



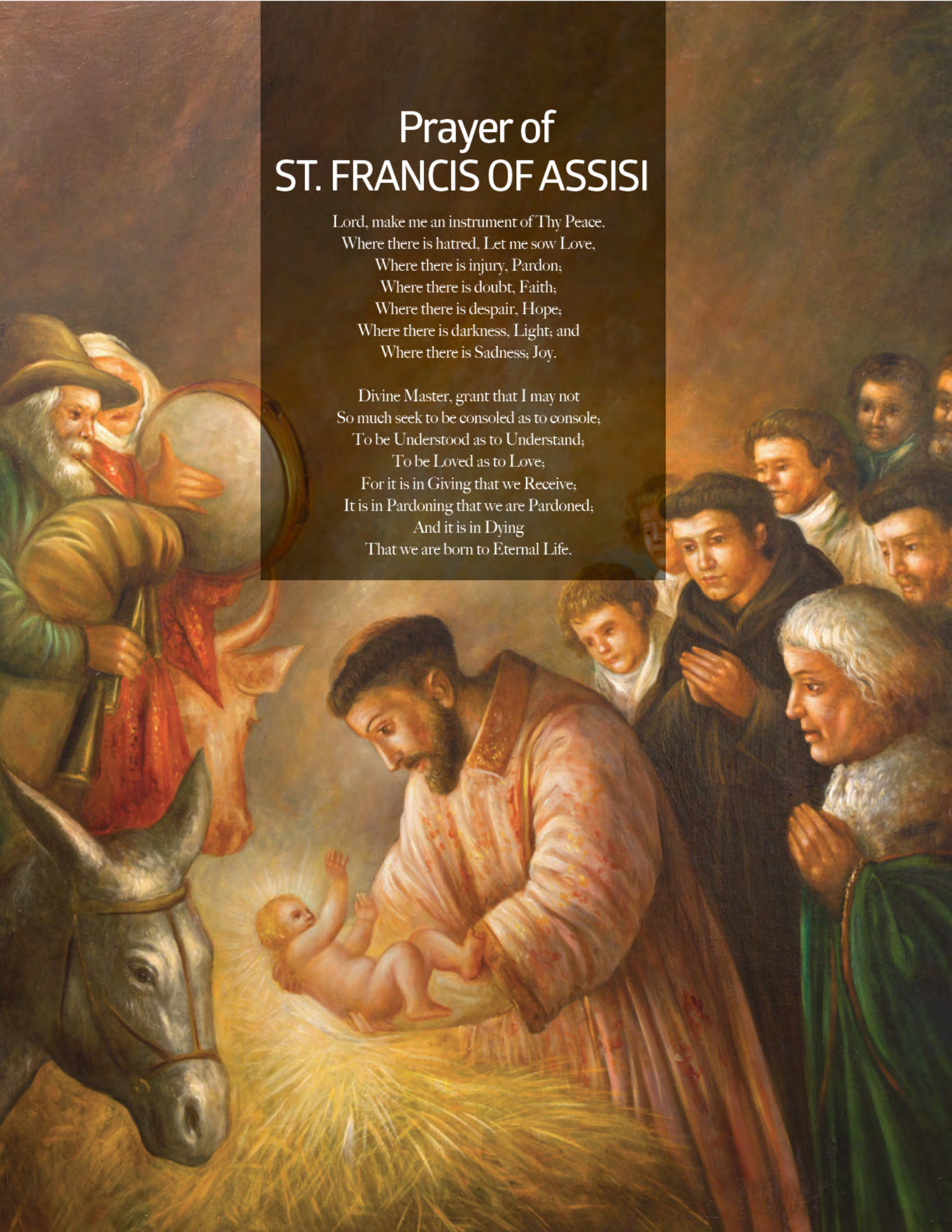
THE BARBADOS MEDIA  
COOPERATIVE CREDIT UNION LIMITED

# 2018

ANNUAL REPORT







# 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

**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 25, 2018, at the Goddard's Training Room, Goddard's Complex, Fontabelle, St. Michael, commencing at 3:00 p.m.

# The 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**  
Gregory Browne - **Vice President**  
Geraldyn Edward - **Secretary**  
Delores Dottin - **Assistant Secretary/Treasurer**  
Heather Brathwaite - **Director**

### CREDIT COMMITTEE

Sherry Jackman - **Chairperson**  
Asha Jones - **Secretary**  
Sonia Yarde - **Member**

### SUPERVISORY COMMITTEE

Amanda Brewster - **Chairperson**  
Toni Yarde - **Secretary**  
Alicia Harewood - **Member**

### OFFICER

Roland Wilson - **Treasurer**



# Minutes of the 34th Annual General Meeting

Held on Monday, June 26, 2017  
at 3:00 p.m.  
Goddard's Training Room  
Goddard's Complex  
Fontabelle, St. Michael

## Members present

Alicia Harewood  
Alison Licorish  
Amanda Brewster  
Asha Jones  
Ava Mounter  
Barbara Howell  
Carolyn Best  
Charleston Selman  
Danny Grant  
David Harding  
Derrick Gill  
Esther Jackman  
Geraldyn Edward  
Gregory Browne  
Heather Brathwaite  
Husani Brewster  
Keith Lawrence

Kelly Johnally  
Kevin Webster  
Kyle Skeete  
Marilyn Gittens  
Melissa Moore  
Mona Stewart  
Monie Barrow  
Patricia Alleyne  
Renee Williams  
Rhonda Thompson  
Ricardo Belgrave  
Ricardo McConney  
Roland Wilson  
Sheridan Hinds  
Sonia Yarde  
Toni Yarde  
Wendey Delaney

## Visitors present

CARTER, Peter – Peter J Carter & Co.

