2014 ANNUAL REPORT

39th Annual GENERAL MEETING

Manchester Co-operative Credit Union (1977) Ltd.

'Where Service Exceeds Expectation'





Serving you wherever you are



Manchester Co-operative Credit Union (1977)Ltd.

'Where Service Exceeds Expectation'

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Vision Statement

The Manchester Co-operative Credit Union (1977) Limited, aims to be the Financial Institution of choice, providing a range of innovative Products and Services.

Mission Statement

The Manchester Co-operative Credit Union (1977) Limited, is committed to maintaining a safe, visible and efficient financial institution; by providing innovative and competitive products and services in a warm and friendly environment to enhance the economic and social well-being of our members

Prayer Of Saint 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.

O Divine Master, grant that we 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 ANNUAL GENERAL MEETING

Notice is hereby given of the

39th ANNUAL GENERAL MEETING

of the

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

at the

GOLF VIEW HOTEL AUDITORIUM
CALEDONIA ROAD, MANDEVILLE
MANCHESTER

On Thursday, May 14, 2015

Commencing at 4:00 p.m. sharp

Signed by:

.....

Claude Rattray
Secretary

AGENDA

1. Call to Order

- Ascertaining of Quorum
- Notice of Meeting

2. Minutes of Last Annual General Meeting

- Reading
- Corrections/Omissions/Amendments
- Confirmation
- Matters Arising

3. Reports

a. Board of Directors
b. Treasurer's/Auditors'
c. Appropriation of Surplus
d. Credit Committee
e. Supervisory Committee

4. Fixing of Maximum Liabilities

5. Elections

- Nominating Committee Report
- Board of Directors
- Credit Committee
- Supervisory Committee

6. Any Other Business

7. Announcements

8. Prizes

9. Vote of Thanks

10. Closure

AGENDA

MINUTES OF THE 38TH AGM

MINUTES OF THE 38TH ANNUAL GENERAL MEETING HELD ON SATURDAY, MAY 10, 2014, AT 11:00 AM AT THE SACRED HEART SCHOOL AND CONVENT, MAIN STREET, CHRISTIANA, MANCHESTER

CALL TO ORDER

The meeting was called to order by the Chairman, Rev. Charles Danvers, at 11:32 am.

The Secretary, Mr. Claude Rattray ascertained that the meeting was duly constituted with 193 members present. He also read the notice of the 38th Annual General Meeting of the Manchester Co-operative Credit Union (1977) Limited.

WELCOME

The Chairman, on behalf of the Board of Directors, management, staff and other volunteers, extended a warm welcome to all who were present. Special welcome was extended to the following:

Mr. Robert Carr	–	Jamaica Co-operative Credit Union League
Mrs. Katrina Grant-D'Aguilar	–	" " " "
Mr. Carlton Bartley	–	" " " "
Mrs. Antoinette Clarke-Whitney	–	" " " "
Ms. Tanya Brown	–	" " " "
Mrs. Pheuona Reynolds	–	" " " "
Mr. John Spence	–	*President* – St. Elizabeth Co-operative Credit Union
Miss Jorgette Lewis	–	*Representative* – Department of Co-operatives & Friendly Societies
Mrs. Sonia Smith	–	*Representative* – Department of Co-operatives & Friendly Societies
Mrs. Joan Thompson	–	Jamaica Co-operative Insurance Agency (JCIA)
Mr. Johnathan Brown	–	National Union of Co-operatives (NUCS)
Mrs. Lisa Cousins	–	*Auditors* – UHY Dawgen Chartered Accountants (Incorporating Paul Goldson & Co.)
Mr. Rohan Roberts	–	Christiana Potato Growers Co-operative Limited
Mr. Michael Walker	–	AVA Electronics
Mr. Oswald Parkes	–	CMFG Life Insurance Company

APOLOGIES

Apologies were tendered on behalf of the following persons:

Mr. Charles Tam	–	Jamaica Co-operative Credit Union League
Mr. Carl Grant	–	JPS & Partners Co-operative Credit Union
Mrs. Jean Lee-Wright	–	*Volunteer* - Credit Committee

