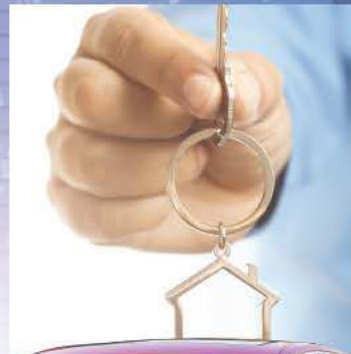




BARBADOS MEDIA
COOPERATIVE CREDIT UNION LIMITED



ANNUAL REPORT

2015

PRAYER OF ST. FRANCIS OF ASSISI

*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.*

*Divine Master, grant that I 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.*



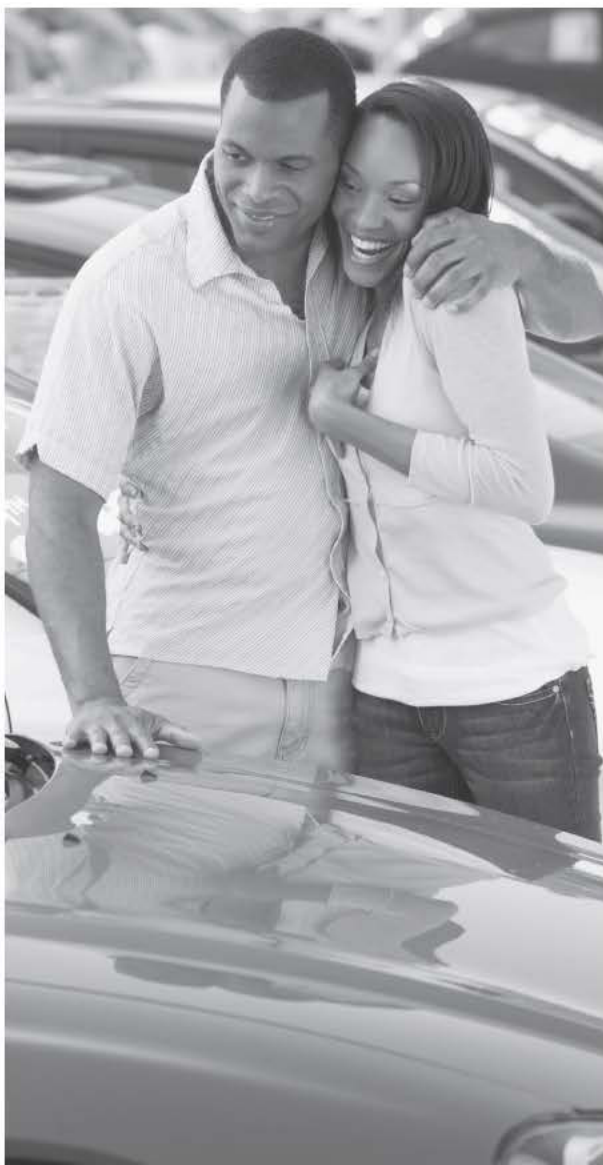


Notice of meeting

June 19, 2015

Dear Member:

Notice is hereby given of the Annual General Meeting of the *Barbados Media Co-operative Credit Union Limited*, to be held on Monday, June 29, 2015, at the Goddard's Training Room, Goddard's Complex, Fontabelle, St. Michael, commencing at 3:00 p.m.



Agenda

1. Ascertainment of a Quorum
2. Call to Order
3. Prayers
4. Welcome Remarks
5. Minutes of Previous Annual General Meeting
6. Adoption of Minutes
7. Matters Arising from Minutes
8. Reports of:
 - (a) Board of Directors
 - (b) Credit Committee
 - (c) Supervisory Committee
9. Auditors' Report
10. Financial Statements
11. Resolution
12. Appointment of Auditors
13. Fixing of Maximum Liability
14. Appropriation of Surplus
15. Elections:
 - (a) Board of Directors
 - (b) Credit Committee
 - (c) Supervisory Committee
16. Any Other Business
17. Vote of Thanks
18. Adjournment



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The executives



BOARD OF DIRECTORS

Marilyn Gittens – President
Sonia Yarde – Vice President
Roland Wilson – Treasurer
Heather Brathwaite – Secretary
Trevor Marshall – Assistant Secretary/Treasurer



SUPERVISORY COMMITTEE

Gregory Browne – Chairman
Kelly Johnally - Secretary
Geraldyn Edward – Member



CREDIT COMMITTEE

Adrian Bowen – Chairperson
Barbara Howell – Secretary
Delores Dottin – Member



Minutes

31st Annual General Meeting

Held on Monday, June 30, 2014
at 3:35 p.m. Goddard's Training Room,
Goddard's Complex Fontabelle,
St. Michael

