



ANNUAL REPORT



THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED



THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

annual report **2016**

## 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

## 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 27, 2016 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*
- Trevor Marshall**..... *Vice President*
- Roland Wilson**..... *Treasurer*
- Sonia Yarde**..... *Secretary*
- Delores Dottin**..... *Assistant Secretary / Treasurer*

### SUPERVISORY COMMITTEE

- Gregory Browne**..... *Chairman*
- Geralyn Edward**..... *Secretary*
- Toni Yarde**..... *Member*

### CREDIT COMMITTEE

- Adrian Bowen**..... *Chairperson*
- Barbara Howell**..... *Secretary*
- Heather Brathwaite**..... *Member*





# Minutes

## 32nd Annual General Meeting

Held on Monday, June 29, 2015  
at 3:00 p.m.  
Goddard's Training Room,  
Goddard's Complex, Fontabelle, St. Michael

## Members Present

BARROW, Monie  
BELGRAVE, Ricardo  
BOWEN, Adrian  
BRATHWAITE, Heather  
CONNELL, Antoinette  
DELANEY, Wendy  
EDWARD, GERALYN  
GITTENS, Marilyn

GRIFFITH, Janice  
HAREWOOD, Alicia  
HAREWOOD, Cheryl  
HINDS, Sheridan  
HOWELL, Barbara  
JACKMAN, Esther  
JONES, Terry  
LAWRENCE, Keith

LICORISH, Alison  
MARSHALL, Trevor  
MOORE, Melissa  
MOSES, Janelle  
MOUNTER, Ava  
NURSE, Michael  
SANDIFORD, Cedric  
SEALY, Hanif

SMITH, Natanga  
SPRINGER, Jameel  
STEWART, Mona  
WEEKES, Tyson  
WILSON, Roland  
WORRELL, Seaneatta  
YARDE, Sonia  
YARDE, Toni

## Visitors Present

CARTER, Peter – Peter J Carter & Co.

## \$9.3 million

TOTAL ASSETS INCREASED BY 5.1%  
OVER THE PREVIOUS YEAR.

### 1. ASCERTAINMENT OF A QUORUM

The Chairman informed the meeting that a quorum was present.

### 2. CALL TO ORDER

The Chairman called the meeting to order at 3:38 p.m.

### 3. PRAYERS

The meeting commenced with prayers by Adrian Bowen followed by the reading of the Prayer of St. Francis of Assisi.

### 4. WELCOME REMARKS

The Chairman welcomed all present to the 32nd Annual General Meeting of **The Barbados Media Co-operative Credit Union Limited**. A special welcome was extended to our visitor.

### 5. CONFIRMATION OF MINUTES

The minutes of the Annual General Meeting held on Monday, June 30, 2014 were taken as read by Adrian Bowen and seconded by Ricardo Belgrave.

### 6. ADOPTION OF MINUTES

The minutes were adopted following a motion by GERALYN EDWARD and seconded by NATANGA SMITH. The members agreed unanimously.

### 7. MATTERS ARISING

There were no other matters arising from the minutes.

### 8. REPORT

The reports of the Board of Directors, Credit and Supervisory Committees were taken as read by Heather Brathwaite and seconded by Barbara Howell.

#### (A): BOARD OF DIRECTORS REPORT

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

## 5.3% or \$383,000

DEPOSITS INCREASED TO \$7.6 MILLION  
AT MARCH 31, 2015.

#### Overview

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 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 meant that earning relatively reasonable interest income would become harder in the short term.

#### Assets

Total assets stood at \$9.3 million, an increase of 5.1% over the previous year. 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 loans portfolio increased 8.9% to \$7.7 million. After the usual review of the past due balance, we increased the provision for loan losses by \$39,000. The provision now totalled \$143,700 or 1.9% of gross loans. Loans totalling \$529,000 (prior year was \$640,000) were in the past due category.

