

ANNUAL REPORT

2017



THE BARBADOS MEDIA COOPERATIVE CREDIT UNION LIMITED

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.*



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Notice of Meeting

June 26, 2017

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 26, 2017, 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. Nomination Committee Report
16. Elections:
 - (a) *Board of Directors*
 - (b) *Credit Committee*
 - (c) *Supervisory Committee*
17. Any Other Business
18. Vote of Thanks
19. Adjournment

The Executive

BOARD OF DIRECTORS

Marilyn Gittens – **President**
Delores Dottin – **Vice President**
Roland Wilson – **Treasurer**
Sonia Yarde – **Secretary**
Gregory Browne – **Assistant Secretary/
Treasurer**

CREDIT COMMITTEE

Heather Brathwaite – **Chairperson**
Sherry Jackman – **Secretary**
Asha Jones – **Member**

SUPERVISORY COMMITTEE

Geralyn Edward – **Chairman**
Toni Yarde – **Secretary**
Amanda Brewster – **Member**

Minutes of the 33rd Annual General Meeting
held on Monday, June 27, 2016
at 3:00 p.m.
Goddard's Training Room
Goddard's Complex
Fontabelle, St. Michael



Members present

Adrian Kinch
Alicia Harewood
Amanda Brewster
Asha Jones
Ava Mounter
Barbara Howell
Bea Dottin
Brenda Vanderpool
Delores Dottin
Desery Roach-Holder
Geraldyn Edward
Gregory Browne

Hanif Sealy
Heather Brathwaite
John Sealy
Joycelyn Johnson
Marcelle Trotman
Marcia Belle
Maria Bradshaw
Marilyn Gittens
Mona Stewart
Monie Barrow
Natanga Smith
Pamela Belle-Cutting

Patricia Alleyne
Reco Moore
Ricardo McConney
Roland Wilson
Shakeena Gittens
Sheridan Hinds
Sherry Jackman
Sonia Yarde
Toni Yarde
Trevor Marshall
Wendey Delaney
Wilma Thorington

Visitors present

CARTER, Peter – Peter J Carter & Co.

Ascertainment of a Quorum

The Senior Accounts Clerk informed the meeting that a quorum was present.

Call to Order

The Chairman called the meeting to order at 3:26 p.m.

Prayers

The meeting commenced with prayers by Patricia Alleyne followed by the reading of the Prayer of St. Francis of Assisi.

Welcome Remarks

The Chairman welcomed all present to the 33rd 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, June 29, 2015 were taken as read by Trevor Marshall and seconded by Pamela Belle-Cutting.

Adoption of Minutes

The minutes were adopted following a motion by Sonia Yarde and seconded by Geraldyn Edward. The members agreed unanimously.

Matters Arising

There were no matters arising from the minutes.

Report

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

(a): Board of Directors Report

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

Overview

The 2016 financial year was yet another challenging one, which saw the continued regional and global challenges from the 2015 financial year. 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 the unstable economy. 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 institution 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. 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, an increase from \$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.

Loan portfolio

The gross loans portfolio increased 1% to \$7.71 million. The provision for loan losses totals \$143.7 thousand or 1.9% of gross loans, reflecting our current estimate of the expected ultimate net loss on the existing portfolio. Loans totalling \$547 thousand were in the past due category.

Members' deposits

Deposits increased 7.7% or \$588 thousand to \$8.2 million at March 31, 2016. Our Credit Union paid interest of 5.3% on members' deposits for the year then ended. This remains very competitive in comparison to banks and mainstream financial institutions.

Interest income

Total income increased by 4.2%, of which approximately 91% originated from interest on loans. Investment income showed a small increase of \$13 thousand or 18.3% after a \$9,000

increase in the prior year. Efforts would continue to increase the contribution from investment income.

Interest cost on deposits increased 7.8%, resulting in net interest income of \$542 thousand, a 1.7% increase over the prior year.

Net Income

Net income increased by \$42 thousand or 14.6%. Operating expenses were 13% less than the prior year.