Members Present

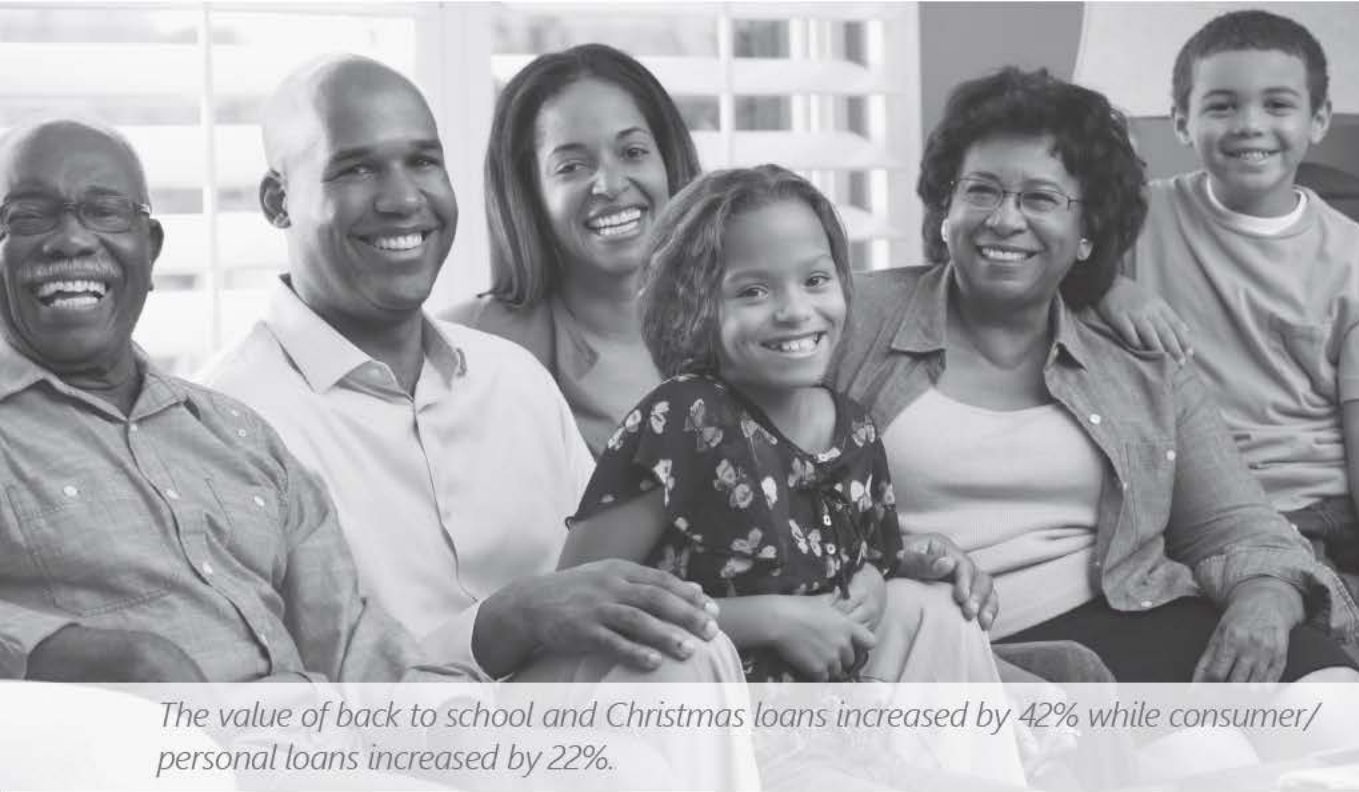
ALLEYNE, Patricia
BELGRAVE, Ricardo
BELLE-CUTTING, Pamela
BEST, Carolyn
BEST, Yvette
BOWEN, Adrian
BRATHWAITE, Heather
BROWNE, Gregory
CONNELL, Antoinette
DELANEY, Wendy
DOTTIN, Delores
EDWARD, GERALYN

GITTENS, Marilyn
GRAHAM, Kendy
GRIFFITH, Janice
HARDING, David
HAREWOOD, Alicia
HOWELL, Barbara
JOHNALLY, Kelly
JONES, Terry
KINCH, Adrian
LICORISH, Alison
MARSHALL, Trevor
MOORE, Melissa

MOUNTER, Ava
ROACH, Desery
SELMAN, Charleston
SMITH, Eric
SMITH, Natanga
SMITH, Veetland
STEWART, Mona
THOMPSON, Rhonda
TOPPIN, Sherrylyn
WILSON, Roland
YARDE, Sonia
YARDE, Toni

Visitors Present

CARTER, Peter – Peter J Carter & Co.



The value of back to school and Christmas loans increased by 42% while consumer/ personal loans increased by 22%.

ASCERTAINMENT OF A QUORUM

The Chairman informed the meeting that a quorum was present.

CALL TO ORDER

The Chairman called the meeting to order at 3:25 p.m.

PRAYERS

The meeting commenced with prayers by Pamela Belle-Cutting followed by the reading of the Prayer of St. Francis of Assisi.

WELCOME REMARKS

The Chairman welcomed all present to the 31st Annual General Meeting of the Barbados Media Co-operative Credit Union Limited. A special welcome was extended to our visitor.

CONFIRMATION OF MINUTES

The minutes of the Annual General Meeting held on Monday, July 1, 2013 were taken as read by Heather Brathwaite and seconded by Adrian Bowen.

ADOPTION OF MINUTES

The minutes were adopted following a motion by Heather Brathwaite and seconded by Natanga Smith. The members agreed unanimously.

MATTERS ARISING

There were no other matters arising from the minutes.

REPORT

The reports of the Board of Directors, Credit and

Supervisory Committees were taken as read by Janice Griffith and seconded by David Harding.

(A): BOARD OF DIRECTORS REPORT

Roland Wilson gave a synopsis of the Board of Directors' report as follows:

Overview: The 2014 financial year was a circumspect one, as the global depressed economic conditions persisted and recovery remained fragile. Additionally zero to negative growth was forecasted into 2015. As with many, if not all other financial institutions in the country, the current environment has slowed savings and/or repayments, as individuals grapple to realign their asset flows to enhance their ability to survive the economic turbulence.