#### Members' deposits

Deposits increased 5.3% or \$383,000 to \$7.6 million at March 31, 2015. Our Credit Union increased interest to 5.3% (prior year – 5.25%) on members' deposits for the year then ended.

#### Interest income

Total income increased by 5.9% (prior year 8.8%). Approximately 92.3% originated from interest on loans.

THERE WAS A DECREASE IN DELINQUENT LOANS BY 21% **(\$134,774)**, WHICH WAS A POSITIVE INDICATOR.

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Investment income showed a small increase of \$9,000 or 14.5%, after a \$6,000 increase in the prior year. Efforts would continue to increase the contribution from investment income.

### **Net Income**

Net income decreased by \$23,000 or 7.4% (prior year – increase of \$37,000 or 13.6%). Operating expenses were on par with the prior year, except for the bad debt provision of \$38,000.

### **Initiatives**

The roll out of our full mortgage offering was delayed due to the need to comply with the Financial Services Commission ((FSC) regulations. Consequently, negotiations were taking place with a fellow Credit Union in order to achieve the vision with respect to the full mortgage.

### **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 would be one that anticipates a further increase in unemployment over the next 12 months. Interest rates on investments and savings seemed 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.

Adrian Bowen queried what the requirement was to qualify as a Credit Union according to the Act.

Roland Wilson responded that it was the size of the Credit Union in terms of assets.

Terry Jones asked why the FSC denied the application for an increased loan limit.

Roland Wilson explained that the loan limit could not be more than 10% of the statutory reserves.

## **8 (B) CREDIT COMMITTEE'S REPORT**

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

### **Loans**

During the financial period under review, the Credit Committee processed and approved 472 loans for a total value of \$2.6 million. This represented a 9% decrease in disbursed loans but a 4% increase in the total value of the loans. 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. The decrease in Back to School and Christmas loans was reflective of the stabilizing of those two areas after a massive 42% increase in 2014. The increase in real estate and personal vehicle loans could 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.

### **Delinquency**

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

### **Conclusion**

The Central Bank report projected a 2% and 2.3% economic growth 2015/2016, respectively. 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. The overall increase in the value of loans disbursed in the 2014-2015 financial year was a positive sign and it was hopeful that it would continue into the next financial year.

### 8 (C): SUPERVISORY COMMITTEE'S REPORT

Geralyn Edward gave a synopsis of the Supervisory Committee's report as follows:

#### Overview

The committee members reviewed several aspects of the operations of the Credit Union, mainly through inspections of various financial transactions, documentation and enquiries about procedures followed. Among the inspections undertaken were spot checks 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 repossession and account closures. Activities reviewed found that the procedures of the Credit Union were properly followed and administered and the documentation properly maintained.

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

### 9. AUDITOR'S REPORT

The Auditor's report was taken as read by Ricardo Belgrave and seconded by Marilyn Gittens.

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.

### 10. FINANCIAL REPORT

The Financial report was taken as read by Geralyn Edward and seconded by Trevor Marshall.

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

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

### 11. RESOLUTION

The Board recommended that By-Law 72 be amended to increase the loan limit from \$160,000 to \$200,000. The members voted 32 for and 0 against.

### 12. APPOINTMENT OF AUDITORS

The Board of Directors recommended that Peter J Carter and Co. be re-appointed as auditor of the Credit Union for the financial year 2015 - 2016.

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

### 13. 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.

### 14. 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.

### 15. ELECTIONS

The Chairman announced that there were two vacancies on the Board, and the Supervisory Committee and one on the Credit Committee.

Sonia Yarde was named supervisor of elections. She was assisted by Barbara Howell.

THE BOARD RECOMMENDED THAT BY-LAW 72 BE AMENDED TO INCREASE THE LOAN LIMIT FROM  
**\$160,000 TO \$200,000.**

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**Board of Directors**

Marilyn Gittens and Delores Dottin were nominated for the Board of Directors and duly elected to serve 3 years.