Initiatives

During the financial year we continued the loan rehabilitation program and the 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 legal aspect, as the lawyers have been very slow in getting the contract completed. We anticipate that the upper mortgage limit would be between \$350,000 and \$400,000.

Outlook

The current outlook would be one that anticipates no significant increase in employment 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 (FSC) 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.

(b): Credit Committee's Report

Heather Brathwaite gave a synopsis of the Credit Committee's report:

Loans

During the financial period under review, the Credit Committee processed 424 loans valued at \$2.3 million. This represented an 11% decrease in disbursed loans compared to the previous year. The value of consumer and private transport loans increased by 7% and 12%, respectively. Back to school loans moved from 96 in 2016 to 88 in 2016, while the value of the loans increased from \$284,042 to \$317,169. This could be attributed to members taking higher individual loans but an overall decline in the uptake of loans.

Delinquency

The number of delinquent loans decreased by 6%, but the value of the delinquent loans exceeded the previous year by 9% (\$43,215). Delinquent loans exceeding 12 months were



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

23% of the total, while those within the 1-3 months band were 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 were indicators that should be monitored. While we must continue to offer short term loans, there must also be a drive to encourage an increase in long term loans.

The management of delinquent loans seemed effective with 63% being under 3 months in arrears.

Heather Brathwaite thanked Ava Mounter for providing the necessary information. She also thanked the members of the Credit Committee for their service.

(c): Supervisory Committee's Report

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

Overview

The committee members reviewed several aspects of the operations during their quarterly meetings. The committee inspected various financial transactions, documentation and

enquiries regarding procedures followed by the Credit Union. In the review the committee found that the procedures and by-laws of the Credit Union were followed and administered, while documentation was properly maintained.

With the changing times and increased regulation of the sector by the Financial Services Commission the committee undertook training to improve their knowledge of legal requirements, accounting and audit procedures, fraud and money laundering measures.

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 Marilyn Gittens and seconded by Natanga Smith.

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.

Over the years the Credit Union was chosen for best practices when the FSC carried out their project assessments and was selected by the FSC for an interview by the IMF.

Financial Report

The Financial report was taken as read by Heather Brathwaite and seconded by Gregory Browne.

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.

Resolution

The Board recommended a 10% increase to the stipend paid to elected officers.

Pamela Belle-Cutting queried why there was such a significant difference in the amount paid to the credit committee versus the supervisory committee.

Ava Mounter responded that the credit committee met weekly while the supervisory committee met quarterly.

By a show of hands, the members unanimously agreed to adopt the Board's recommendation.

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 2016 - 2017.

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.

Fixing of Maximum Liability

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

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

Appropriation of Surplus

The Board of Directors recommended that a 25% 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 was one vacancy on the Board, two vacancies on the Credit Committee and one on the Supervisory Committee.

Geralyn Edward was named supervisor of elections. She was assisted by Toni Yarde.

Supervisory Committee

Amanda Brewster and Asha Jones were nominated for the Supervisory Committee. They both got 18 votes, therefore, lots were drawn. Amanda Brewster pulled #5 and Asha Jones pulled #4.

Amanda Brewster was duly elected to serve 2 years on the Supervisory committee.

Credit Committee

The following persons were nominated for the Credit Committee:

Sherry Jackman	- 30 votes
Asha Jones	- 27 votes
Trevor Marshall	- 15 votes

Sherry Jackman and Asha Jones were duly elected to serve 2 years on the Credit committee.

Board of Directors

The following persons were nominated for the Board of Directors:

Gregory Browne	- 14 votes
Antoinette Connell	- 13 votes
Jocelyn Johnson	- 7 votes

Gregory Browne was duly elected to serve 3 years on the Board of Directors.

Any Other Business

Pamela Belle-Cutting asked what would happen to an outstanding loan in the event of a member's death.

Ava Mounter said that the Mutual Benefits Plan insurance would make a contribution to the member's loan and savings in accordance with their guidelines. Geralyn Edward queried how the FSC regarded the Credit Union.