Assets: Total assets stood at \$9.3 million, an increase of 10.5% over the previous year. Invested assets increased 33.2% from \$1.3 million to \$1.7 million, while non-earning cash decreased 7.6% to \$604 thousand.

Loan portfolio: Loans increased 7.4% to \$7.0 million. Loans totalling \$640 thousand were in the past due category. After the usual review of the past due balance, the provision of \$104.8 thousand for loan losses remained unchanged.

Members' deposits: Our Credit Union increased interest to 5.25% (prior year – 5%) on members' deposits for the year then ended.

Interest income: Total income increased by 8.8% up

from 8.3% the previous year. Approximately 91.4% originated from interest on loans. Investment income showed a small increase of \$6 thousand or 8.8%, after a \$7 thousand decrease in the previous year. Efforts continue to increase the contribution from investment income.

Net Income: Net income increased by \$37 thousand or 13.6% (prior year – decrease of \$28 thousand or 9.3%).

Celebration: During the financial year, we celebrated the 30th year of existence, culminated in an exquisite dinner evening, where founders and notable contributors were recognised.

Outlook: The current outlook would be one of significant increase in unemployment over the next 12 to 24 months. Interest rates on investments and savings seem set to remain casualties in the local financial system. Unfortunately, we may also have to deal with Government's plan to implement a tax on the assets of Credit Unions.

It was therefore imperative that we continue to monitor and make representation on critical issues arising from the pronouncement of Government, Financial Services Commission and the Co-operative Credit Union League. However, we look forward to an exciting and successful 2014-2015 financial year.

(B) CREDIT COMMITTEE'S REPORT

Adrian Bowen gave a synopsis of the Credit Committee's report as follows:

Loans: During the period under review, the Credit Committee processed and approved 517 loans for a total value of \$2.54 million. The amount represented a decline in the number of loans by 10% but the value of the loans remained the same as the previous year. The value of back to school and Christmas loans increased by 42% while consumer/personal loans increased by 22%. The introduction of an increase in the UWI fees may further increase the demand for back to school loans.

Delinquency: There had been a 23% increase in delinquent loans during the period under review,



moving from \$519 thousand to \$640 thousand, with a total number of 58 loans. What was most striking about the increase is that 36% of the delinquent loans were over 12 months. This was a worrying trend and all efforts were being made to reduce the delinquency.

Conclusion: The Barbados economy continues to struggle under the weight of the current economic climate, and little to no growth has been predicted over the next year. The increase in personal/ consumer loans might be an indicator of the current needs of the membership. The absence of investments loans was also noted. This was an area that members could focus on as a means of creating personal wealth.

(C) SUPERVISORY COMMITTEE'S REPORT

Gregory Browne gave a synopsis of the Supervisory Committee's report as follows:

Overview: The Committee had two meetings during the financial year. In the review of the activities of the Credit Union, the committee found that all procedures



The value of back to school and Christmas loans increased by 42% while consumer/personal loans increased by 22%.

were properly followed and administered and all documentation properly maintained.

A member of the committee also reviewed and signed off on the monthly financial statements which were submitted to the Financial Services Commission on a quarterly basis. There were no irregularities or complaints from members.

By a show of hands, the members unanimously agreed to adopt the reports of the Board of Directors, Credit and Supervisory Committees.

AUDITOR'S REPORT

The Auditor's report was taken as read by Heather Brathwaite and seconded by Ricardo Belgrave.

Peter Carter read the Auditor's report and explained the responsibilities of the Board and the Auditor. He

added that he was satisfied with the Audit and that there were no major issues.

By a show of hands, the members unanimously agreed to adopt the Auditor's report.

FINANCIAL REPORT

The Financial report was taken as read by Trevor Marshall and seconded by Delores Dottin.

Roland Wilson said that he had covered the financials in the Board's report and was willing to answer any questions relating to the financial report.

Eric Smith queried the reason for the education fund.

Ava Mounter responded that it was a fund that was paid annually to the Credit Union League in order for members to attend training. She added that the list of training courses would be circulated to members when it was available.

Geralyn Edward asked if the Board had assessed the impact the .03% tax on assets would have on the Credit Union.

Roland Wilson responded that the Board was awaiting verification on what Government considered assets.

By a show of hands, the members unanimously agreed to adopt the financial statements.

RESOLUTION

The Board recommended that By-Law 72 be amended to increase the loan limit from \$160,000 to \$400,000. The members voted 35 for and 0 against.

APPOINTMENT OF AUDITORS

The Board of Directors recommended that Peter J Carter be re-appointed as auditor of the Credit Union for the financial year 2014 - 2015.

On a motion duly made and unanimously carried, it was resolved that Peter J Carter and Co. be reappointed as the auditors until the next annual general meeting.

FIXING OF MAXIMUM LIABILITY

The Board proposed that the maximum liability remain fixed at \$250,000.

The members unanimously agreed that the maximum liability would be fixed at \$250,000.

APPROPRIATION OF SURPLUS

The Board of Directors recommended that a 20% patronage refund be paid out of the available surplus. The members unanimously agreed to the patronage refund as proposed by the Board.

ELECTIONS

The Chairman announced that there were two vacancies on the Board, and the Credit Committee and one on the Supervisory Committee. Heather Brathwaite was named supervisor of elections. She was assisted by Delores Dottin.

Board of Directors: Roland Wilson and Sonia Yarde were nominated for the Board of Directors and duly elected to serve for 3 years.

Credit Committee: The following persons were nominated for the Credit Committee:

Adrian Bowen 23 votes

Barbara Howell 17 votes

Antoinette Connell 15 votes

Adrian Bowen and Barbara Howell were duly elected to serve for 2 years on the Credit Committee.