Mrs. Ann Julette Rowe	–	*Nominee* – Supervisory Committee
Rev. Dr. Paul Gardner	–	*Past President* (MCCU (1977) Ltd.
Mr. Paul Grant	–	*Volunteer* – Credit Committee
Mrs. Barbara Chamberlain	–	*Volunteer* – Supervisory Committee
Mr. Fitz Rowe	–	*General Manager* - St. Elizabeth Co-operative Credit Union
Mr. Churton Douglas	–	*Chairman* – Credit Committee
Mr. George Sloley	–	*Volunteer* – Credit Committee

CORRECTIONS TO BOOKLET

The Secretary, Mr. Claude Rattray acknowledged and made corrections to some items in the Booklet as follows:

- Page 7 – Under "Apologies" the name "Mr. Carl Francis" should have read "Mr. Carl Grant"
- Page 7 - Under "Correction to Booklet" the name "Miss Veneta Swaby" should have read "Miss Venetta Swaby"
- Page 32 – Under "Social Outreach" (column 1) - "Educational Expense" should have read "Educational Assistance"
- Page 32 Under "Social outreach" (column 2) - "Medical Expense" should have read "Medical Assistance"
- Page 32 Under "Social Outreach' (column 2) – "Funeral Expense" should have read "Funeral Assistance"
- Page 35 Under "Treasurer's Report" – 3rd. line under sub-topic 'Profitability' - it should have read 10% instead of 14% while in the 4th line it should read 14% and not 10%.
- Page 35 Under "Treasurer's Report" – under Sub-topic 'Profitability' – 6th line should read $83 million and not $85 million

MINUTES OF THE 36TH ANNUAL GENERL MEETING

The minutes, having been previously circulated, were taken as read on a motion moved by Mr. Astley Scott and seconded by Mr. Berresford South.

CORRECTIONS TO THE MINUTES

Page 7: Under Apologies – "Issacs" should be corrected to read "Isaacs"

Page 6: Above "Call to Order" – The time should read 11:00 am and not 11:00 pm

CONFIRMATION

The minutes were confirmed on a motion moved by Mr. Kenneth Grant and seconded by Ms. Yvonne Smith.

CONDOLENCES

The meeting was asked to stand as a moment of silence was observed in recognition of those members who died during the year.

MATTERS ARISING

1. **Short Term Goals:** Mr. Berresford South asked how many of the short term goals from the strategic plan were achieved in 2013. The Chairman asked that the answer could be differed to the 'question and answer' segment after the reading of the Board of Directors report.

2. **Delinquency Management System:** Mr. Kenneth Grant asked for a feedback on the implementation of the delinquency management system. In response to the question, the General Manager said the Credit Union was in the process of acquiring a new operating system and as such it had been differed until then. Mr. Grant further asked when the new system was likely to be purchased as the delinquency rate at the moment

needed serious attention. Rev. Danvers responded that the new system was likely to be in place by 2015. He added that in the absence of the upgraded system, very rigorous efforts have been made by the staff to have brought the delinquency rate to where it was at that time. He said the staff was to be commended for the sterling work done.

3. **ATM in Porus:** Mr. Grant asked for an update on the ATM that had been promised to the Porus area. Rev. Danvers responded that a feasibility study was conducted and it was realized that an ATM in Porus would not have served the bulk of our members in the way the Credit Union desired. He added that later on in the meeting, members would be informed of a better plan that would benefit a wider cross-section of our members. Mr. Grant stated that the installation of the ATM for Porus was faithfully promised and advised that the survey should have been conducted before the assurance was given.

REPORTS

BOARD OF DIRECTORS REPORT: Highlights of this report were read by the President (Chairman), as follows:

The President noted that despite the challenges internationally, nationally and locally, members have generally been very supportive of Manchester Co-operative Credit Union (1977) Limited. He said the management and staff again delivered a year of quality and efficient service through continued high commitment.

PERFORMANCE OVERVIEW

The following highlights the key performance areas of the Credit Union for 2013:

- Voluntary Shares grew by 8% from $1,241 million in 2012 to $1,335 million
- Deposits grew by 13% from $1003 million in 2012 to $1133 million
- Net Loans grew by 14% from $1,571 million in 2012 to $1,790 million
- Total Assets grew by 10% from $3,046 million in 2012 to $3,362 million
- Net Surplus increased by 14% from $79 million in 2012 to $90 million

Membership Growth

The Credit Union registered growth in membership of 1,976, which was above the target of 1,700 and the 5% industry standard.