Marilyn Gittens replied that the FSC commented that on completion of their examination the Credit Union was well managed. Over the years the Credit Union was chosen for best practices when the FSC carried out their project assessments and was selected by the FSC for an interview by the IMF.

On that note, Marilyn Gittens said that the Credit Union's software was updated and asked members to update their personal information in order to be compliant with FSC regulations.

Antoinette Connell questioned whether the Credit Union would offer scholarships for secondary school and university.

Marilyn Gittens said the Board would have to discuss the issue.

Roland Wilson asked the membership present whether they would prefer a cheque or a direct deposit to their bank account when making a financial transaction with the credit union.

Sherry Jackman queried whether it would be FCIB only or any bank.

Roland Wilson said it would be whichever bank the member chose.

Monie Barrow said that the option should be opened so that either could be chosen.

Natanga Smith asked when the patronage refund would be paid.

Ava Mounter responded that it would be paid by July 15, 2016.

Marilyn Gittens reported that Ava Mounter would be promoted to Office Administrator effective August 1, 2016.

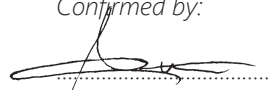
Vote of Thanks

Gregory Browne gave the vote of thanks.

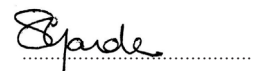
Termination

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



Sonia Yarde
Secretary

Board of Directors' Report

For the Period ending
March 31, 2017

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, 2017.

The 2017 financial year was a year of dynamic changes affecting our macro economy. 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. Once again, no real growth occurred in the immediate past 12 months and optimistic growth is anticipated in the coming 12 months, in election season (only time will tell). The Barbados Government continues to grapple unsuccessfully, with a sluggish economy. This will undoubtedly continue over the next 12 months, judging from the recent Budgetary Proposals. During the past year, banks have instituted more creative ways to chip away at individuals and small enterprises that comprise the credit union base as this base continues to struggle to find appropriate survival strategies. Banks continue to exploit and benefit from the removal of the Minimum Savings Rate, making it much more difficult to earn reasonable rates of return on short and medium-term investments.

Assets and liabilities

Total assets increased 9.1% (prior year – 7.9%) while liabilities increased 11.1% (prior year – 8.0%). Members' deposits grew 11.6% (prior year – 7.7%), while loans increased 14.3% (prior year – 1.0%). As an ongoing mission, our Credit Union

implemented and continues to evaluate several initiatives to help with the survival and advancement of its members.

Loan portfolio

The gross loan portfolio increased 14.5% to \$8.84 million at March 31, 2017. 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 improve their situation. The provision for loan losses totals \$185.5 thousand or 2.1% 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 \$487 thousand (prior year - \$547 thousand) were in the past due category (installments at least 30 days overdue). The balance varied throughout the 2017 financial year, and at the financial report date, reflects some timing differences. During the year, the directors continued the loan rehabilitation and debt consolidation programs for members with balances past due, but who met certain criteria.

Loans past due \$'000		
<i>Period</i>	<i>Mar 2017</i>	<i>Mar 2016</i>
Months	\$ amt.	\$ amt.
1 – 3	242	347
> 3 – 12	61	116
> 12	184	84
Totals	487	547
Gross	8,835	7,713
Past due	5.5%	7.1%



Approximately 92.8% (prior year – 91.1%) originated from interest on loans. Investment income showed a 13.6% decline after an 18.3% increase the prior year.

As can be discerned from the table above, there have been mixed results when compared to March 2016. However, the overall delinquent amount declined by \$60 thousand.

Members' deposits

Our credit union's interest rate is 5.30% (prior year – 5.30%) on members' deposits for the year then ended. This remains very competitive in comparison to banks and mainstream financial institutions.

Interest costs on deposits increased 9.9% (prior year – increase of 7.8%).

Interest income

Total income increased 1.1% (prior year – 4.2%). Approximately 92.8% (prior year – 91.1%) originated from interest on loans. Investment income showed a 13.6% decline after an 18.3% increase the prior year. Financial institutions continued their relentless chopping of investment yields.