Supervisory Committee: Gregory Browne was nominated for the Supervisory Committee and duly elected to serve for 2 years.

ANY OTHER BUSINESS

Eric Smith said that he was of the opinion that the Supervisory Committee should not be too friendly with the Board. He added that a fund should be established to allow Ava Mounter to attend CUNA training.

Roland Wilson thanked Peter Carter for conducting the audit and working with the Credit Union. He also thanked Ava Mounter for working with Peter Carter on the audit and for the work she had done throughout the entire year.

VOTE OF THANKS

Gregory Browne gave the vote of thanks.

TERMINATION

There being no further business the meeting was terminated and all present were invited to share in the refreshments provided.

Confirmed by:



Marilyn Gittens
Chairman



Heather Brathwaite
Secretary



Board of Directors Report For the year ended March 31, 2015

The Board of Directors is pleased to report to you, the members of the Barbados Media Cooperative Credit Union Limited, on our credit union's performance for the year ended March 31, 2015.

The 2015 financial year was yet another challenging one, as the global economic conditions fluctuated between recovery and non-recovery in many of the world's semi-developed and developed countries. The local economic and financial climate continued to be depressed, with Moody's and other influential financial institutions not having positive a positive outlook on Barbados' economy

Additionally, no real growth occurred in the immediate past 12 months and essentially zero growth is anticipated in the coming 12 months. Following the foregoing, the Barbados Government has continued on a personnel reduction strategy to help curtail spiraling public debt, along with purported rationalization and retooling of critical divisions of the public sector (including statutory corporations). This will undoubtedly continue to have harsh economy-wide spin-off effects.

The experience of financial institutions in the country over the past 12 months continued to be slower savings and/or repayments rates, as individuals grapple to realign their asset flows to enhance their ability to survive the economic turbulence. A few banks and financial institutions have been aggressive in selective areas, to boost market share, increase stagnant or

reduced profits and to offset increasing provisions for doubtful loans. The recent move by the Central Bank of Barbados to dispose of the Minimum Savings Rate, means that earning relatively reasonable interest income will become harder in the short term.

Total assets increased 5.1% (prior year – 10.5%) while liabilities increased 4.7% (prior year – 10.6%). Members' deposits grew 5.3% (prior year – 10.7%), while loans increased 8.9% (prior year – 7.5%). As an ongoing mission, our Credit Union implemented and continues to evaluate several initiatives to help with the survival and advancement of its members.

ASSETS

Total assets stood at \$9.8 million (\$9.3 million, at March 31, 2014). Invested assets increased 5.9% from \$1.7 million to \$1.8 million, while non-earning cash decreased 32.6% to \$407 thousand.

LOAN PORTFOLIO

The gross loan portfolio increased 8.9% to \$7.7 million at March 31, 2015. As has been the case in previous years, there are some loans that are in the category of "delinquent" and we continue to work with members to have these balances brought current. After our

usual review of the past due balance, we increased the provision for loan losses by \$39 thousand to reflect our current estimate of the expected ultimate net loss on the existing portfolio. The provision now totals \$143.7 thousand or 1.9% of gross loans (prior year - \$104.8 thousand or 1.6%).

Loans totaling \$529 thousand (prior year - \$640 thousand) were in the past due category (installments at least 30 days overdue). The balance varied throughout the 2015 financial year, and at the financial report date, reflects some timing differences in the 1 - 3 month range. During the year, the directors continued the loan rehabilitation program for members with balances past due, but who met certain criteria. Progress is slow based on our expectations.

Loans past due \$'000		
Period Months	Mar 2015 \$ amt.	Mar 2014 \$ amt.
1 - 3	296	398
> 3 - 12	60	127
> 12	172	115
Totals	528	640
Gross	7,666	7,042
Past due	6.9%	9.1%

As can be discerned from the table above, there has been some improvement since March 2014.

MEMBERS' DEPOSITS

Deposits increased 5.3% or \$383 thousand to \$7.6 million at March 31, 2015. Our credit union increased interest to 5.30% (prior year - 5.25%) on members' deposits for the year then ended.

INTEREST INCOME

Total income increased 5.9% (prior year - 8.8%). Approximately 92.3% (prior year - 91.4%) originated from interest on loans. Investment income showed a small increase of \$9 thousand or 14.5%, after a \$6 thousand increase in the prior year. Efforts will continue to increase the contribution from investment income.

Interest costs on deposits increased 11.3% (prior year - increase of 9.6%).

The foregoing resulted in net interest income of \$533 thousand, a 2.1% increase over the prior year.



NET INCOME

Net income decreased \$23 thousand or 7.4% (prior year - increase of \$37 thousand or 13.6%).

Operating expenses were on par with the prior year, except for the bad debts provision of \$38 thousand.

INITIATIVES

Unfortunately, again this year our Board had to take some action on outstanding loans that were not being serviced. These measures were not taken lightly, or without several attempts for alternative resolution. However, our credit union made it a point not to lose its human aspect in these cases. No actual losses occurred from these instances and we made sure that the relevant members benefited from any surplus cash received from the disposition of assets.

During the financial year we continued; (1) the loan rehabilitation program, (2) loan consolidation option that allows the consolidation of real estate secured loans with consumer loans at a lower rate than pure consumer loans.