**Credit Committee**

Heather Brathwaite was nominated for the Credit Committee and duly elected to serve 2 years.

**Supervisory Committee**

Geralyn Edward and Toni Yarde were nominated for the Supervisory Committee and duly elected to serve 2 years.

**16. ANY OTHER BUSINESS**

Janice Griffith said that since she was no longer employed by the Nation she no longer received emails with regards to Credit Union matters. She added that it made her unhappy and she felt like an outcast.

Marilyn Gittens apologised to Janice Griffith and assured her that it would not happen again.

Geralyn Edward stated that a policy should be in place for members' complaints.

Roland Wilson asked the Supervisory Committee to provide the Board with a template of such a policy.

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. He said that the audit clashed with his budget preparation and he was therefore grateful for their assistance.

**17. VOTE OF THANKS**

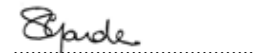
Trevor Marshall gave the vote of thanks.

**18. TERMINATION**

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

Confirmed by:

  
.....  
Chairperson  
**Marilyn Gittens**

  
.....  
Secretary  
**Sonia Yarde**



# Board of Directors' Report

For the year ended March 31, 2016

DEPOSITS INCREASED **7.7%** OR \$588 THOUSAND TO \$8.2 MILLION AT MARCH 31, 2016. OUR CREDIT UNION'S INTEREST RATE IS 5.30% (PRIOR YEAR - 5.30%) ON MEMBERS' DEPOSITS FOR THE YEAR THEN ENDED.

## **Introduction**

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, 2016.

The 2016 financial year was yet another challenging one which, saw the continued regional and global challenges from the 2015 financial year. The local economic and financial climate continued to be depressed, with Moody's and other influential financial institutions remaining less than positive on Barbados' economy. No real growth occurred in the immediate past 12 months and essentially zero growth is anticipated in the coming 12 months. The Barbados Government continues to grapple with an unstable economy. This will undoubtedly continue over the next 12 months. Individuals and small enterprises continue the uphill struggle to realign their asset flows to enhance their ability to survive the economic turbulence. Some banks and financial institutions have launched strategies that may very well attract credit union members to use their financing instead of credit unions. Banks have aggressively exploited the removal of the Minimum Savings Rate, making it much more difficult to earn reasonable rates of return on short and medium term investments.

Total assets increased 7.9% (prior year - 5.1%) while liabilities increased 8.0% (prior year - 4.7%). Members' deposits grew 7.7% (prior year - 5.3%), while loans increased 1.0% (prior year - 8.9%). 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 \$10.6 million (\$9.8 million, at March 31, 2015). Invested assets increased 38.9% from \$1.8 million to \$2.5 million, while non-earning cash increased 19.2% to \$485 thousand.



LOANS TOTALING **\$547 THOUSAND**  
 (PRIOR YEAR - \$529 THOUSAND) WERE IN THE PAST DUE  
 CATEGORY (INSTALLMENTS AT LEAST 30 DAYS OVERDUE).

**Loan portfolio**

The gross loan portfolio increased 1.0% to \$7.71 million at March 31, 2016. 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. The provision for loan losses totals \$143.7 thousand or 1.9% of gross loans (prior year - \$143.7 thousand or 1.9%), reflecting our current estimate of the expected ultimate net loss on the existing portfolio.

Loans totaling \$547 thousand (prior year - \$529 thousand) were in the past due category (installments at least 30 days overdue). The balance varied throughout the 2016 financial year, and at the financial report date, reflects some timing differences in the 1 to 3-months range. During the year, the directors continued the loan rehabilitation programme for members with balances past due, but who met certain criteria.

**Loans past due \$'000**

Period Months	Mar 2016 \$ amt.	Mar 2015 \$ amt.
1 – 3	347	296
> 3 – 12	116	60
> 12	84	172
<b>Totals</b>	<b>547</b>	<b>528</b>
<b>Gross</b>	<b>7,713</b>	<b>7,666</b>
<b>Past due</b>	<b>7.1%</b>	<b>6.9%</b>

As can be discerned from the table above, there has been some improvement in the over 90-days total since March 2015.