### 1. Ascertainment of a Quorum

The Office Administrator informed the meeting that a quorum was present.

### 2. Call to Order

The Chairman called the meeting to order at 3:20 p.m.

### 3. Prayers

The meeting commenced with prayers by Ricardo McConney followed by the reading of the Prayer of St. Francis of Assisi.

### 4. Welcome Remarks

The Chairman welcomed all present to the 34th 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 27, 2016 were taken as read by Heather Brathwaite and seconded by Ricardo McConney.

### 6. Adoption of Minutes

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

### 7. Matters Arising

There were no other matters arising from the minutes.



Operating expenses were **28.3%** more than the prior year. This was primarily caused by the additional increase in bad debt provision mainly related to the **\$568** Special loans that would be repaid “over the counter”.

## 8. Report

The reports of the Board of Directors, Credit and Supervisory Committees were taken as read by Sonia Yarde and seconded by Trevor Marshall.

### 8 (a): Board of Directors Report

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

#### Overview

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. 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 increases 9.1% compared to 7.9% the prior year. Liabilities increased 11.1% compared to 8% the previous year. Members' deposits grew 11.6% while loans increased 14.5%.

#### Loan portfolio

The gross loan portfolio increased to \$8.84 million. The provision for loan losses totals \$185.5 thousand or 2.1% of gross loans, reflecting our current estimate of the expected ultimate net loss on the existing portfolio. Loans totalling \$487 thousand (prior year - \$547 thousand) were in the past due category. During the year, the directors continued the loan

rehabilitation and debt consolidation programs for members with balances past due, but who met the criteria.

#### Members' deposits

Our credit union's interest rate was 5.3% on members' deposits for the year then ended. This remained very competitive in comparison to banks and mainstream financial institutions. Interest cost on deposits increased 9.9% compared to 7.8 the previous year.

#### Interest income

Total income increased by 1.1%, the majority 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 yield.

We offered the special loan in December 2016 and moved into a higher yielding longer-term Government of Barbados Debenture as strategic measures to bolster revenue and enhanced member benefits. Both 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% which, 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. This was primarily caused by the additional increase in bad debt provision mainly related to the \$568 Special loans that would be repaid “over the counter”.

#### Initiatives

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


The roll out of our full mortgage offering experienced more delays particularly over the past 4 weeks. This was due to the new tax clearance regulations enforced which brought the mortgage market to a screeching halt.

#### 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





“ 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. ”

pronouncements of Government, Financial Services Commission (FSC) and the Barbados Co-operative Credit Union 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. As an ongoing mission, we implement and continue to evaluate initiatives to help with the survival and advancement of our members.

Ricardo McConney queried why a member would be considered delinquent after a month. He was of the opinion that that period was too short.

Roland Wilson responded that a month was the general accepted standard and was mainly used for comparison of ratios. He added that a month delinquent was mainly due to timing differences or seasonal variations and the member would not be considered a credit risk at that point.

Mr. Wilson informed the meeting that his term on the Board had ended. He said it was his pleasure working with the Board and saw the credit union doing good things and hoped it continued on that path in order to move closer to the two larger credit unions financially, as it was better in other ways. Roland Wilson thanked the Board and membership for allowing him to serve.

#### 8 (b): Credit Committee's Report

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

##### Loans

During the financial period under review, the Credit Committee processed 396 loans valued at \$3.7 million. This represented a 7% decrease in disbursed loans compared to the previous year. However, the value of loans disbursed increased by 60%.

Consumer/Personal loans were the most sought after by members while all other categories remained constant or saw a slight decline. The Special loan initiative resulted in 75 loans being approved to the value of \$1,931,800. The significant decrease in Christmas loans could be attributed to the Special loan as members were prohibited from having both loans.

##### Delinquency

The number of delinquent loans decreased by a mere 2%, but the value of the delinquent loans declined by 11% from the previous year. Delinquent loans exceeding 12 months totalled 38% of this category, while those within the 3 months and less range stood at 49%.



## Conclusion

The value of the Special loan exceeded the overall increase in loans by \$518,156, which should 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. The Back to School and Christmas loans needed to be marketed to the members to ensure continued growth. As we note the increase in our value of loans we also need to seek to increase growth in membership.

In the expected harsh economic times, members were encouraged to attend the financial management seminars offered through the League. The seminars could benefit members both personally and professionally.

Heather Brathwaite thanked the members for allowing the Credit Committee to serve.

## 8 (c): Supervisory Committee's Report

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

### Overview

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 it maintained the highest standards.