The roll-out of our full mortgage offering was delayed due to the need to comply with Financial Services



Commission (FSC) regulations. Consequently, we are in negotiations with a fellow credit union, so that we may achieve our vision with respect to this initiative. We anticipate that the upper mortgage limit will be between \$350,000 and \$375,000.

NEW REGULATIONS

In January 2015, the Government passed the Tax on Assets Act relevant to banks, insurance companies and credit unions. Fortunately, the definition of a credit union in that Act disqualified BMCCUL from having to pay that tax.

OUTLOOK


The current outlook is one that anticipates a further increase in unemployment over the next 12 months. It is quite likely that the economic environment will continue to contract over this period, as the Government attempts structural adjustment and the mature economies in North America and especially wider Europe remain fragile, amidst sporadic outbreaks of civil wars in sensitive hot spots over the globe and economic embargoes. It remains unclear how acutely these developments will affect the local dynamics of the economy, and hence the interrelated dynamics of saving, loans and investment income. However,

interest rates on investments and savings seem set to remain casualties in the local financial system.

It is therefore imperative that we continue to monitor and make representation on critical issues arising from pronouncements of Government, Financial Services Commission and the Co-operative Credit Union League.

However, we look forward to an exciting and successful 2016 financial year.


Marilyn A. Gittens
President


Roland Wilson
Treasurer

Resolution

Amendment of By-Law 72 – Loan Limit

Whereas

BY-LAW 72 READS: “ The terms and conditions on which loans may be made to members shall be fixed from time to time by the Board, provided always that in no case shall a greater sum than BDS \$160,000.00 (one hundred and sixty thousand Barbados dollars) be lent to any member.”

The Board of Directors propose that the By-Law be amended.

Be it resolved that this By-Law be amended by the Annual General Meeting to read as follows:

By-Law 72: “The terms and conditions on which loans may be made to members shall be fixed from time to time by the Board, provided always that in no case shall a greater sum than BDS \$200,000.00 two hundred thousand Barbados dollars) be lent to any member.”

RESOLUTION Patronage Refund

WHEREAS the Barbados Media Co-operative Credit Union Limited has generated a surplus from its operations for the year ended March 31, 2015;

AND WHEREAS the Board of Directors has recommended a patronage refund of twenty percent in the amount of one hundred and sixty-six thousand and forty-two dollars for the year then ended;

BE IT RESOLVED that the general membership of the Credit Union consider and approve the payment of a patronage refund of twenty percent in the amount of one hundred and sixty-six thousand and forty-two dollars.



Supervisory Committee Report For the year ended March 31, 2015

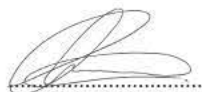
The Supervisory Committee held two meetings during the financial year 2014/2015.

During those meetings, the Committee members reviewed several aspects of the operations of the Barbados Media Co-operative Credit Union Ltd. mainly through inspections of various financial transactions, documentation and enquiries about procedures followed.

Among the inspections undertaken by the Supervisory Committee were spot checking of loan applications and loan approvals of executive members of the Credit Union, regular loans to members, and special loans. There were also reviews of bank statements and procedures followed for repossessions and account closures.

In reviewing the activities of the Credit Union, the committee found that the procedures of the credit union were properly followed and the administered and the documentation properly maintained.

The Supervisory Committee thanks members for the opportunity to serve.



Gregory Browne
Chairman



Geralyn Edward
Secretary



Credit Committee Report

For the year ended March 31, 2015

OVERVIEW

During the Financial period ending March 31, 2014 the Credit Committee processed 472 loans valued at \$2.6 million. This was a 9% decrease in disbursed loans between financial year ending March 31, 2014 and March 31, 2015. Nevertheless; there was a 4% increase in total value of loans for the 2015 financial year over the 2014 financial year.

LOANS (2014 VS 2015)

There was a cumulative decrease in Back to School, Christmas and EVA loans of 14% (\$88,996). There was an increase in the value of real estate loans by 23% (\$78,743) despite a reduction in the number of loans from 25 to 17. Personal vehicle loans also increased by 19% (\$92,429) and the number of loans increased from 47 to 53. The decrease in Back to School and Christmas loans is reflective of the stabilizing of these two areas after a massive 42% increase in 2014. The increase in real estate and personal vehicle loans can be an indicator of the change of interest of members; from basic consumer loans to more investment loans. However, real estate loans continue to be the lowest segment in loan disbursement only representing 4% of the total loans disbursed.

DELINQUENT LOANS (2014 VS 2015)

There was a decrease in delinquent loans by 21% (\$134,774), which is a positive indicator. Delinquent loans exceeding 12 months represent 34% of the total delinquent loans. This is still a concern but efforts are continuing to minimize and control this number.

CONCLUSION

The Central Bank report (November 2014) projected a 2% and 2.3% economic growth 2015/2016 respectively. The Ministry of Economic Affairs report (September 2014) projected a more conservative 1.2% in 2015 and 2.5% in 2016. The increase in real estate loans might be an indicator of members' confidence in the improvement of the economy.

Despite a significant reduction in overall delinquent loans; the percentage of delinquent loans exceeding 12 months must be carefully monitored and controlled.

In sum, the overall increase in the value of loans disbursed in the 2014-2015 financial year is a positive sign and it is hopeful that this will continue into the next financial year.

The Credit Committee would like to thank you, the MCCUL members, for the opportunity to serve.