We offered the special loan in December 2016 and moved into a higher yielding longer-term Government of Barbados Debenture at year-end, as strategic measures to bolster revenue and enhance member benefits. Both of these measures carry their own marginal risk increase.

The fuller benefits of these tactics will manifest during the 2018 financial year.

Net income

Net income decreased \$84 thousand or 25.5% (prior year – increase of \$42 thousand or 14.6%). This was principally due to increased interest cost of \$41 thousand and increased bad debt provision of \$33 thousand, both directly related to benefits to members.

Operating expenses were 28.3% more than the prior year. The increase in operating expenses was also primarily caused by an additional increase in bad debt provision of \$33 thousand, mainly related to the \$568 thousand 2016 Special Christmas Loans that are to be repaid "over the counter".

Initiatives

During this year our Board continued its preservation activities related to delinquent loans. As usual, our credit union made it a point not to lose its human aspect in these cases.

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 experiencing tough going and in particular over the past 4 weeks, when the new tax clearance regulations were enforced and brought the mortgage market to a screeching halt. The lawyers involved had significant matters related to this and our push to have the final document ready for signature by mid-June 2017 suffered. However, we are in possession of the draft. We anticipate that the new Board will be seeking to lock this down by September 2017.

Outlook

The current outlook is one that anticipates no significant increase in employment over the next 12 months, as there could likely be new jobs in the economy negated by job losses through the recently introduced Budgetary measures. It is quite likely that the Barbados economy will at best, not expand over this period, as the Government again attempts its form of structural adjustment. The economies in North America and especially wider Europe and closer in Venezuela may bring a bit of sporadic ripple to the global economy. It is unclear how acutely these developments will affect the local dynamics of the economy, and hence the interrelated dynamics of saving, loans and investment. 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 (League). We should also play a more active role in League activities as opportunities arise.

However, we look forward to an exciting and successful 2018 financial year, especially as the roll-out of the mortgage program inches closer, along with the possibility of participating in credit unions' new credit card program.


Marilyn Gittens
President


Roland Wilson
Treasurer



Resolution

Amendment of By-Law 36.

1. – Elections

WHEREAS

By-Law 36. 1. reads:

- (a) Not less than (30) days prior to each Annual General Meeting, the Board may appoint a nomination committee of not less than five (5) persons of which not more than one may be a member of the existing Board.
- (b) The nominating committee shall nominate at the Annual General Meeting, one member for each vacancy for which elections are to be held.

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:

- (a) Not less than (30) days prior to each Annual General Meeting, the Board may appoint a nomination committee of not less than three (3) persons who are not nominees for any vacancy. The nominations committee shall receive all nominations.
- (b) The nominations committee should satisfy itself that the persons nominated:
 - i. Shall be qualified pursuant to the Act and By-Laws of the Society to be a Director or appointed officer;
 - ii. Consent indicating their willingness to serve as a director or other officer if elected
 - iii. The nomination committee shall present all valid nominations at the Annual General meeting for the vacancies for which elections are to be held.

Patronage Refund

WHEREAS the Barbados Media Co-operative Credit Union Limited has generated a surplus from its operations for the year ended March 31, 2017;

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

Supervisory Committee

For the Period ending
March 31, 2017

Accountability and good governance represented the anchor of the Supervisory Committee's operation as it sought to ensure that the Credit Union met its obligations to members while maintaining the highest standards.

The Committee, comprising Chairperson Geralyn Edward, Secretary Toni Yarde and member Amanda Brewster, held four quarterly meetings during the financial year. Each meeting was attended by the full membership of the Supervisory Committee.

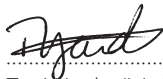
During those sessions the committee reviewed several aspects of the Credit Union's operations. This was achieved through inspections of various financial transactions, documentation and enquiries regarding procedures used by the credit union.

Inspections, including random checks of bank statements, loan applications, stipend payments, loan approvals, special payments and general expenditures were undertaken. The committee also paid attention to procedures and processes to confirm the highest standards were met.