Delinquency

The delinquency rate for 2013 stood at 5.30% which was slightly above the industry rate. Special commendation was extended to the members who consistently honoured their obligation in a timely manner despite the challenging times. The staff in the Credit Department were also commended for their hard work.

PERSONNEL

The Credit Union continued to pride itself in the low staff turnover; there were two promotions and there were plans to strengthen the Risk & Compliance and Internal Audit units.

Training and Personal Development

Staff members and volunteers participated in workshops/seminars during the year such as:- **Member/Customer Service, POCA/Anti-Money Laundering, Micro-Insurance Financing, Enterprise Risk Management, Marketing, Growth & Project Management Techniques.** Staff was more involved in the CPD Online training as they continued with their own personal development.

Parking Facilities

The Parking lot at the Christiana branch was expanded and can accommodate up to nine (9) additional vehicles. Also, the municipal parking lot on Hargreaves Avenue was leased to accommodate an additional twenty (20) parking spaces to be shared by staff and members at the Mandeville Branch.

MARKETING ACTIVITIES

The Marketing Department carried out a number of activities throughout the year to promote the products and services offered by the Credit Union.

Speaking Engagements
The Department continued to participate in several expositions and speaking engagements at various schools and organizations within the parish.

Advertising and Promotions
Advertisements were placed with some of the major media houses to promote the Credit Union's products and services.

Million Dollar Loan Competition
Mrs. Sherene Burris-Williamson emerged the winner of the Million Dollar Mission Competition and received $508,430.01 which cleared her loan balance.

PUBLIC RELATIONS

Sydney Carter Scholarship & GSAT Bursaries
The recipient of the Sydney Carter Scholarship was Roshelle Mendez, a student of the University of the West Indies. Additionally, four (4) other tertiary level students received Bursaries. A total of $610,000.00 was paid on behalf of these students.

A total of fourteen (14) active Treasure Chest Youth Savers were presented with GSAT bursaries valued at $10,000.00 each.

Youth Marketing
The Credit Union hosted several competitions with the aim of developing our youth mentally and physically. They were the Under 12 and Under 15 Netball Competitions, Essay Competition and the Poster competition. These were all at the primary level.

Porus Branch Transfer
Various media were used to sensitize members and the general public of the closure and transfer of the Porus operations to the Mandeville branch. These ensured consistency in the message going to members and the general public and also sought to effectively address members concerns and provided a road map for the transitional process.

Expanded Technology Platforms
During the year, the Credit Union invested further in technology resulting in several achievements such as Internet Banking, E-payment services, YouTube Video Commercial, Facebook Advertisements and automated text messaging.

PRODUCTS & SERVICES

Loan Specials
New products were developed and launched during the year. These included the Wealth Accelerator Investment Plan, Prosperity Loan Special, Triple Treat Savings and Back-to-School Loan Special.

International Credit Union Week Celebration
International Credit Union Week was observed from October 13 – 19, 2013 under the theme: "Credit Unions: Unite for Good. A Better Way". The Credit Union participated in celebrations through the following events:

- Church Service at the Trinity Baptist Church in Porus
- Soup and Soap Outreach Programme at the Ebenezer Home for the mentally challenged
- Hosting of Member Appreciation Day in Christiana and Mandeville where members were treated with refreshment and souvenirs
- Treasure Chest Fun Day at the Kirkvine Sports Club

Mid Island Chapter Awards Banquet
The Annual Mid Island Chapter Banquet was hosted by St Elizabeth Co-operative Credit Union. Mr. Eric Swaby and Mr. Omar Greene were recognized as the member and Employee of the year for 2012 respectively.

Recognition and Awards
Our Credit Union was the recipient of awards for Most Outstanding Parish Credit Union, Runner-up for Mega Credit Union and Parish Credit Union with the highest Loans growth from the Jamaica Co-operative Credit Union League for 2012.

Social and Community Outreach
A total of $447,550.00 was donated to support activities in areas such as: education, health care, sports and religion. This was in keeping with the Organization's commitment to give back to the communities in which it operates.

Strategic Plan
Members of the Board, Credit and Supervisory Committees, Management and staff members

retreated from December 6 – 8, 2013 where the financial performance was assessed and the strategic plan for 2014 and beyond was developed.