The committee held four quarterly meetings, each of which was attended by the full membership of the committee. Several aspects of the credit union's operation were reviewed. Random checks were done on financial transactions, bank statements, procedures and processes to confirm the highest standards were indeed 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 thanked the members for allowing the supervisory committee to serve.

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

Peter Carter informed all present that the personnel responsible for advising auditors worldwide constantly reviewed how things were done. They recently decided on an alternative way of presenting reports which he used on the current auditors' report.

The new report gave greater details of the auditor's responsibilities. He said that on conclusion of the audit of the financial statements he found that the financial statements presented fairly in all material respects. The financial position of the credit union as at March 31, 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

## 10. Financial Report

The financial report was adopted following a motion by Heather Brathwaite and seconded by Geralyn Edward.

Roland Wilson said that the auditors played a vital role in the preparation of the financial statements. He thanked Peter Carter & Co. for the quality of their performance, assistance and attention paid to credit union's deadlines.

Mr. Wilson said he developed a good relationship with Ava Mounter and joked that he referred to her as the "credit union's work horse". He added that he would send Mrs. Mounter messages all hours of the night or early morning requesting information and to his surprise sometimes she would immediately respond with the answer or a promise to get the information when she got to work. He thanked her for all that she did.

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 36-Elections with regards to the nomination committee be amended as set out on page 11 of the annual report.


The members voted 33 for and 0 against the amendment to by-law 36.

## 12. 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 2017 - 2018.

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





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

### 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 be fixed at \$250,000.

### 14. 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.

### 15. Nomination Committee Report

Marilyn Gittens reported that the Financial Services Commission (FSC) instructed all credit unions to establish a method to facilitate the vetting and due diligence processes during the nomination phase of elections, hence the reason to amend by-law 36.

She added that the committee comprised of Gregory Browne, Amanda Brewster and herself. Miss Gittens said a notice was circulated via the newspaper and emailed requesting members interested in running for office to complete and submit a nomination form, resume and recent photo. Marilyn Gittens informed the meeting that this new process would eliminate nominations from the floor during elections.

She said that all elected officers needed to complete and submit a Fit and Proper Questionnaire and Police Certificate of Character which would be forwarded to the FSC. However, in future the information must be sent to the FSC at least two months prior to the AGM.

Charleston Selman asked whether there was a circular indicating what would disqualify a member from being on a committee.

Marilyn Gittens responded that the information was on the questionnaire.

Esther Jackman queried whether the questionnaire was circulated to members.

Miss Gittens responded in the negative and indicated that it would be given to elected officers.

Esther Jackman was of the opinion that the questionnaire should have been circulated prior in order to assist with the decision on whether to run for office or second a nomination. Marilyn Gittens said a synopsis of the questionnaire was included on the nominations form as the FSC's main interest was criminal financial activity. Miss Gittens read the nomination form for all present.

### 16. Elections

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

Gregory Browne was named supervisor of elections. He was assisted by Asha Jones.

#### Supervisory Committee

the following persons were nominated for the supervisory committee:



Miss Gittens reminded the meeting that the League offered training for all members at no cost to them and encouraged all, especially the newly elected officers, to take advantage of the opportunity.

Barbara Howell.....	13 votes
Toni Yarde.....	24 votes
Alicia Harewood.....	17 votes

Toni Yarde and Alicia Harewood were duly elected to serve 2 years on the supervisory committee.

### Credit Committee

the following persons were nominated for the Credit Committee:

Barbara Howell.....	6 votes
Sonia Yarde .....	10 votes
Geralyn Edward.....	14 votes

Geralyn Edward was duly elected to serve 2 years on the credit committee.

### Board of Directors

There were two vacancies on the Board, however Heather Brathwaite was the only nominee available to run for office as the other nominees Geralyn Edward and Alicia Harewood were already elected to serve on other committees.

After much discussion Geralyn Edward volunteered to relinquish her position on the Credit Committee to run for office on the Board. Marilyn Gittens recommend that Ms. Edward's offer be accepted and elect Sonia Yarde to replace her on the Credit Committee as she received the second highest votes.

The members voted 23 for and 1 against the recommendation.

Sonia Yarde was duly elected to serve 2 years on the Credit Committee. Heather Brathwaite and Geralyn Edward were duly elected to serve 3 years on the Board of Directors.

## 17. Any Other Business

Kelly Johnally asked for a time frame on the availability of the joint mortgage with COB.

Roland Wilson responded that there were some challenges with the mortgage initiative and the new tax clearance certificate complicated things further. However he was optimistic that it would be completed by December under the leadership of the new Board. He added that it was at the stage where the lawyers were trying to finalise the Memorandum of Understanding (MOU).

Amanda Brewster queried which credit union would approve the loan and the role of COB.

Mr. Wilson said that BMCCUL would be responsible for the vetting of applicants and approval of loans however, COB had the right to review them. COB's primary role was to provide the additional funds beyond BMCCUL's limit.

Geralyn Edward queried whether the mortgages would be covered under the MBP or the credit union would have to draw on the security provided in the event of the member's death.

Roland Wilson was of the opinion that the loans should be covered under an insurance policy whether or not it was the MBP, however the final decision would be made by the Board.