During the committee's reviews, it found that the procedures and by-laws of the credit union were followed and administered, while documentation in each instance was properly maintained. No irregularities were discovered.



.....
Geralyn Edward (Ms.)
Chairperson



.....
Toni Yarde (Ms.)
Secretary

Credit Committee

For the Period ending
March 31, 2017



Overview

For the financial year ended March 31, 2017, the Barbados Media Co-operative Credit Union continued to support the financial requirements of our members. During the year under review the Credit Committee processed 396 loans valued at \$3.7 million. This was a 7% decrease in disbursed loans when compared to the previous year ending March 31, 2016, however there was a 60% increase in the value of loans.

Loans

Consumer/Personal loans were the most sought after by members while all other categories remained constant or saw a slight decline. There was no change to the amount of real estate loans, however, the value increased by 83%.

There was a new special unsecured loan initiative during the period of November to December 2016. This new category resulted in 75 loans being approved for a value of \$1,931,800. The significant decrease in Christmas loans can be attributed to the introduction of the Special loan, which prevented members from having both loans.

The overall increase in the value of loans from \$2.3 million to \$3.7 million was substantial despite the significant decline in the Christmas and private transport loan categories.

Delinquent Loans

The number of delinquent loans decreased by a mere 2%, but the value of the loans declined by 11% from the previous

year. Delinquent loans exceeding 12 months totalled 38% of this category while those within the 3 month and less range stood at 49%.

Loans disbursed

TYPE	2017	2016
Consumer/Personal	161	122
Real Estate	15	15
Private Transport	31	35
Back to School	92	88
EVA	21	28
Christmas	19	74
Other	57	62
TOTAL	396	424

Value of loans (in thousands)

TYPE	2017	2016
Consumer/Personal	\$1,993	\$658
Real Estate	\$313	\$171
Private Transport	\$478	\$641
Back to School	\$334	\$317
EVA	\$77	\$58
Christmas	\$47	\$276
Other	\$521	\$228
TOTAL	\$3,763	\$2,349

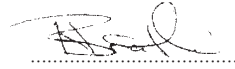
Conclusion

The value of the special loan exceeded the overall increase in loans by \$518,156. This must be noted as an excellent initiative. The value of the loan portfolio has exceeded the previous year significantly, therefore we must continue to manage and monitor all loans effectively and efficiently. We must also market the Back to School and Christmas loans to our members to ensure continued growth. As we note the increase in our value of loans we definitely need to seek to increase our growth in membership.

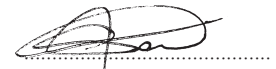
In the expected harsh economic times we would like to encourage members to attend the financial management

seminars offered through the League. These seminars can benefit you both personally and professionally.

The Credit Committee would like to thank you, the members of the Barbados Media Co-operative Credit Union, for the opportunity to serve you.



Heather Brathwaite
Chairperson



Sherry Jackman
Secretary

FINANCIAL STATEMENTS

MARCH 31, 2017

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

**FINANCIAL STATEMENTS
MARCH 31, 2017**

PJC

Chartered Accountants
Barbados

“we reckon but people count”

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Financial Statements

March 31, 2017

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Independent Auditors’ Report

The Members
The Barbados Media Co-operative Credit Union Limited

Opinion

We have audited the financial statements of The Barbados Media Co-operative Credit Union Limited, which comprise the Balance Sheet as at March 31, 2017, and the Statement of Changes in Equity, Statement of Comprehensive Income and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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



Auditors' Responsibilities for the Audit of the Financial Statements - continued

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

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

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

Other Matter

This report is made solely to the Members of The Barbados Media Co-operative Credit Union Limited, as a body, in accordance with Section 123 of the Co-operative Societies Act of Barbados. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Members as a body, for our audit work, for this report, or for the opinion we have formed.