**Members' deposits**

Deposits increased 7.7% or \$588 thousand to \$8.2 million at March 31, 2016. Our credit union's interest rate is 5.30% (prior year – 5.30%) on members' deposits for the year

NET INCOME INCREASED \$42 THOUSAND OR **14.6%** (PRIOR YEAR - DECREASE OF \$23 THOUSAND OR 7.4%).

then ended. This remains very competitive in comparison to banks and mainstream financial institutions.

### **Interest income**

Total income increased 4.2% (prior year – 5.9%). Approximately 91.1% (prior year – 92.3%) originated from interest on loans. Investment income showed a small increase of \$13 thousand or 18.3%, after a \$9 thousand increase in the prior year. Efforts will continue to increase the contribution from investment income.

Interest costs on deposits increased 7.8% (prior year – increase of 11.3%).

The foregoing resulted in net interest income of \$542 thousand, a 1.7% increase over the prior year.

### **Net income**

Net income increased \$42 thousand or 14.6% (prior year – decrease of \$23 thousand or 7.4%).

Operating expenses were 13% less than the prior year.

### **Initiatives**

During this year our Board had to take limited action against 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.

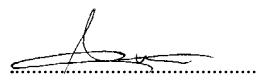
The roll-out of our full mortgage offering has been delayed due to the legal aspect, as the lawyers have been very slow in getting the contract completed. We anticipate that the upper mortgage limit will be between \$350,000 and \$400,000.

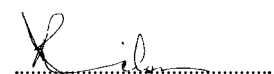
### **Outlook**

The current outlook is one that anticipates no significant increase in employment 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 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 2017 financial year, especially the roll-out of the mortgage programme.

  
Marilyn A. Gittens  
**President**

  
Roland Wilson  
**Treasurer**



THE MCCU HAS GENERATED A SURPLUS FROM ITS OPERATIONS FOR THE YEAR ENDED

## MARCH 31, 2016

### Resolution

**WHEREAS** the remuneration paid to elected officers must be approved by the Society's membership at the Annual General Meeting;

**AND WHEREAS** the Board of Directors has recommended a 10% increase to the remuneration from twenty-four thousand, seven hundred and twenty dollars to twenty-seven thousand, three hundred dollars;

**BE IT RESOLVED THAT** subject to the approval of membership, a monthly stipend is paid to elected officers effective July 2016, with conditions:

Board of Directors .....	<b>\$275.00 monthly</b>
Credit Committee .....	<b>\$220.00 monthly</b>
Supervisory Committee.....	<b>\$80.00 monthly</b>

### Patronage Refund

**WHEREAS** The Barbados Media Co-operative Credit Union Limited. has generated a surplus from its operations for the year ended March 31, 2016;

**AND WHEREAS** the Board of Directors has recommended a patronage refund of twenty-five percent in the amount of two hundred and seventeen thousand, nine hundred and eighty 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-five percent in the amount of two hundred and seventeen thousand, nine hundred and eighty dollars.

# Supervisory Committee Report

For the year ended March 31, 2016

THE SUPERVISORY COMMITTEE SERVES AS THE **“WATCHDOG”** FOR MEMBERS OF THE CREDIT UNION AND IS RESPONSIBLE FOR REVIEWING AND EVALUATING THE PERFORMANCE AND PROCEDURES FOLLOWED BY THE CREDIT UNION'S ELECTED OFFICIALS AND STAFF.

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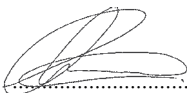
In this connection, Chairman Gregory Browne, Secretary Geralyn Edward and Member Toni Yarde, held four quarterly meetings during the financial year at which all three members of the committee were in attendance.