The Chairman said that increased membership was vital as the loan limit would increase with savings growth, which would reduce and eventually eliminate the need for COB.

Ricardo Belgrave was of the opinion that the credit union's location hindered its opportunity for growth and queried whether there was a time-line for the credit union to move from the Nation's building.

Marilyn Gittens said they were exploring some options including the annex but Mrs. Mounter's safety was of utmost importance.

Miss Gittens reminded the meeting that the League offered training for all members at no cost to them and encouraged all, especially the newly elected officers, to take advantage of the opportunity.

Alison Licorish was of the opinion that training should be mandatory for credit union executives due to the requirements of the FSC.

Marilyn Gittens agreed and added that she spoke to a representative from the FSC who also shared that opinion.

Miss Gittens stated that she was pleased with the response to the special loan. She said that Mr. Wilson had to close a time deposit to access additional funding to satisfy all the requests. Heather Brathwaite queried whether another special loan would be offered in the near future.



Marilyn Gittens responded in the affirmative.

Miss Gittens said that the League was in the process of offering credit cards to credit unions, and informed that they were at the MOU stage.

Toni Yarde asked if financial counselling was available to members who took loans to cover their basic needs in light of the upcoming tax on foreign transactions and increased NSRL.

Marilyn Gittens responded that counselling was available but some members chose not to accept it.

Peter Carter said that financial counselling was available from the League and usually from Credit Committees and some office staff.

The Chairman thanked Mr. Wilson for serving on the Board and expressed appreciation for his financial guidance. She concluded that he was an asset to the credit union and even though he was no longer on the Board his expertise was still needed.

Gregory Browne said that he attended many of the training sessions at the League which enhanced his knowledge of credit union operations, management of his personal finances and current issues in the country. He encouraged all present to attend at least one session.

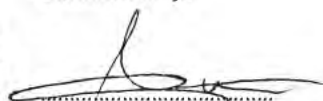
## 18. Vote of Thanks

Gregory Browne gave the vote of thanks.

## 19. Termination

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

Confirmed by:



Marilyn Gittens  
Chairman



Sonia Yarde (outgoing)  
Secretary



# Board of Directors Report

## 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, 2018.

The 2018 financial year was another challenging one, with mixed GDP growth results both globally and regionally. The Barbados economy limped along on a downward trajectory, with more taxation and reduced economic activity. Barbados is expected to go through intense macro-economic corrective measures, which will bring socio-economic hardship and possible displacement to a significant portion of the populace. A bright spark is our new government's immediate enlistment of the IMF. However, we must adopt or maintain measures to help members cope financially over the next 24 months, while mitigating investment and credit risks and staying compliant with relevant FSC regulations and IFRS standards. During the past year, banks continued their creative initiatives 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 7.0% (prior year - 9.1%) while liabilities increased 7.5% (prior year - 11.1%). Members' deposits grew 7.5% (prior year - 11.6%), while loans increased 4.7% (prior year - 14.3%). 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 5.1% (prior year - 14.5%)

to \$9.29 million at March 31, 2018. 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 totaled \$229 thousand or 2.5% of gross loans (prior year - \$185 thousand or 2.1%), reflecting our current estimate of the expected ultimate net loss on the existing portfolio. The current increase attempts to make provision for recent developments in the employment status of some members. This provision may become more stringent for FY 2019, based on IFRS provisions.

Loans totaling \$498 thousand (prior year - \$487 thousand) were in the past due category (installments at least 30 days overdue). The balance varied marginally throughout the 2018 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		
Period Months	Mar 2018 \$ amt	Mar 2017 \$ amt.
1 - 3	231	242
> 3 - 12	42	61
> 12	225	184
<b>Totals</b>	<b>498</b>	<b>487</b>
<b>Gross</b>	<b>9,287</b>	<b>8,835</b>
<b>Past due</b>	<b>5.4%</b>	<b>5.5%</b>



**Net income increased \$88 thousand or 35.9% (prior year - decrease of \$84 thousand or 25.5%).**

As can be discerned from the table above, there has been consistency when compared to March 2017. This consistency has been the Board's experience throughout this financial year.

### **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 more than competitive in comparison to banks and mainstream financial institutions.

Interest costs on deposits increased 6.8% (prior year - increase of 9.9%).

### **Interest income**

Total income increased 14.2% (prior year - 1.1%). Approximately 92.0% (prior year - 92.8%) originated from interest on loans. Investment income showed a 25.7% increase after a 13.1% decline the prior year. Financial institutions continued their relentless reduction of investment yields.

We offered the special loan in December 2016, while in the current year we continued to move into a higher yielding longer-term Government of Barbados paper. Additionally, we also diversified into BAMC and Barbados Port bonds, as other strategic measures to bolster revenue and at least maintain member benefits.

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

### **Net income**

Net income increased \$88 thousand or 35.9% (prior year - decrease of \$84 thousand or 25.5%). This was principally due to increased interest yields on loans, with contribution from investment income, despite the increased bad debt provision of \$44 thousand.

We were able to manage operating expenses to a 10.7% increase (prior year 28.3% increase), considering the development needs of our entity at this stage.