PETER J. CARTER & CO.
Chartered Accountants
Barbados

May 31, 2017

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Statement of Financial Position

March 31, 2017

Expressed in Barbados Dollars


	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents - Note 8	1,268,446	600,925
Accounts receivable - Note 9	45,789	68,499
Current investments - Note 11	<u>1,452,835</u>	<u>2,229,634</u>
	2,767,070	2,899,058
Loans to members - Note 10	8,649,793	7,569,238
Non-current investments - Note 11	122,410	109,980
Plant and equipment - Note 12	<u>2,390</u>	<u>3,586</u>
Total assets	<u><u>11,541,663</u></u>	<u><u>10,581,862</u></u>
Liabilities and equity		
Liabilities		
Accounts payable and accruals - Note 13	27,961	56,881
Deposits and shares payable - Note 14	<u>9,175,152</u>	<u>8,224,252</u>
Total liabilities	<u>9,203,113</u>	<u>8,281,133</u>
Equity		
Qualifying shares - Note 15	30,600	28,650
Statutory reserve	1,075,130	1,006,303
Undivided earnings	<u>1,232,820</u>	<u>1,265,776</u>
Total equity	<u>2,338,550</u>	<u>2,300,729</u>
Total liabilities and equity	<u><u>11,541,663</u></u>	<u><u>10,581,862</u></u>

See notes to financial statements.

Approved by the Board of Directors, May 31, 2017, 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, 2017
Expressed in Barbados Dollars**

	Qualifying shares	Statutory reserve	Undivided earnings	Total
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
Patronage refund - 25%	-	-	(217,055)	(217,055)
Issue of shares	1,950	-	-	1,950
Dividend reversal - unclaimed dividends	-	-	7,228	7,228
Entrance fees	-	225	-	225
Net income for year	-	-	245,473	245,473
Transfer to statutory reserve - 25% of net income	-	61,374	(61,374)	0
Additional transfer to statutory reserve	-	7,228	(7,228)	0
Balance - March 31, 2017	30,600	1,075,130	1,232,820	2,338,550

See notes to financial statements.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Statement of Comprehensive Income

Year ended March 31, 2017

Expressed in Barbados Dollars

	<u>2017</u>	<u>2016</u>
Interest income		
Loans to members	896,088	871,767
Investments	69,548	81,011
Cash and cash equivalents	<u>190</u>	<u>2,829</u>
	<u>965,826</u>	<u>955,607</u>
Interest expense		
Demand deposits and shares - 5.3% (prior year 5.3%)	<u>454,327</u>	<u>413,410</u>
Net interest income	<u>511,499</u>	<u>542,197</u>
Other income		
Dividends	1,366	597
Sundry income	<u>3,327</u>	<u>1,275</u>
	<u>4,693</u>	<u>1,872</u>
Other expenses		
Depreciation	1,196	0
Staff costs - Note 7	74,903	62,429
Other operating expenses	<u>194,620</u>	<u>152,420</u>
	<u>270,719</u>	<u>214,849</u>
Net income for year	<u>245,473</u>	<u>329,220</u>

See notes to financial statements.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Statement of Cash Flows Year ended March 31, 2017 Expressed in Barbados Dollars

	2017	2016
Cash provided / (used) by:		
Operating activities		
Net income for year	245,473	329,220
Add items not involving cash		
Depreciation	1,196	0
Dividend reversal	7,228	0
	253,897	329,220
<i>Change in non-cash operating items</i>		
Accounts receivable	22,710	14,465
Accounts payable and accruals	(28,920)	24,203
Deposits and shares payable	950,900	588,251
Net cash provided by operating activities	1,198,587	956,139
Investing activities		
Increase in loans - net	(1,080,555)	(46,510)
Decrease / (increase) in investments	764,369	(659,657)
Purchase of plant and equipment	0	(3,586)
Net cash used by investing activities	(316,186)	(709,753)
Financing activities		
Entrance fees	225	90
Patronage refund	(217,055)	(165,994)
Issue of qualifying shares	1,950	500
Net cash used by financing activities	(214,880)	(165,404)
Increase in cash and cash equivalents	667,521	80,982
Cash and cash equivalents - start of year	600,925	519,943
Cash and cash equivalents- end of year	1,268,446	600,925

See notes to financial statements.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2017

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 located at '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*

These financial statements are stated in Barbados dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) *Critical accounting judgments and key sources of estimation uncertainty*

- (i) 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
- (ii) Key sources of estimation uncertainty include provision for bad debts and determination of appropriate rates for depreciation of plant and equipment. The credit union's critical accounting policies and estimates, and their application, are reviewed periodically by management.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2017

Expressed in Barbados Dollars

3. Significant accounting policies - continued

(c) *Measurement basis*

The measurement basis used is historical cost except for equity investments that are classified as fair value investments and which are stated at their fair values.