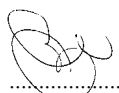
At those sessions, the committee reviewed several aspects of **The Barbados Media Co-operative Credit Union Limited's** operations. This was achieved through inspections of various financial transactions, documentation and enquiries regarding procedures followed by the credit union.

Inspections, including random checks of bank statements, loan applications, loan approvals, special payments and donations were undertaken. The committee also paid attention to procedures and processes.

In reviewing the activities, the committee found that the procedures and By-laws of the credit union were followed and administered, while documentation was properly maintained. No irregularities were discovered.

With the changing times and increased regulation of the sector by the Financial Services Commission our Committee has undertaken training to improve our knowledge of legal requirements, accounting and auditing procedures, fraud and money laundering measures.

  
.....  
Gregory Browne  
**Chairman**

  
.....  
Geralyn Edward  
**Secretary**



# Credit Committee Report

For the year ended **March 31, 2016**

BACK TO SCHOOL LOANS WHICH MOVED FROM 96 IN 2015 TO 88 IN 2016,  
WHILE THE VALUE OF THE LOANS MOVED FROM

**\$284,042 TO \$317,169.**

## **Overview**

During the Financial period ending April 1st, 2015 to March 31st, 2016 the Credit Committee processed 424 loans valued at \$2.3 million. This was an 11% decrease in disbursed loans when compared to the previous year ending March 31, 2015. This decline was reflected in number of loans through all loan categories but Consumer and Private transport loans showed an increase in total value when compared to previous financial year.

## **Loans (2015 vs 2016)**

The value of Consumer and Private Transport loans increased by 7% and 12%, respectively, despite the number of loans being down by 7% and 44%, respectively. This was also reflected in Back to School loans which moved from 96 in 2015 to 88 in 2016, while the value of the loans moved from \$284,042 to \$317,169. This can be attributed to members taking higher individual loans but an overall decline in the uptake of loans. Christmas loans increased both in number and value over the previous year, while EVA loans remain the same with only marginal movement. There was a 60% decrease in the value of Real Estate loans when compared to 2015, but the difference in the actual number of 2016 loans (15) versus 2015 loans (17), was only two.

## **Delinquent Loans (2015 vs 2016)**

The number of delinquent loans decreased by 6%, but the value of the delinquent loans exceed the previous year 9%

(\$43,215). Delinquent loans exceeding 12 months is 23% of the total delinquent loans, while those within the 3 months and less range is 63%.

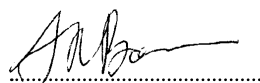
## **Conclusion**

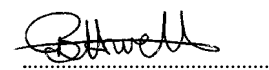
Although Back to School and Christmas loans showed growth over the previous financial year, the overall reduction in the number and value of loans are indicators that should be monitored. Real Estate loans are more complicated and time consuming to process, but based on the value of these loans they can contribute significantly to the loan portfolio of the Credit Union. Therefore, while we must continue to offer short term loans, there must also be some drive to encourage an increase in long term loans as well.

The management of delinquent loans seems to be effective with 63% of these loans being under 3 months in arrears.

In sum, the Credit Committee encourages all members to consider Real Estate and Investment loans as these can be mutually beneficial to both members and the organization.

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

  
.....  
Adrian Bowen  
**Chairman**

  
.....  
Barbara Howell  
**Secretary**



annual report **2016**

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

**PJC**

Chartered Accountants  
Barbados

*“we reckon but people count”*



MARCH 31, 2016

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

**FINANCIAL STATEMENTS  
MARCH 31, 2016**

**PJC**

**Chartered Accountants  
Barbados**

“we reckon but people count”

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

**Financial Statements  
March 31, 2016**

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Since 1990



*Peter J. Carter & Co.*  
Chartered Accountants

"We reckon but people count"