Some of the short term objectives were as follows:

- To grow loan portfolio by 15%
- To grow savings portfolio by 13%
- To grow the assets by 12% to $3.75 billion
- To attain surplus of $98 million
- To maintain delinquency at most 5.5% of loan portfolio
- To maintain operating expenses at 7% of assets
- To increase Institutional Capital to 18.6% of assets
- To attain loan: asset ratio of 55.6%
- To grow membership by 5%
- To increase youth savers by15%

CONCLUSION

In closing, the President said the aim of the Board is to continue the upward trajectory and maximize the potential benefits financially, socially and educationally of all members.

The President, on behalf of the Board of Directors said the continued support of members was highly valued and he thanked them for remaining as important 'family' members.

He also expressed his appreciation to the General Manager, her management team and her general staff for the diligent and 'hands-on' conduct of business. Special appreciation was also extended to the volunteers for their commitment to their assigned tasks. He also thanked the partners in the Co-operative Movement, the auditors, bankers, providers of various goods and services and to all who helped to keep the Credit Union afloat.

At this point Rev Joan Smith was excused from the meeting

QUESTIONS AND COMMENTS

Mr. Owen Brown said he took note that for 2011/2012 the Board did not require an ex-officio member and asked why such a person had been appointed to the Board of Directors.

Rev. Danvers responded that it was one of the Rules of Manchester Co-operative Credit Union that an Immediate Past President may be invited to serve as an ex-officio member of the Board. He also informed the meeting that Rev. Dr. Paul Gardner (person in question) was one of the Credit Union's Delegates and member of the Jamaica Co-operative Credit League's Board.

Mr. Brown reiterated that an ex-officio was not appointed in 2011 and 2012 and asked to be referred to the Article in the Rule Book where the particular Rule was mentioned. Rev. Danvers responded that Rev. Gardner was the President for those years in question, so the situation could not have applied. He further read from the rule book – Article 7, Sub-section 4 which made reference to the situation in question.

Mr. Brown said two promotions were mentioned on page 28; he asked if that meant there were two vacancies available. Rev. Danvers then referred the question to Mrs. Cynthia Briscoe – General Manager, who responded that the positions were created to reward those staff members for their academic achievement and also as a means of motivating these individuals.

Relating to "Expanded Technology" mentioned on page 30, Mr. Brown asked what was the cost of the expand/upgrade technology. Rev. Danvers said it cost approximately $2 million and added that it was part of the thrust to keep the Organization current and on the cutting edge. Mrs. Briscoe added that Manchester Co-operative Credit Union was on the pilot project for JCUES, so the implementation was at no cost to the Credit Union. She also used the opportunity to encourage members to sign up for E-Payment Services (JCUES).

Mr. Beresford South said he believed that what was being done at Manchester Co-operative Credit Union really exceeded the members' expectation and that he

was truly heartened by what he had read and heard. He said he remembered where we were coming from and had no idea we would have reached this far, especially at a time when the challenges are so great and we were riding the waves and making an impact. He said Mrs. Briscoe, her management team, staff and volunteers ought to be commended for a job well done.

Mr. South asked if there were any plans to widen the support base or our bond. The question came out of the President's conclusion which spoke to a wider base support which would make us a stronger financial institution. Rev. Danvers said we would not be extending our bond, but explained that "wider base support" meant that if our current members would support our Credit Union more, we would be even stronger.

Mr. Brown said there was no information on the League activities and also the situation between the credit unions and the Bank of Jamaica as it relates to the regulations. He said he was concerned that these information were not available in the booklet as we have delegates from the Board who are representing us at the League. He also said that there were in-house Trade Union negotiations for 2013 and the meeting had not been informed of what had transpired. Rev. Danvers, in his response, made reference to page thirty (30) where the E-payment services were mentioned and highlighted that the service was in collaboration with the Jamaica Co-operative Credit Union League. Rev. Danvers however pointed out that the concerns had been noted and would be addressed in the future.

Mr. Astley Scott said he wanted to personally congratulate the Management, Directors and other Volunteers for the great performance in achieving a 13% growth in savings. He said he has had the opportunity of looking at some of the reports from other credit unions and was yet to see any with a $90 million surplus. He said we needed to be proud of what we had and advised the meeting to continue to build upon it and keep it strong.