### **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 is imminent, with the launch expected to occur in four to six weeks after experiencing tough and slow progress last year. We anticipate that the new Board will be seeking to lock this down by August 2018.

We are currently in the process of having an e-payment solution in place, whereby payments (loans and withdrawals) will be sent directly to applicants' bank accounts. This is not mandatory, but relevant and efficient in the 21st century. Those who opt to use this service, will likely have to furnish the relevant bank account number, name of bank, branch address and branch number, all easy to attain.

### **Outlook**

The current macro-economic outlook is one that anticipates tough fiscal measures with no significant increase in employment over the next 12 months. The recently introduced Budgetary Measures introduced by our new Prime Minister will have a medium-term impact on incomes, both positive and negative. It is quite likely that the Barbados economy will be on a strictly structural adjustment path over the next 15 to 30 months.

The introduction of an IMF program should bring some much needed discipline to public sector performance, which should auger well for our country. Individual and companies will have to negotiate the interrelated dynamics of saving, loans and investment, to hopefully position themselves for improvement as the economy starts to grow (hopefully) in another 18 months and forward.

It is therefore imperative that we continue to monitor economic and fiscal measures and related trends and, where possible, 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 2019 financial year, especially as the roll-out of the mortgage and e-payment programs get closer to fruition, along with the possibility of participating in the credit union movement's new financial initiatives.

# Resolution

## Amendment of By-Law 12 MEMBERSHIP

WHEREAS \_\_\_\_\_

By-Law 12 reads: Every member of the Society shall be:-

1. not younger than 16 years of age;
2. resident or in occupation of land within the Society's area of operations; and
3. an employee or ex-employee of The Nation Publishing Co. Limited or other media houses and their families.

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:

Every member of the Society shall be:-

1. not younger than 16 years of age;
2. resident or in occupation of land within the Society's area of operation;
3. an employee or ex-employee of The Nation Publishing Co. Limited or other media houses and their families;
4. an employee of the Society;
5. a person proposed for membership by a member; and
6. a relative of a member.

## Amendment of By-Law 36 ELECTIONS

WHEREAS \_\_\_\_\_

By-Law 36 reads:

1.
  - (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.
  - (c) After the nominations have been placed before the members, the returning officer shall call for nominations from the floor.
  - (d) All elections shall be by ballot and shall be determined by a majority vote except where there is no contest.
  - (e) Where two (2) or more candidates receive an equal number of votes. The members present shall by resolution provide that a second ballot be cast.
  - (f) Where the number of nominees does not exceed the number of persons to be elected, the chairman of the meeting called to elect persons shall declare all the nominees elected.



# Resolution

2. No member may be elected to the Board, the Credit Committee or the Supervisory Committee unless:-
  - (a) he is 18 years or over;
  - (b) he is a citizen or resident of Barbados;
  - (c) he holds a minimum of 120 fully paid shares after six months in the Society;
  - (d) he has been a member of the Society for at least one year; and
  - (e) he is in good financial standing;
3. Where the member votes for more than the number of offices to be elected on his ballot, his ballot is not to be counted.

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:

1.
  - (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.*
  - (c) All elections shall be by ballot and shall be determined by a majority vote except where there is no contest.
  - (d) Where two (2) or more candidates receive an equal number of votes. The members present shall by resolution provide that a second ballot be cast.
  - (e) Where the number of nominees does not exceed the number of persons to be elected, the chairman of the meeting called to elect persons shall declare all the nominees elected.
2. No member may be elected to the Board, the Credit Committee or the Supervisory Committee unless:-
  - (a) he is 18 years or over;
  - (b) he is a citizen or resident of Barbados;
  - (c) he holds a minimum of 120 fully paid shares after six months in the Society;
  - (d) he has been a member of the Society for at least one year; and
  - (e) he is in good financial standing;
3. Where the member votes for more than the number of offices to be elected on his ballot, his ballot is not to be counted.

# Resolution

## Amendment of By-Law 72 LOAN LIMIT

### WHEREAS

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

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

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

By-Law 72: "The terms and conditions on which loans may be made to members shall be fixed from time to time by the Board, provided always that in no case shall a greater sum than BDS \$250,000.00 (two hundred and fifty thousand Barbados dollars) be lent to any member."

## Patronage Refund

WHEREAS the Barbados Media Co-operative Credit Union Limited has generated a surplus from its operations for the year ended March 31, 2018;

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



# Credit Committee

For the Period ending  
March 31, 2018



Continued marketing of the Back to School and Christmas loans is essential. New initiatives and innovative ideas are necessary for the growth of our membership as well as the services we offer to our members.

## Overview

Notwithstanding the adverse economic climate, **The Barbados Media Co-operative Credit Union Limited** has continued to support the financial requirements of our members for the financial year ended March 31, 2018. During the year under review the Credit Committee processed 349 loans valued at \$2.8 million. This was a 12% decrease in the number of loans and 25 % decrease in the value of loans when compared to the previous year ending March 31, 2017. There has been a decrease in the number of loans disbursed once again this year.

## Loan

Private Transport, Other Business and Christmas loans saw an increase in demand. All other categories saw a decline, with some more significant than others.