Adrian Bowen
Chairperson

Barbara Howell
Secretary



THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2015

PJC

Chartered Accountants
Barbados

“we reckon but people count”

**THE BARBADOS MEDIA
CO-OPERATIVE CREDIT UNION LIMITED**

**FINANCIAL STATEMENTS
MARCH 31, 2015**

PJC

**Chartered Accountants
Barbados**

“we reckon but people count”

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

**Financial Statements
March 31, 2015**

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Independent Auditors' Report

The Members

The Barbados Media Co-operative Credit Union Limited

We have audited the accompanying financial statements of The Barbados Media Co-operative Credit Union Limited, which comprise the Statement of Financial Position as of March 31, 2015, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Barbados Media Co-Operative Credit Union Limited, as of March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



PETER J. CARTER & CO.

Chartered Accountants
Barbados
May 29, 2015

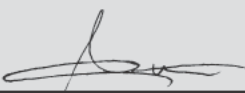
THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

**Statement of Financial Position
March 31, 2015
Expressed in Barbados Dollars**


	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents - Note 7	519,943	713,974
Accounts receivable - Note 8	<u>82,964</u>	<u>52,265</u>
	602,907	766,239
Loans to members - Note 9	7,522,728	6,937,008
Investments - Note 10	1,679,957	1,625,368
Plant and equipment - Note 11	<u>0</u>	<u>4,717</u>
Total assets	<u>9,805,592</u>	<u>9,333,332</u>
Liabilities and equity		
Liabilities		
Accounts payable and accruals - Note 12	32,678	70,728
Deposits and shares payable - Note 13	<u>7,636,001</u>	<u>7,253,474</u>
Total liabilities	<u>7,668,679</u>	<u>7,324,202</u>
Equity		
Qualifying shares - Note 14	28,150	26,800
Statutory reserve	923,908	851,977
Undivided Earnings	<u>1,184,855</u>	<u>1,130,353</u>
Total equity	<u>2,136,913</u>	<u>2,009,130</u>
Total liabilities and equity	<u>9,805,592</u>	<u>9,333,332</u>

See notes to financial statements.

Approved by the Board of Directors, May 29, 2015, and signed on their behalf by:



 President



 Treasurer

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

**Statement of Changes in Equity
Year ended March 31, 2015
Expressed in Barbados Dollars**

	Qualifying shares	Statutory Reserve	Undivided Earnings	Total
Balance - March 31, 2013	25,450	773,440	1,029,670	1,828,560
Patronage refund - 18%	0	0	(131,107)	(131,107)
Entrance fees	0	155	0	155
Net income for year	0	0	310,172	310,172
Transfer to Statutory Reserve - 25% of net income	0	78,382	(78,382)	0
Issue of Shares	1,350	0	0	1,350
Balance - March 31, 2014	26,800	851,977	1,130,353	2,009,130
Patronage refund - 20%	0	0	(160,705)	(160,705)
Entrance fees	0	195	0	195
Net income for year	0	0	286,943	286,943
Transfer to Statutory Reserve - 25% of net income	0	71,736	(71,736)	0
Issue of shares	1,350	0	0	1,350
Balance - March 31, 2015	28,150	923,908	1,184,855	2,136,913

See notes to financial statements.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Statement of Comprehensive Income Year ended March 31, 2015 Expressed in Barbados Dollars

	<u>2015</u>	<u>2014</u>
Interest earned		
Loans to members	846,048	803,679
Investments	67,266	62,067
Cash equivalents	3,355	0
	<u>916,669</u>	<u>865,746</u>
Interest expense		
Demand deposits and shares - 5% to 5.3% (prior year 5% to 5.25%)	383,449	344,072
	<u>383,449</u>	<u>344,072</u>
Net interest income	<u>533,220</u>	<u>521,674</u>
Other income		
Dividends	486	423
Sundry income	685	1,275
	<u>1,171</u>	<u>1,698</u>
Other expenses		
Depreciation	4,717	5,398
Staff costs	62,118	58,888
Other operating expenses	180,613	148,914
	<u>247,448</u>	<u>213,200</u>
Net income for year	<u>286,943</u>	<u>310,172</u>

See notes to financial statements.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Statement of Cash Flows Year ended March 31, 2015 Expressed in Barbados Dollars

	2015	2014
Cash provided / (used) by:		
Operating activities		
Net income for year	286,943	310,172
Add item not involving cash		
Depreciation	4,717	5,398
	291,660	315,570
<i>Change in non-cash operating items:</i>		
Accounts receivable	(30,699)	(23,703)
Accounts payable and accruals	(38,050)	425
Deposits and shares payable	382,527	703,025
	605,438	995,317
Investing activities		
Increase in:		
Loans	(585,720)	(483,536)
Investments	(54,589)	(428,807)
Purchase of plant and equipment	0	0
	(640,309)	(912,343)
Financing activities		
Entrance fees	195	155
Patronage refund	(160,705)	(131,107)
Issue of shares	1,350	1,350
	(159,160)	(129,602)
Decrease in cash and cash equivalents	(194,031)	(46,628)
Cash and cash equivalents - start of year	713,974	760,602
Cash and cash equivalents- end of year	519,943	713,974

See notes to financial statements.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2015

Expressed in Barbados Dollars

1. Registration

The Barbados Media Co-Operative Credit Union Limited was registered on November 01, 1983, in accordance with the Co-operative Societies' Act, Cap 378. The Society was continued under the Co-operative Societies' Act 1990-23 on September 14, 1994. The principal place of business is 'Nation House', Fontabelle, St. Michael, Barbados. There was one employee during the year (prior year - one).

2. Principal activities

The principal activities are as follows.