(d) *Changes in accounting policies*

Management has reviewed the new standards, amendments and interpretations to published standards that are not yet effective and which the Credit Union has not adopted early. Management has assessed the relevance of all such new standards, amendments and interpretations and has concluded that no such amendments are likely to have a material effect on its financial statements, except that the revised standard IFRS 9 may have a significant impact on the level of the bad debt provision when it becomes effective.

(e) *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.

(f) *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 used are: Furniture and equipment - 10%, 20% and 33.33% and Computer equipment - 20%.

(g) *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.

(h) *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.

(i) *Education Fund*

A minimum of one percent (1%) of net income is provided for Education in accordance with the advice of the Registrar of Co-operative Societies.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2017

Expressed in Barbados Dollars

3. Significant accounting policies - continued

(j) *Bad debt provision*

The bad debt 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 and sundry income are accounted for on the accrual basis. Where a loan is more than ninety days past due, no accrual for interest is made and any previously accrued interest is reversed. Dividend income is recognized when it is declared by the investee company.

(i) *Cash equivalents*

Cash and 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 to members and investments. Financial liabilities include accounts payable and accruals and shares payable.

(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.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2017

Expressed in Barbados Dollars

5. Risk Management - continued

(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 \$185,461 represents 2.1% 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.

	2017	2016
Decrease in net income	(79,597)	(87,670)
Decrease in equity	(79,597)	(87,670)

	2017	2016
(iv) Loans past due		
30 to 90 days	241,636	347,106
91 to 365 days	86,389	115,522
Over 365 days	159,064	84,450
	<u>487,089</u>	<u>547,078</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.

(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.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2017

Expressed in Barbados Dollars

5. Risk Management - continued

- (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) The Credit Union has a related party relationship with its directors. As at the Statement of Financial Position date, related parties' balances were as follows:

	<u>2017</u>	<u>2016</u>
Loans	672,250	733,027
Shares and deposits payable	182,141	225,639

- (c) Honoraria paid to related parties is included in Operating Expenses, as follows:

Honoraria	<u>14,475</u>	<u>15,000</u>
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7. Staff costs

	<u>2017</u>	<u>2016</u>
	74,903	62,429

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

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2017

Expressed in Barbados Dollars

8. Cash and cash equivalents	<u>2017</u>	<u>2016</u>
CIBC First Caribbean International Bank (Barbados) Limited: - Current account	1,267,245	484,926
Central Fund Facility Trust - 2.75% p.a. (prior year 2.75%)	1,001	31
Cash on hand	200	200
First Citizens Investment Services (Barbados) Ltd. - money market account - prior year 2%	0	115,768
	<u>1,268,446</u>	<u>600,925</u>
9. Accounts receivable	<u>2017</u>	<u>2016</u>
Interest receivable - Loans	45,789	60,597
Other accounts	0	7,902
	<u>45,789</u>	<u>68,499</u>
10. Loans to members	<u>2017</u>	<u>2016</u>
Gross loans	8,835,254	7,712,957
Less: Provision for doubtful debts - principal	<u>(185,461)</u>	<u>(143,719)</u>
Net value of loans	<u>8,649,793</u>	<u>7,569,238</u>
(a) Loans are generally granted at 12% per annum. Real estate loans are charged interest at the rate of 7.5% per annum. Interest is charged on the reducing balance basis.		
(b) <i>Bad debt provision</i>	<u>2017</u>	<u>2016</u>
Balance - start of year	143,719	143,719
Increase in provision	<u>41,742</u>	<u>0</u>
Balance - end of year	<u>185,461</u>	<u>143,719</u>