P.O. Box 78WRD  
Professional Business Centre  
29 George Street, Belleville, St. Michael BB11114  
Barbados, W.I.  
Tel/Fax: (246) 429-7531  
Email – [pjcbarbados@gmail.com](mailto:pjcbarbados@gmail.com)

## 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, 2016, 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, 2016, 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

June 10, 2016

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


**Statement of Financial Position  
March 31, 2016  
Expressed in Barbados Dollars**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents - Note 8	600,925	519,943
Accounts receivable - Note 9	<u>68,499</u>	<u>82,964</u>
	669,424	602,907
Loans to members - Note 10	7,569,238	7,522,728
Investments - Note 11	2,339,614	1,679,957
Plant and equipment - Note 12	<u>3,586</u>	<u>0</u>
Total assets	<u><u>10,581,862</u></u>	<u><u>9,805,592</u></u>
<b>Liabilities and equity</b>		
Liabilities		
Accounts payable and accruals - Note 13	56,881	32,678
Deposits and shares payable - Note 14	<u>8,224,252</u>	<u>7,636,001</u>
Total liabilities	<u>8,281,133</u>	<u>7,668,679</u>
Equity		
Qualifying shares - Note 15	28,650	28,150
Statutory reserve	1,006,303	923,908
Undivided Earnings	<u>1,265,776</u>	<u>1,184,855</u>
Total equity	<u>2,300,729</u>	<u>2,136,913</u>
Total liabilities and equity	<u><u>10,581,862</u></u>	<u><u>9,805,592</u></u>

See notes to financial statements.

Approved by the Board of Directors, June 10, 2016, 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, 2016  
Expressed in Barbados Dollars**

	Qualifying shares	Statutory Reserve	Undivided Earnings	Total
Balance - March 31, 2014	26,800	851,977	1,130,353	2,009,130
Patronage refund - 20%	-	-	(160,705)	(160,705)
Entrance fees	-	195	-	195
Net income for year	-	-	286,943	286,943
Transfer to Statutory Reserve - 25% of net income	-	71,736	(71,736)	0
Issue of shares	1,350	-	-	1,350
Balance - March 31, 2015	28,150	923,908	1,184,855	2,136,913
Patronage refund - 20%	-	-	(165,994)	(165,994)
Entrance fees	-	90	-	90
Net income for year	-	-	329,220	329,220
Transfer to Statutory Reserve - 25% of net income	-	82,305	(82,305)	0
Issue of shares	500	-	-	500
Balance - March 31, 2016	28,650	1,006,303	1,265,776	2,300,729

See notes to financial statements.

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

**Statement of Comprehensive Income**  
**Year ended March 31, 2016**  
**Expressed in Barbados Dollars**

	<u>2016</u>	<u>2015</u>
<b>Interest income</b>		
Loans to members	871,767	846,048
Investments	81,011	67,266
Cash and cash equivalents	<u>2,829</u>	<u>3,355</u>
	<u>955,607</u>	<u>916,669</u>
<b>Interest expense</b>		
Demand deposits and shares - 5.3% (prior year 5% to 5.3%)	<u>413,410</u>	<u>383,449</u>
<b>Net interest income</b>	<u>542,197</u>	<u>533,220</u>
<b>Other income</b>		
Dividends	597	486
Sundry income	<u>1,275</u>	<u>685</u>
	<u>1,872</u>	<u>1,171</u>
<b>Other expenses</b>		
Depreciation	0	4,717
Staff costs - Note 7	62,429	62,118
Other operating expenses	<u>152,420</u>	<u>180,613</u>
	<u>214,849</u>	<u>247,448</u>
<b>Net income for year</b>	<u>329,220</u>	<u>286,943</u>

See notes to financial statements.

## THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

### Statement of Cash Flows Year ended March 31, 2016 Expressed in Barbados Dollars

	2016	2015
<b>Cash provided / (used) by:</b>		
<b>Operating activities</b>		
Net income for year	329,220	286,943
Add item not involving cash		
Depreciation	0	4,717
	329,220	291,660
<i>Change in non-cash operating items:</i>		
Accounts receivable	14,465	(30,699)
Accounts payable and accruals	24,203	(38,050)
Deposits and shares payable	588,251	382,527
Net cash provided by operating activities	956,139	605,438
<b>Investing activities</b>		
Increase in:		
Loans	(46,510)	(585,720)
Investments	(659,657)	(54,589)
Purchase of plant and equipment	(3,586)	0
Net cash used by investing activities	(709,753)	(640,309)
<b>Financing activities</b>		
Entrance fees	90	195
Patronage refund	(165,994)	(160,705)
Issue of qualifying shares	500	1,350
Net cash used by financing activities	(165,404)	(159,160)
Increase / (decrease) in cash and cash equivalents	80,982	(194,031)
Cash and cash equivalents - start of year	519,943	713,974
<b>Cash and cash equivalents- end of year</b>	600,925	519,943

See notes to financial statements.



# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

## Notes to Financial Statements

March 31, 2016

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.

### 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) of the Income Tax Act of Barbados.

# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

## Notes to Financial Statements

March 31, 2016

Expressed in Barbados Dollars

(d) *Depreciation*

Depreciation is provided on plant 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*

The credit union is required to establish and maintain reserves consisting of the greater of one half of one per cent (0.5%) of assets or twenty-five per cent (25%) of surplus until the capital of the Society equals ten percent (10%) of the total assets of the Society, in accordance with the Co-operative Societies' legislation. Similarly, 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) *Income 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.

# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

## Notes to Financial Statements

March 31, 2016

Expressed in Barbados Dollars

### 4. Fair Value of Financial Instruments - continued

#### (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.

### 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 \$143,719 and 1.9% respectively). An increase in loan delinquency to 3% (prior year 3%) would result in the approximate financial effects below, over the course of a financial year.

	<u>2016</u>	<u>2015</u>
Decrease in net income	(87,670)	(86,274)
Decrease in equity	(87,670)	(86,274)

	<u>2016</u>	<u>2015</u>
Loans past due		
30 to 90 days	347,106	296,401
91 to 365 days	115,522	60,229
Over 365 days	84,450	171,921
	<u>547,078</u>	<u>528,551</u>

#### (b) Interest Rate Risk

The Credit Union's exposure to interest rate risk on its financial instruments is disclosed in Notes 8, 10 and 11.

# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

## Notes to Financial Statements

March 31, 2016

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 \$733,027 (prior year \$549,449). Savings held by directors in the form of shares and deposits totaled \$225,639 (prior year \$183,170). Honoraria paid to the Board of Directors totaled \$15,000 (prior year \$14,500).

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

**Notes to Financial Statements**  
**March 31, 2016**  
**Expressed in Barbados Dollars**

<b>7. Staff costs</b>	<u>2016</u>	<u>2015</u>
	<u>62,429</u>	<u>62,118</u>

There was one employee during the year (prior year - one).

<b>8. Cash and cash equivalents</b>	<u>2016</u>	<u>2015</u>
CIBC First Caribbean International Bank		
- Current account	484,926	406,773
Central Fund Facility Trust - 2.5% p.a. (prior year 2.5%)	31	27
Cash on hand	200	200
First Citizens Investment Services - money market account - 2% p.a. (prior year 3%)	<u>115,768</u>	<u>112,943</u>
	<u>600,925</u>	<u>519,943</u>

<b>9. Accounts receivable</b>	<u>2016</u>	<u>2015</u>
Interest receivable – Loans	60,597	41,063
Other accounts	<u>7,902</u>	<u>41,901</u>
	<u>68,499</u>	<u>82,964</u>