On a motion moved by Mr. Kenneth Grant and seconded by Mr. Berresford South, the report of the Board of Directors was adopted.

TREASURER'S REPORT: Highlights of this report were read by the Treasurer, Mr. Robert Chennis as follows:-

INTRODUCTION

The Government entered into a new four-year IMF Agreement during the year. Under the Agreement the country must achieve crucial reforms, reduce the debt burden, control expenses and balance the budget. The country passed the first three IMF reviews and had obtained marginal, but well needed growth in GDP for the last two quarters of 2013. The rate of devaluation of the local currency was a sharp 14% for the calendar year.

Our Credit Union achieved favourable results in key areas despite the economic challenges:

- Adequate surplus was achieved to meet the standards set by our regulators
- There was a strong growth in loans
- Steady inflow of savings during the year
- There was further strengthening of the institutional capital base

Income

Total income of $429.5 million was earned during the year which grew by 11%. Loan interest was $283 million or 66% of total income. Investment income fell by $18 million or 19% as a result of the decline in interest rate due to the NDX. Fee Income was $43 million or 10% of total revenues – down from 11% in 2012.

Expenses

Total expenses were $340 million. It grew by 10% during the year. A total of $67 million was paid to members on savings – up from $60 million in 2012.

Profitability

The surplus for the year was $90 million which was 14% above the amount earned in 2012. The growth was due to a strong 21% increase in loan income during the year.

Asset

The Credit Union was able to increase total assets from $3.05 billion in 2012 to $3.36 billion at the end of the 2013 financial year.

Loans
A total of $219 million was added to the net loan portfolio for 2013. The increase in the portfolio was aided by a robust 37% growth in real estate loans.

Loan to Asset Ratio
The loan to asset ratio for the year under review was 53.2%. This was an improvement over the 51.5% achieved in 2012 and was closer to the minimum standard of 60% set by the League.

Investment and Cash Reserves
The investment portfolio closed the year at $1.43 billion which accounted for 42% of total assets. The portfolio grew by 8% or $108 million. Cash reserves held at CUFMC was adequate to meet cash flow needs of our Credit Union.

Institutional Capital Reserve
One of the key achievements during the year was the Credit Union's ability to strengthen its capital base. Total Institutional capital reserve stood at $582 million at the end of the period which represents a $71 million or 14% growth. This was well above the 8% standard prescribed by the League and surpassed the capital ratio set by the Bank of Jamaica.

CONCLUSION

In concluding, Mr. Chennis commended the members, the hardworking staff and volunteers for their concerted effort in ensuring that our Credit Union enjoyed a successful 2013. He said the growth in loans and savings is a testament to their continued faith in the Organization. He reassured the members that the Board was committed to ensuring that innovative measures would be employed to assist them.

AUDITOR'S REPORT: The Auditor's Report was presented by External Auditors, Mrs. Lisa Cousins of UHY Dawgen Chartered Accounts (Incorporating Paul Goldson & Company). The report was summarized as follows:

UHY Dawgen Chartered Accounts (Incorporating Paul Goldson and Company) had audited the financial statements of the Credit Union which comprised the statement of financial position as at December 31, 2013, the statement of comprehensive opinions. In their opinion, proper accounting records had been kept and the financial statements, which were in agreement therewith, gave a true and fair view of the state of the Credit Union's affairs as at the December 31, 2013 and its financial performance, its changes in equity and cash flow for the year ended.

The Credit Union accounts had been prepared in accordance with International Financial Reporting Standards (IFRS) and complied with the provisions of the Co-operative Societies Act.

QUESTIONS & COMMENTS

Mr. Kenneth Grant commended the Board of Directors and volunteers for a very good year. He said in spite of the environmental difficulties, the Organization managed to have met most of the critical targets. He added that for the Credit Union to have made a $90 million surplus in these challenging times was not something to scoff at.

Mr. Chennis, on behalf of the volunteers, staff and wider membership, thanked Mr. Grant for his commendation.

On a motion moved by Mr. Kenneth Grant and seconded by Mr. Astley Scott, the Treasurer's Report and the Auditor's Report were adopted.