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2017

Expressed in Barbados Dollars

11. Investments	2017	2016
<i>Current investments</i>		
<i>Held-to-maturity</i>		
First Citizen Investment Services (Barbados) Ltd. - 3.05% to 3.80% (prior year 3.45% to 3.80%)	1,452,835	2,017,634
Signa Financial Group Inc. - prior year 3.25%	0	200,000
Co-operators General Management Co. Inc. - prior year 7% p.a.	0	12,000
	1,452,835	2,229,634
<i>Non-current investments</i>		
<i>Held-to-maturity</i>		
Barbados Government Securities - 6.5% p.a., maturing April 30, 2019	100,000	100,000
Co-operators General Management Co. Inc. - 7% p.a.	12,000	0
<i>Available-for-sale</i>		
Co-operators General Insurance Co. Ltd.:		
- 84 Ordinary shares (prior year 83 shares)	9,050	8,840
Barbados Co-operative & Credit Union League Limited: - 20 membership shares	200	200
Co-operators General Management Co. Inc.:		
- 58 Shares (prior year 47 shares)	1,160	940
	122,410	109,980
Total	1,575,245	2,339,614

- (a) There is no quoted market price for equity investments in Co-operators General Insurance Company Limited, Co-operators General Management Co. Inc. or the Barbados Co-operative & Credit Union League Limited. In such circumstances, the fair values of these equity investments cannot be reliably measured and the investments are carried at cost.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements

March 31, 2017

Expressed in Barbados Dollars

12. Plant and equipment	<u>2017</u>	<u>2016</u>
<i>Cost</i>		
Balance - start of year	35,788	32,202
Additions	<u>0</u>	<u>3,586</u>
Balance - end of year	<u>35,788</u>	<u>35,788</u>
<i>Accumulated depreciation</i>		
Balance - start of year	32,202	32,202
Charge for year	<u>1,196</u>	<u>0</u>
Balance - end of year	<u>33,398</u>	<u>32,202</u>
Net book value - start of year	<u>3,586</u>	<u>0</u>
Net book value - end of year	<u><u>2,390</u></u>	<u><u>3,586</u></u>
13. Accounts payable and accruals	<u>2017</u>	<u>2016</u>
Interest payable	0	19,209
Savings of former members	10,038	10,038
Sundry accounts	17,923	20,406
Unclaimed dividends	<u>0</u>	<u>7,228</u>
	<u>27,961</u>	<u>56,881</u>
14. Deposits and shares payable	<u>2017</u>	<u>2016</u>
	<u>9,175,152</u>	<u>8,224,252</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.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements
March 31, 2017
Expressed in Barbados Dollars

15. Qualifying shares	<u>2017</u>	<u>2016</u>
	<u>30,600</u>	<u>28,650</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).

16. Comparative amounts

Certain of the comparative amounts have been reclassified to conform to the current year's presentation.

THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

**Schedule of Other Operating Expenses
Year ended March 31, 2017
Expressed in Barbados Dollars**

	<u>2017</u>	<u>2016</u>
Annual General Meeting	5,569	7,638
Bad debts - fees	0	2,594
Bad debts - increase in provision	44,485	11,694
Bank charges	4,245	3,889
Convention fees	13,332	13,000
Co-operative celebrations	1,863	3,154
Education Fund provision	2,750	4,292
Donations	638	1,200
Fines	0	50
Honoraria	23,711	22,620
League dues	7,577	7,156
Mutual Benefits Plan expense	49,567	41,417
National Development Fund	922	868
Office supplies	10,414	7,775
Professional fees	12,808	9,860
Rent	6,018	6,018
Software license and support	5,975	3,847
Stationery	4,616	5,218
Telephone	<u>130</u>	<u>130</u>
	<u><u>194,620</u></u>	<u><u>152,420</u></u>



The Barbados Media Cooperative Credit Union Limited
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