- (a) The provision of means whereby savings can be effected by members and whereby shares in the Credit Union can be purchased.
- (b) The creation, out of the savings of members and otherwise, of a source of credit available to members on reasonable terms and conditions.
- (c) The education of members in Co-operative principles and methods and the efficient management of the Credit Union's affairs.

3. Significant accounting policies

(a) *Basis of accounting*

The financial statements are stated in Barbados dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(b) *Investments*

Investments are initially recorded at cost. For subsequent measurement, investments that are classified as held to maturity are recorded at cost or amortized cost. Available-for-sale assets for which there is no quoted market value in an active market, and for which there is no reliable method of measuring the fair value, are shown at cost subject to adjustment for any impairment of value. Impairment occurs where the estimated recoverable amount of an asset is less than its carrying value. Management makes an assessment of whether any assets are impaired as at each Statement of Financial Position date.

(c) *Taxation*

The Credit Union is not required to pay taxes on its net income under Section 9(g) the Income Tax Act of Barbados.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2015

Expressed in Barbados Dollars

- (d) *Depreciation*
Depreciation is provided on furniture and equipment on a straight line basis at a rate designed to reduce the cost of the assets to their residual value at the end of their useful lives in the business. The annual rates being used for furniture and equipment are 10% and 20% respectively.
- (e) *Statutory Reserve*
A minimum of the greater amount of 0.5% of assets or twenty-five percent (25%) of net income is transferred to a Reserve account in accordance with the Cooperative Societies' legislation. Entrance Fees are taken to a Reserve Account.
- (f) *Education Fund*
A minimum of one percent (1%) of net income is transferred to a Reserve Account in accordance with the advice of the Registrar of Co-operative Societies.
- (g) *Bad debt provision*
The bad debts provision is determined after a review of all delinquent loans to identify those loans which are in arrears. Provision is made based on the period of arrears and represents Management's best estimate of the amount which is unlikely to be collected.
- (h) *Revenue Recognition*
Interest on loans is accounted for on the accrual basis. Where a loan is more than ninety days past due, no accruals are made and any previously accrued interest is reversed. Income on investments is recorded on an accrual basis.
- (i) *Cash equivalents*
Cash equivalents comprise cash on hand, bank deposits and other deposits on call.

4. Fair Value of Financial Instruments

- (a) *Financial Instruments*
Financial instruments consist of financial assets and liabilities. Financial assets include cash and cash equivalents, accounts receivable, loans receivable and investments. Financial liabilities include accounts payable and accruals, members' shares and deposits.
- (b) *Fair Value*
Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is best evidenced by a quoted market value. An estimate, based on assumptions, is made of the fair value of each class of financial instrument for which it is practical to make an estimate. The fair values of the financial instruments are estimated to be not materially different from their carrying values in the financial statements.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements
March 31, 2015
Expressed in Barbados Dollars

5. Risk Management

The major risks facing the Credit Union are credit risk, interest rate risk and liquidity risk.

(a) Credit Risk

(i) Credit risk arises if a customer fails to honour their contractual obligations to the credit union as they become due. Credit risk arises mainly from the loan portfolio.

(ii) The Credit Committee is responsible for approval of all loans, consistent with the Loan Policy. As far as it is practicable so to do, loan repayments are made by way of salary deductions. Loan advances are secured by a lien on the members' savings and additional security may also be requested if warranted. Loans that are past due for more than ninety (90) days are provided for in accordance with the credit policy.

(iii) The loan provision of \$143,719 represents 1.9% of outstanding loans (prior year \$104,766 and 1.5% respectively). An increase in loan delinquency to 3% (prior year 2.5%) would result in the approximate financial effects below, over the course of a financial year.

	<u>2015</u>	<u>2014</u>
Decrease in net income	(86,274)	(71,300)
Decrease in equity	(86,274)	(71,300)

(iv) Loans past due	<u>2015</u>	<u>2014</u>
30 to 90 days	296,401	397,880
91 to 365 days	60,229	127,010
Over 365 days	<u>171,921</u>	<u>114,749</u>
	<u>528,551</u>	<u>639,639</u>

(b) Interest Rate Risk

The Credit Union's exposure to interest rate risk on its financial instruments is disclosed in Notes 7, 9 and 10.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2015

Expressed in Barbados Dollars

5. Risk Management - continued

(c) *Liquidity Risk*

- (i) Liquidity risk is the risk that the Credit Union will be unable to meet its financial obligations as they fall due under normal and stressed conditions due to the unavailability of adequate liquid cash resources. The main risk arises from the withdrawal of members' savings, consisting of shares and deposits. These savings are payable on demand unless they are being used as security for loans.
- (ii) The Treasurer is responsible for managing the cash resources of the Credit Union. The annual budget is used to forecast cash demand, purchase short term investments as necessary and meet requests for withdrawals as they arise.
- (iii) Various financial ratios are used to assess the adequacy of the level of cash resources required to meet the Credit Union's obligations. The World Council of Credit Unions (WOCCU) has developed PEARLS, a financial performance monitoring system designed to offer management guidance for credit unions and other savings institutions.
- (iv) Cash resources are held with reputable institutions.

6. Related parties

- (a) Related parties exist where one party has the ability to control or exercise significant influence over the financial or operating decisions of another party. Related parties include those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, including any Director. Transactions with related parties may be entered into in the normal course of business. Any such transactions are undertaken on commercial terms and conditions and are conducted at market rates. All transactions entered into between the Credit Union and its Directors in their capacity as members of the Credit Union are on the same terms and conditions applicable to all members.
- (b) At the Statement of Financial Position date loans due by Directors totaled \$549,449 (prior year \$559,475). Savings held by directors in the form of shares and deposits totaled \$183,170 (prior year \$175,661).

