,805	3,395,805
Members savings and deposits	88,376,492	88,376,492
Members' shares	<u>62,886,444</u>	<u>62,886,444</u>
	<u>154,668,543</u>	<u>154,668,543</u>

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

4. Financial risk management (continued)

Financial instruments

	2022	
	<u>TT\$</u>	
	Carrying	Fair
	value	value
Financial assets		
Cash and cash equivalents	3,948,969	3,948,969
Short-term investments	10,928,618	10,928,618
Long-term investments	53,069,847	53,069,847
Accounts receivable and prepayments	1,587,250	1,587,250
Loans to members	<u>81,994,338</u>	<u>81,994,338</u>
	<u>151,529,022</u>	<u>151,529,022</u>
Financial liabilities		
Accounts payable and accruals	3,178,388	3,178,388
Members savings and deposits	82,988,381	82,988,381
Members' shares	<u>64,199,514</u>	<u>64,199,514</u>
	<u>150,366,283</u>	<u>150,366,283</u>

4. Financial risk management (continued)

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

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Credit Union is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, members' deposits and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

(i) Bonds

The Credit Union invests mainly in medium term bonds consisting of fixed rate instruments.

The market values of the fixed rate bonds are not very sensitive to changes in interest rates. The market values of the floating rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. Because these assets are being held to maturity and are not traded, any changes in market values will not impact the Statement of Income.

(ii) Loans

The Credit Union generally invests in fixed rate loans to members for terms not exceeding seven years. These are funded mainly from member deposits and shares.

4. Financial risk management (continued)

(b) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Credit Union relies heavily on a written Loan Policy Manual, which sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Credit Union's lending philosophy; provide policy guidelines to team members involved in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The Credit Union's loan portfolio is managed and consistently monitored by the Credit Committee and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial institutions and the Credit Union has policies to limit the amount of exposure to any single financial institution.

The Credit Union also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

(c) Liquidity risk

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Credit Union has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. To further manage and reduce liquidity risk the Credit Union's management actively seeks to match cash inflows with liability requirements.

4. Financial risk management (Continued)

(d) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Credit Union's measurement currency. The Credit Union is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Credit Union's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(e) Operational risk

Operational risk is the risk derived from deficiencies relating to the Credit Union's information technology and control systems, as well as the risk of human error and natural disasters. The Credit Union's systems are evaluated, maintained and upgraded continuously.

Supervisory controls are installed to minimize human error. Additionally, staff is often rotated and trained on an on-going basis.

(f) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the inspector of Financial Institutions at the Central Bank of Trinidad and Tobago, as well as by the monitoring controls applied by the Credit Union. The Credit Union has an internal audit Department which does routine reviews on compliance.

(g) Reputation risk

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

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
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5. Property and equipment

2023	Land & Building	Computers	Equipment	Fixtures & Fittings	Total
	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>
At 1 January 2023	10,334,839	1,236,187	706,267	767,169	13,044,462
Additions	<u>102,222</u>	<u>77,117</u>	<u>6,400</u>	<u>-</u>	<u>185,739</u>
At 31 December 2023	<u>10,437,061</u>	<u>1,313,304</u>	<u>712,667</u>	<u>767,169</u>	<u>13,230,201</u>
Accumulated depreciation					
At 1 January 2023	993,220	843,011	259,911	465,591	2,561,733
Charge for the year	<u>137,537</u>	<u>107,732</u>	<u>42,483</u>	<u>37,415</u>	<u>325,167</u>
At 31 December 2023	<u>1,130,757</u>	<u>950,743</u>	<u>302,394</u>	<u>503,006</u>	<u>2,886,900</u>
Net book value					
Balance as at 31 Dec 2023	<u>9,306,304</u>	<u>362,561</u>	<u>410,273</u>	<u>264,163</u>	<u>10,343,301</u>
Balance as at 31 Dec 2022	<u>9,341,619</u>	<u>393,176</u>	<u>446,355</u>	<u>301,579</u>	<u>10,482,729</u>
2022					
	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>	<u>TT\$</u>
At 1 January 2022	10,334,839	1,132,473	551,551	696,932	12,715,795
Additions	<u>-</u>	<u>103,714</u>	<u>154,716</u>	<u>70,237</u>	<u>328,667</u>
At 31 December 2022	<u>10,334,839</u>	<u>1,236,187</u>	<u>706,267</u>	<u>767,169</u>	<u>13,044,462</u>
Accumulated depreciation					
At 1 January 2022	853,595	731,780	215,778	427,652	2,146,206
Charge for the year	<u>139,625</u>	<u>111,231</u>	<u>44,133</u>	<u>37,938</u>	<u>332,927</u>
At 31 December 2022	<u>993,220</u>	<u>843,011</u>	<u>259,911</u>	<u>465,590</u>	<u>2,561,733</u>
Net book value					
Balance as at 31 Dec 2022	<u>9,341,619</u>	<u>393,176</u>	<u>446,355</u>	<u>301,579</u>	<u>10,482,729</u>
Balance as at 31 Dec 2021	<u>9,481,244</u>	<u>400,693</u>	<u>335,772</u>	<u>269,280</u>	<u>10,486,989</u>