<b>10. Loans to members</b>	<u>2016</u>	<u>2015</u>
Gross loans	7,712,957	7,666,447
Less: Provision for doubtful debts - principal	<u>(143,719)</u>	<u>(143,719)</u>
Net value of loans	<u>7,569,238</u>	<u>7,522,728</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>2016</u>	<u>2015</u>
Balance - start of year	143,719	104,766
Increase in provision	<u>0</u>	<u>38,953</u>
Balance - end of year	<u>143,719</u>	<u>143,719</u>

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

**Notes to Financial Statements**

**March 31, 2016**

**Expressed in Barbados Dollars**

<b>11. Investments</b>	<u>2016</u>	<u>2015</u>
<i>Held-to-maturity</i>		
Barbados Government Securities - 6.5%, maturing 2019	100,000	100,000
Financial institutions - 3.25% to 3.80% (prior year 3.25% to 3.95%)	2,217,634	1,558,707
Other institutions - 7%	<u>12,000</u>	<u>12,000</u>
	<u>2,329,634</u>	<u>1,670,707</u>
<i>Available-for-sale</i>		
Co-operators General Insurance Co. Ltd.:		
- 83 Ordinary shares (prior year 59 shares)	8,840	6,330
- 6%, 5-year cumulative preference shares	0	2,300
Barbados Co-operative & Credit Union League Ltd:		
- 20 shares	200	200
Co-operators General Management Co. Inc.:		
- 47 Shares (prior year 21 shares)	<u>940</u>	<u>420</u>
	<u>9,980</u>	<u>9,250</u>
Total	<u>2,339,614</u>	<u>1,679,957</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.

<b>12. Plant and equipment</b>	<u>2016</u>	<u>2015</u>
<i>Cost</i>		
Balance - start of year	32,202	32,202
Additions	<u>3,586</u>	<u>0</u>
Balance - end of year	<u>35,788</u>	<u>32,202</u>
<i>Accumulated depreciation</i>		
Balance - start of year	32,202	27,485
Charge for year	<u>0</u>	<u>4,717</u>
Balance - end of year	<u>32,202</u>	<u>32,202</u>
Net book value - start of year	<u>0</u>	<u>4,717</u>
Net book value - end of year	<u>3,586</u>	<u>0</u>

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

**Notes to Financial Statements**  
**March 31, 2016**  
**Expressed in Barbados Dollars**

<b>13. Accounts payable and accruals</b>	<u>2016</u>	<u>2015</u>
Interest payable	19,209	0
Savings of former members	10,038	10,038
Sundry accounts	20,406	15,412
Unclaimed dividends	<u>7,228</u>	<u>7,228</u>
	<u>56,881</u>	<u>32,678</u>

<b>14. Deposits and shares payable</b>	<u>2016</u>	<u>2015</u>
	<u>8,224,252</u>	<u>7,636,001</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.

<b>15. Qualifying shares</b>	<u>2016</u>	<u>2015</u>
	<u>28,650</u>	<u>28,150</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 IAS 32 (International Accounting Standard 32).

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

**Schedule of Other Operating Expenses  
Year ended March 31, 2016  
Expressed in Barbados Dollars**

	<u>2016</u>	<u>2015</u>
Annual General Meeting	7,638	8,242
Bad debts - fees	2,594	1,407
Bad debts - increase in provision	0	38,953
Bad debts	11,694	0
Bank charges	3,889	3,541
Convention fees	13,000	18,714
Co-operative celebrations	3,154	2,733
Education Fund provision	4,292	2,208
Donations	1,200	4,896
Fines	50	0
Honoraria	22,620	21,210
League dues	8,024	6,740
Mutual Benefits Plan expense	41,417	43,196
Office supplies	7,775	7,463
Professional fees	9,860	8,885
Rent	6,018	4,252
Software license and support	3,847	3,319
Stationery	5,218	4,724
Telephone	130	130
	<u>152,420</u>	<u>180,613</u>



# notes



The Barbados Media Co-operative Credit Union Limited  
P.O. Box 1203, "Nation House" , Fontabelle, St. Michael.  
Barbados, W.I.

Tel: (246) 430-5578