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2015

Expressed in Barbados Dollars

7. Cash and cash equivalents	<u>2015</u>	<u>2014</u>
Current account	406,773	604,160
Savings accounts - 2.5% p.a. (prior year 2.5%)	27	27
Cash on hand	200	200
FCIS money market account - 3% p.a. (prior year 3.05%)	<u>112,943</u>	<u>109,587</u>
	<u><u>519,943</u></u>	<u><u>713,974</u></u>
8. Accounts receivable	<u>2015</u>	<u>2014</u>
Interest receivable - Loans	41,063	37,881
Other accounts	<u>41,901</u>	<u>14,384</u>
	<u><u>82,964</u></u>	<u><u>52,265</u></u>
9. Loans to members	<u>2015</u>	<u>2014</u>
Gross loans	7,666,447	7,041,774
Less: Provision for doubtful debts - principal	<u>(143,719)</u>	<u>(104,766)</u>
Net value of loans	<u><u>7,522,728</u></u>	<u><u>6,937,008</u></u>
(a) Loans are generally granted at 12% per annum. Real estate loans are charged interest at 7.5% per annum. Interest is charged on the reducing balance basis.		
(b) <i>Bad debt provision</i>	<u>2015</u>	<u>2014</u>
Balance - start of year	104,766	104,766
Increase in provision	<u>38,953</u>	<u>0</u>
Balance - end of year	<u><u>143,719</u></u>	<u><u>104,766</u></u>

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2015

Expressed in Barbados Dollars

10. Investments	<u>2015</u>	<u>2014</u>
<i>Held-to-maturity</i>		
Barbados Government securities - 6.5%, maturing 2019	100,000	100,000
Financial institutions - 3.25% to 3.95% (prior year 3.75% to 5%)	1,558,707	1,504,328
Other institutions - 7%	12,000	12,000
	<u>1,670,707</u>	<u>1,616,328</u>
<i>Available-for-sale</i>		
Co-operators General Insurance Co. Ltd.:		
- Ordinary shares	8,630	8,420
Barbados Co-operative & Credit Union League:		
- 6%, 5-year cumulative preference shares	200	200
Co-operators General Management Co. Inc.:		
- Shares	420	420
	<u>9,250</u>	<u>9,040</u>
Total	<u>1,679,957</u>	<u>1,625,368</u>

(a) Available-for-sale investments

There is no quoted market price for equity investments in Co-operators General Insurance Co. Ltd. nor in the Barbados Co-operative & Credit Union League Ltd. In such circumstances, the fair values of these equity investments cannot be reliably measured and the investments are carried at cost.

11. Plant and equipment	<u>2015</u>	<u>2014</u>
<i>Cost</i>		
Balance - start of year	32,202	32,202
Additions	0	0
Balance - end of year	<u>32,202</u>	<u>32,202</u>
<i>Accumulated depreciation</i>		
Balance - start of year	27,485	22,087
Charge for year	4,717	5,398
Balance - end of year	<u>32,202</u>	<u>27,485</u>
Net book value - start of year	4,717	10,115
Net book value - end of year	<u>0</u>	<u>4,717</u>

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements
March 31, 2015
Expressed in Barbados Dollars

12. Accounts payable and accruals	<u>2015</u>	<u>2014</u>
Savings of former members	10,038	48,728
Unclaimed dividends	7,228	7,228
Sundry accounts	<u>15,412</u>	<u>14,772</u>
	<u>32,678</u>	<u>70,728</u>

13. Deposits and shares payable	<u>2015</u>	<u>2014</u>
Total	<u>7,636,001</u>	<u>7,253,474</u>

(a) There is no predetermined rate of interest payable on deposits and shares. The rate of interest is determined by the Board of Directors from time to time.

(b) There is no limit to the number of shares that the Credit Union is authorized to issue. The number of shares held by a member does not determine the member's voting rights since each member is entitled to one vote only at any general meeting.

14. Qualifying shares	<u>2015</u>	<u>2014</u>
Total	<u>28,150</u>	<u>26,800</u>

Qualifying shares were created as required by the Co-operative Societies' legislation and each member is required to maintain a minimum of \$50 in qualifying shares. The members in general meeting agreed that such qualifying shares cannot be withdrawn at the option of the member but only at the discretion of the Society. Consequently, these shares have been classified in the Statement of Financial Position as Equity instead of Liabilities in accordance with the requirements of IAS32 (International Accounting Standard 32).

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Schedule of Other Operating Expenses Year ended March 31, 2015 Expressed in Barbados Dollars

	<u>2014</u>	<u>2013</u>
Annual General Meeting	8,242	6,394
Bad debts - fees	1,407	3,096
Bad debts - increase in provision	38,953	0
Bank charges	3,541	3,193
Convention fees	18,714	10,015
Co-operative celebrations	2,733	30,158
Education Fund provision	2,208	0
Donations	4,896	31
Fines	0	50
Honoraria	21,210	22,930
League dues	6,740	6,476
Maintenance	0	125
Mutual Benefits Plan expenses	43,196	41,659
Office supplies	7,463	4,195
Professional fees	8,885	8,578
Rent	4,252	2,991
Software license and support	3,319	3,319
Stationery	4,724	1,808
Telephone	130	130
Training	<u>0</u>	<u>3,766</u>
	<u><u>180,613</u></u>	<u><u>148,914</u></u>

Notes

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED



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