Tranquillity Credit Union Co-operative Society Limited
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	2023	2022
	<u>TT\$</u>	<u>TT\$</u>
6. Members' loans		
Loans to members	88,268,594	86,383,942
Provision for loan losses	<u>(4,389,604)</u>	<u>(4,389,604)</u>
	<u>83,878,990</u>	<u>81,994,338</u>
Provision for loan losses:		
Balance beginning of the year	4,389,604	4,389,604
Balance, end of year	<u>4,389,604</u>	<u>4,389,604</u>
Loan category:		
General loans	62,300,394	61,325,627
Mortgage loans	4,043,225	4,185,217
Appliance loans	37,029	33,867
Vehicle loans	15,866,410	14,615,891
Food voucher loans	1,167,509	1,048,874
Special loans	70,099	88,746
NPMC computer loans	156,233	169,929
Promotion loans	11,459	12,675
Small business demand loans	61,860	80,623
Line of credit	1,906,675	1,563,560
Staff loans	723,527	605,302
Future cash investment loans	2,741	6,192
Appliance promo	132,277	272,430
DSR loans	1,221,381	1,706,716
Share builder loans	14,744	43,320
Savings plus	178,031	249,973
NPMC back pay loan	<u>375,000</u>	<u>375,000</u>
	<u>88,268,594</u>	<u>86,383,942</u>

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
31 December 2023

	2023	2022
	<u>TT\$</u>	<u>TT\$</u>
7. Long term investments		
<u>Investments at amortised costs:</u>		
NIF – Series A	-	225,120
NIF – Series B	<u>1,542,280</u>	<u>1,533,030</u>
	<u>1,542,280</u>	<u>1,758,150</u>
<u>Investments at fair value through profit / loss</u>		
<u>Equity securities:</u>		
Agostini Limited	933,930	681,800
Angostura Holdings Limited	219,500	240,000
Ansa McAl Ltd	243,270	231,750
First Citizens Group Financial Holdings	2,568,748	2,719,912
Massy Holdings Ltd	555,559	570,781
National Flour Mills	38,800	30,000
NCB Financial Services Limited	104,135	139,664
NEL Shares	404,803	-
Scotiabank Trinidad and Tobago Limited	209,010	234,330
Shares – Co-operative CU League	10,000	10,000
TCL Shares	194,164	-
Trinidad and Tobago NGL Limited	316,800	668,448
West Indian Tobacco Company Limited	<u>59,327</u>	<u>140,053</u>
	<u>5,858,046</u>	<u>5,666,738</u>
<u>Mutual funds:</u>		
T&T Unit Trust Corporation (Income and Growth Fund)	35,687,205	33,404,737
Republic Bank Ltd (Income and Growth Fund)	2,571,707	2,720,940
Roytrin (Income and Growth Fund)	2,394,457	2,085,972
Home Mortgage Bank Ltd (CMO)	2,000,000	2,000,000
First Line Securities Loan Notes – Tower Consortium	953,673	1,398,588
Royal Skandia (E.W.B.)	106,578	93,566
FirstLine Securities Loan Notes VL Series A	2,000,000	2,000,000
FirstLine Securities Loan Notes VL Series B	<u>1,941,156</u>	<u>1,941,156</u>
	<u>47,654,776</u>	<u>45,644,959</u>
Total investments at fair value through profit / loss	<u>53,512,822</u>	<u>51,311,697</u>
Total investments	<u>55,055,102</u>	<u>53,069,847</u>
8. Short term investments		
T&T Unit Trust Corporation (Money Market Fund)	91,707	90,512
Republic Bank Limited (Money Market Fund)	205,560	63,839
Home Mortgage Bank (Samaan Tree Fund)	6,518,165	8,652,467
First Line Securities Oil Notes	2,121,800	2,121,800
KCL Captial Market Brokers Ltd -NIPEC	<u>324,805</u>	-
	<u>9,262,037</u>	<u>10,928,618</u>