In December 2017 there was the introduction of another special, unsecured loan with a lesser value to that of the previous year. This special loan resulted in 28 loans being approved for a value of \$ 391,500. Despite this, the Christmas loans saw a slight increase.

The overall decrease in the value of loans from \$3.7 million to \$2.8 million was moderate even with the significant increase in the Other Business and Private Transport loan categories.

## Delinquent Loans

Delinquent loans increased by a mere 5% and 1% respectively for the number and the value of the loans from that of the previous year. There was a decline in the 1-3 and 7-12 months categories. Consequently the decrease in the 7-12 month band resulted in the increase of the over 12 month band. We need to continue to closely monitor these loans and place greater emphasis on reducing the over 12 month category.

## Conclusion

The 2017-2018 loan portfolio has declined in respect to that of the previous year. We still need to be encouraged as the introduction of another special loan added much value to the loan portfolio. Continued marketing of the Back to School and Christmas loans is essential. New initiatives and innovative ideas are necessary for the growth of our membership as well as the services we offer to our members.

We would also like to encourage our members to continue to seek financial guidance from within and we will continue to offer the best suggestions and solutions.

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

### LOANS DISBURSED

TYPE	2018	2017
Consumer/Personal	93	161
Real Estate	7	15
Private Transport	48	31
Back to School	68	92
EVA	17	21
Christmas	23	19
Other	201	189
Special Unsecured	28	75
<b>TOTAL</b>	<b>485</b>	<b>603</b>

### VALUE OF LOANS

TYPE	2018	2017
Consumer/Personal	479,880	1,992,820
Real Estate	290,989	312,640
Private Transport	967,658	477,942
Back to School	237,350	334,214
EVA	39,300	46,800
Christmas	87,500	77,000
Other	1,063,380	979,659
Special Unsecured	391,500	1,931,800
<b>TOTAL</b>	<b>3,557,557</b>	<b>6,152,875</b>

Sherry Jackman  
Chairperson

Asha Jones  
Secretary



# Supervisory Committee

For the Period ending  
March 31, 2018



With the changing times and increased regulation of the sector by the FSC, some members made efforts to improve their knowledge of legal requirements, accounting and auditing procedures, fraud and money laundering measures.

The Supervisory Committee, comprising of Chairperson Amanda Brewster, Secretary Toni Yarde and Member Alicia Harewood, gave much of their time and energy ensuring that the operations at our Credit Union were:

- (1) In compliance with the standards of the Financial Services Commission (FSC);
- (2) In keeping with high standards of governance and accountability;
- (3) Followed and administered the by-laws of The Barbados Media Co-operative Credit Union Limited.(BMCCUL);

All three members of the committee were present for the four quarterly meetings during the financial year. These meetings were lengthy and detailed as we spared nothing to ensure we were taking matters relating to the Credit Union seriously.

Minutes of all meetings will reflect that as much as up to three hours, or more, were spent combing through documents and discussing relevant issues pertaining to our Credit Union.

During our meetings held, we conducted random audits of major transactions. The Committee reviewed the activities regarding: normal approved loans, special loans, mortgage loan, withdrawal, stipend payments, donations and expenditures.

In addition, we took a look at a few of the Credit Union's assets. We inspected some investment documents and also looked closely at bonds and documentation of shares. We checked bank statements and the general ledger.

The committee found that the procedures and by-laws of the Credit Union were followed and administered. Documentation was properly maintained. There were no discrepancies.

With the changing times and increased regulation of the sector by the FSC, some members made efforts to improve their knowledge of legal requirements, accounting and auditing procedures, fraud and money laundering measures.

We were exposed to training conducted by the Barbados Co-operative Credit Union League and facilitated through BMCCUL. Money laundering, managing personal debt among others were some of the topics of the seminars.

We, the 2017-2018 Supervisory Committee, thank you the members of BMCCUL for placing your confidence in us and allowing us to serve in your interest.

Amanda Brewster  
Chairperson

Toni Yarde  
Secretary





MARCH 31, 2018

# FINANCIAL STATEMENTS



THE BARBADOS MEDIA CO-OPERATIVE  
CREDIT UNION LIMITED



**PJC**  
**Chartered Accountants**  
**Barbados**

"we reckon but people count"

*"we reckon but people count"*





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

**FINANCIAL STATEMENTS  
MARCH 31, 2018**

**PJC**

Chartered Accountants  
Barbados

"we reckon but people count"



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

## **FINANCIAL STATEMENTS MARCH 31, 2018**

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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, 2018, 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, 2018, 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 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.

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 information**

Management is responsible for any other information that is presented or distributed with the audited financial statements. Other information may comprise, for example, the content of a Company's Annual Report except for the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover any other information and we do not express any form of assurance on any other information.

In connection with our audit of the financial statements, our responsibility is to read any other information as identified above and, in doing so, consider whether such other information appears to be materially misstated or inconsistent with the financial statements. If, based on the work we have performed, we conclude that there is a material misstatement in the other information, then we are required to report that fact. At the time of reporting we have not seen any other information and so we cannot offer any comment thereon.