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
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	2023	2022
	<u>TT\$</u>	<u>TT\$</u>
9. Account receivables and prepayments		
National Petroleum Marketing Company	852,280	835,202
Other receivables	215,813	211,267
Accrued interest on oil notes	810,364	467,565
Prepayments	67,963	70,720
Loan deferral interest	<u>2,496</u>	<u>2,496</u>
	<u>1,948,916</u>	<u>1,587,250</u>
10. Cash and cash equivalents		
Cash in transit	696,941	666,895
Cash at bank	<u>2,708,721</u>	<u>3,282,074</u>
	<u>3,405,662</u>	<u>3,948,969</u>
11. Members' shares		
Members' shares	62,885,486	64,183,534
Share drive promotion	<u>958</u>	<u>15,980</u>
	<u>62,886,444</u>	<u>64,199,514</u>
12. Members' savings and deposits		
Regular savings deposit	135,772	748,314
Premium deposits	41,476,656	34,681,709
F.I.P. deposits	130,208	159,369
Standing order deposits	131,877	144,391
Members fixed deposits	46,404,699	47,074,213
Debit card deposits	23,296	19,042
Group health plan deposits	<u>73,983</u>	<u>161,343</u>
	<u>88,376,492</u>	<u>82,988,381</u>
13. Accounts payables and accruals		
Accrued expenses	393,220	342,385
Fixed deposit interest payable	1,282,106	917,679
Other payables	<u>1,720,479</u>	<u>1,918,323</u>
	<u>3,395,805</u>	<u>3,178,387</u>

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
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14. Related party transactions

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial decisions.

Key Management personnel are persons with the authority and responsibility for planning, directing, and controlling the activities of the Credit Union.

Transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates. Balances and transactions with related parties and key management personnel during the year were as follows:

	2023	2022
	<u>TT\$</u>	<u>TT\$</u>
Assets:		
Due from directors, committee members and key management personnel	<u>6,283,545</u>	<u>8,530,955</u>
	<u>6,283,545</u>	<u>8,530,955</u>
Liabilities:		
Due to directors, committee members and key management personnel	<u>10,092,334</u>	<u>5,615,037</u>
	<u>10,092,334</u>	<u>5,615,037</u>

Tranquillity Credit Union Co-operative Society Limited
Notes to the Financial Statements
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15. Fair Values

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

a) Current assets and liabilities

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

b) Members' loans

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

c) Investments

The fair values of investments are determined on the basis of quoted market prices available at 31 December 2023.

d) Members' deposits

Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

Tranquillity Credit Union Co-Operative Society Limited
Notes to the Financial Statements
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16. Contingent liabilities

The Credit Union has no contingent liabilities as at 31 December 2023.

17. Capital commitments

The Credit Union has no capital commitments as at 31 December 2023.

18. Subsequent events

Management evaluated all the events that occurred from 1 January 2023 through 27 September 2024, the date the financial statements were available to be issued. During the period, the Credit Union did not have any subsequent events requiring recognition or disclosure in the financial statements.