*Chartered Accountants*

Independent Auditors' Report

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**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 its 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

June 08, 2018

# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

## Statement of Financial Position


March 31, 2018

Expressed in Barbados Dollars

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents - Note 8	1,213,776	1,268,446
Accounts receivable - Note 9	63,156	45,789
Current investments - Note 11	<u>896,341</u>	<u>1,452,835</u>
	2,173,273	2,767,070
Loans to members - Note 10	9,058,279	8,649,793
Non-current investments - Note 11	1,120,685	122,410
Plant and equipment - Note 12	<u>2,078</u>	<u>2,390</u>
Total assets	<u>12,354,315</u>	<u>11,541,663</u>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Accounts payable and accruals - Note 13	29,998	27,961
Demand deposits payable - Note 14	<u>9,861,930</u>	<u>9,175,152</u>
Total liabilities	<u>9,891,928</u>	<u>9,203,113</u>
<b>Equity</b>		
Qualifying shares - Note 15	31,250	30,600
Statutory reserve	1,158,422	1,075,130
Undivided earnings	<u>1,272,715</u>	<u>1,232,820</u>
Total equity	<u>2,462,387</u>	<u>2,338,550</u>
Total liabilities and equity	<u>12,354,315</u>	<u>11,541,663</u>

See notes to financial statements.

Approved by the Board of Directors, June 08, 2018, and signed on their behalf by:

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Director



## THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

### Statement of Changes in Equity Year ended March 31, 2018 Expressed in Barbados Dollars

	Qualifying shares	Statutory reserve	Undivided earnings	Total
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
Patronage refund - 25%	-	-	(209,532)	(209,532)
Issue of shares	650	-	-	650
Entrance fees	-	150	-	150
Net income for year	-	-	332,569	332,569
Transfer to Statutory reserve - 25% of net income	-	83,142	(83,142)	0
Balance - March 31, 2018	31,250	1,158,422	1,272,715	2,462,387

See notes to financial statements.

# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

## Statement of Comprehensive Income Year ended March 31, 2018 Expressed in Barbados Dollars

	<u>2018</u>	<u>2017</u>
<b>Interest income</b>		
Loans to members	1,014,626	896,088
Investments	87,850	69,548
Cash and cash equivalents	<u>30</u>	<u>190</u>
	<u>1,102,506</u>	<u>965,826</u>
<b>Interest expense</b>		
Demand deposits - 5.3% p.a. (prior year 5.3%)	<u>485,319</u>	<u>454,327</u>
<b>Net interest income</b>	<u>617,187</u>	<u>511,499</u>
<b>Other income</b>		
Dividends	1,382	1,366
Sundry income	<u>13,758</u>	<u>3,327</u>
	<u>15,140</u>	<u>4,693</u>
<b>Other expenses</b>		
Depreciation	1,415	1,196
Staff costs - Note 7	83,342	74,903
Other operating expenses	<u>215,001</u>	<u>194,620</u>
	<u>299,758</u>	<u>270,719</u>
<b>Net income for year</b>	<u>332,569</u>	<u>245,473</u>

See notes to financial statements.



## THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

### Statement of Cash Flows Year ended March 31, 2018 Expressed in Barbados Dollars

	2018	2017
<b>Cash provided / (used) by:</b>		
<b>Operating activities</b>		
Net income for year	332,569	245,473
<i>Add items not involving cash</i>		
Depreciation	1,415	1,196
Dividend reversal	0	7,228
	333,984	253,897
<i>Change in non-cash operating items</i>		
Accounts receivable	(17,367)	22,710
Accounts payable and accruals	2,037	(28,920)
Demand deposits payable	686,778	950,900
Net cash provided by operating activities	1,005,432	1,198,587
<b>Investing activities</b>		
Increase in loans - net	(408,486)	(1,080,555)
(Increase) / decrease in investments	(441,781)	764,369
Purchase of plant and equipment	(1,103)	0
Net cash used by investing activities	(851,370)	(316,186)
<b>Financing activities</b>		
Entrance fees	150	225
Patronage refund	(209,532)	(217,055)
Issue of qualifying shares	650	1,950
Net cash used by financing activities	(208,732)	(214,880)
(Decrease) / increase in cash and cash equivalents	(54,670)	667,521
Cash and cash equivalents - start of year	1,268,446	600,925
<b>Cash and cash equivalents- end of year</b>	<b>1,213,776</b>	<b>1,268,446</b>

See notes to financial statements.

# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

## Notes to Financial Statements

March 31, 2018

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*

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. 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, 2018

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.

## THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

### Notes to Financial Statements

March 31, 2018

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.

(k) *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.

(l) *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.



## THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

### Notes to Financial Statements March 31, 2018 Expressed in Barbados Dollars

#### 5. Risk Management

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

(a) *Credit Risk*

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

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

(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.

(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.

# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

## Notes to Financial Statements March 31, 2018 Expressed in Barbados Dollars

### 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>2018</u>	<u>2017</u>
Loans	<u>389,029</u>	<u>672,250</u>
Shares and deposits payable	<u>160,431</u>	<u>182,141</u>

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

Honoraria	<u>26,541</u>	<u>23,711</u>
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### 7. Staff costs

	<u>2018</u>	<u>2017</u>
	<u>83,342</u>	<u>74,903</u>

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



# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements  
March 31, 2018  
Expressed in Barbados Dollars

<b>8. Cash and cash equivalents</b>	<u>2018</u>	<u>2017</u>
Bank account – no interest	1,213,543	1,267,245
Cash and demand deposits	<u>233</u>	<u>1,201</u>
	<u>1,213,776</u>	<u>1,268,446</u>
<b>9. Accounts receivable</b>	<u>2018</u>	<u>2017</u>
Interest receivable	57,618	45,789
Other accounts	<u>5,538</u>	<u>0</u>
	<u>63,156</u>	<u>45,789</u>
<b>10. Loans to members</b>	<u>2018</u>	<u>2017</u>
Gross loans	9,287,443	8,835,254
Less: Provision for doubtful debts	<u>(229,164)</u>	<u>(185,461)</u>
Net value of loans	<u>9,058,279</u>	<u>8,649,793</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>2018</u>	<u>2017</u>
Balance - start of year	185,461	143,719
Increase in provision	<u>43,703</u>	<u>41,742</u>
Balance - end of year	<u>229,164</u>	<u>185,461</u>

# THE BARBADOS MEDIA CO-OPERATIVE CREDIT UNION LIMITED

## Notes to Financial Statements March 31, 2018 Expressed in Barbados Dollars

11. Investments	2018	2017
<i>Current investments</i>		
<i>Held-to-maturity deposits</i>		
First Citizens Investment Services (Barbados) Ltd. - 3.05% p.a. (prior year 3.05% to 3.8%)	428,431	1,452,835
Barbados Agricultural Management Co. Ltd. - 6.5% p.a., maturing February 2019	454,912	0
Central Fund Facility Trust - 3% p.a. (prior year 3%)	998	0
Co-operators General Management Co. Inc. - 7% p.a.	12,000	0
	<u>896,341</u>	<u>1,452,835</u>
<i>Non-current investments</i>		
<i>Held-to-maturity</i>		
Barbados Government securities - 6.5% p.a., maturing between April 30, 2019 and December 2025	600,000	100,000
Barbados Port Inc. – 7.5% Bonds, maturing 2024	509,785	0
Co-operators General Management Co. Inc. - 7% p.a., maturing May 2018	0	12,000
<i>Available-for-sale</i>		
Co-operators General Insurance Co. Ltd.: - 85 ordinary shares (prior year 84)	9,260	9,050
Barbados Co-operative & Credit Union League Limited: - 20 membership shares	200	200
Co-operators General Management Co. Inc.: - 72 shares (prior year 58)	1,440	1,160
	<u>1,120,685</u>	<u>122,410</u>
Total	<u>2,017,026</u>	<u>1,575,245</u>

- (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, 2018 Expressed in Barbados Dollars

<b>12. Plant and equipment</b>	<u>2018</u>	<u>2017</u>
<i>Cost</i>		
Balance - start of year	35,788	35,788
Additions	<u>1,103</u>	<u>0</u>
Balance - end of year	<u>36,891</u>	<u>35,788</u>
<i>Accumulated depreciation</i>		
Balance - start of year	33,398	32,202
Charge for year	<u>1,415</u>	<u>1,196</u>
Balance - end of year	<u>34,813</u>	<u>33,398</u>
 Net book value - start of year	 <u>2,390</u>	 <u>3,586</u>
Net book value - end of year	<u>2,078</u>	<u>2,390</u>
 <b>13. Accounts payable and accruals</b>	 <u>2018</u>	 <u>2017</u>
Savings of former members	10,038	10,038
Sundry accounts	<u>19,960</u>	<u>17,923</u>
	<u>29,998</u>	<u>27,961</u>
 <b>14. Demand deposits payable</b>	 <u>2018</u>	 <u>2017</u>
	<u>9,861,931</u>	<u>9,175,152</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, 2018 Expressed in Barbados Dollars

15.	Qualifying shares	<u>2018</u>	<u>2017</u>
		<u>31,250</u>	<u>30,600</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, 2018 Expressed in Barbados Dollars

	<u>2018</u>	<u>2017</u>
Annual General Meeting	6,072	5,569
Bad debts - fees	3,752	0
Bad debts - increase in provision	43,703	44,485
Bank charges	3,986	4,245
Convention fees	17,517	13,332
Co-operative celebrations	3,163	1,863
Education Fund provision	3,510	2,750
Donations	504	638
Honoraria	26,541	23,711
League dues	8,066	7,577
Maintenance	200	0
Mutual Benefits Plan expense	53,481	49,567
National Development Fund	0	922
Office supplies	7,521	10,414
Professional fees	16,070	12,808
Rent	6,018	6,018
Software license and support	8,978	5,975
Stationery	5,789	4,616
Telephone	<u>130</u>	<u>130</u>
	<u><u>215,001</u></u>	<u><u>194,620</u></u>



# NOTES



**THE BARBADOS MEDIA  
COOPERATIVE CREDIT UNION LIMITED**

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