APPROPRIATION OF NET SURPLUS

The Treasurer, Mr. Robert Chennis took the meeting through the Appropriation of Surplus outlined as follows:-

Undistributed Net Surplus	**$100,073,991.00**
Appropriations:	
Institutional Capital	$45,000,000.00
Social Outreach	$ 750,000.00
Capital Exp. Reserves	$ 5,000,000.00
Dividend (7.5%)	$ 7,300,000.00
General Loan Loss Reserves	$10,000,000.00
Disaster Relief Fund	$ 300,000.00
Sydney Carter Scholarship	$ 800,000.00
Honorarium	$ 1,800,000.00
Total	**($70,950,000.00)**
Balance c/f to next year	**$29,123,991.00**

Mr. Chennis moved for the acceptance of the Appropriation of Surplus as outlined earlier which was seconded by Mr. Kenneth Grant and carried.

FIXING OF MAXIMUM LIABILITY

A motion to fix the maximum Liability was moved by the Treasurer

Be it resolved that the Maximum Liability for which the Board of Directors may commit Manchester Co-operative Credit Union (1977) Limited for the year 2014, shall not exceed a ratio of twelve (12) times the Capital and Reserve Fund.

Mr. Robert Chennis moved for the acceptance of the Fixing of Maximum Liability, seconded by Mr. Astley Scott and carried.

CREDIT COMMITTEE REPORT: Highlights of the report were read by Mrs. Vivinne Grant of the Credit Committee on behalf of the Chairman – Mr. Churton Douglas as follows:

Introduction

In the introduction the Chairman said that the Credit Union was affected as competition was heightened as all players from traditional financial institutions as well as those in the micro-finance sector jostled to maintain their share.

He said Manchester Co-operative Credit Union took proactive measures by adjusting the existing products and services in order to make them more competitive to our members.

Notwithstanding the challenges, he said the Credit Union was able to achieve a 14.40% growth in loans.

Profile of Loan Portfolio

Home Improvement accounted for the largest category disbursed during the year. However, compared to 2012 there was a decline of 17.63% from $225 million to $185.5 million. Debt consolidation and Moni-Tree Line of Credit were the only categories in the top five to have recorded increases for the year.

Amendments

The Regular Unsecured, Special Education, Tuition Plus and Monimax Loan products allowed members to access up to $900,000 above shares. A ceiling was established for loans secured by motor vehicles and real estate loans, and the maximum repayment term was also increased. Technology was used to further enhance the Loan Administration process.

Waivers Granted

Waivers were granted for eleven (11) loans during the year. Reasons for the waivers were to: extend loan term, increase % of cash surrender value of insurance policy, and reduce share requirement.

Conclusion

In closing, Mrs. Grant on behalf of the Credit Committee, expressed thanks to the Board of Directors, all Committees, Management and Staff for their tremendous support throughout the year. She also commended the members who continued to support the Credit Union despite the harsh economic climate. She further stated that the Credit Union valued the members business and reassured them that the Committee would continue to provide service that exceeds their expectation.

On a motion moved by Mrs. Margarita Barrett and seconded by Mr. Stanley Skeene, the report of the Credit Committee was adopted.

SUPERVISORY COMMITTEE: Highlights of this report were read by the Chairman, Mr. Kingsley Andrews as follows:

Introduction

In his opening remarks, the Chairman said credit unions across the globe face enormous challenges in the current marketplace and economic environment. He said though some have defined the challenges as insurmountable, Manchester Co-operative Credit Union envisions a brighter future. He said the Committee believes that our Credit Union can continue to make a significant difference in the lives of our members.

He said the Supervisory Committee has been entrusted with the responsibility of ensuring that the assets of the Credit Union are being managed prudently and in the interest of the members. He said the Committee, supported by the Internal Auditor, dedicated quality time and resources in examining the financial records and operations of the Credit Union.

The following areas of activities were audited during the year:

New Member Account
The audit of New Members' accounts was conducted to establish if there was adherence with the Credit Union's policy and procedures as well as external regulations, such as the Proceeds of Crime Act. A few areas were found to be in need of improvement and the appropriate recommendations were made.

Audit of Salaries
The objectives for the examination of salaries were to ensure appropriate approval of salary rates and that payments were accurate and bona-fide. However, only one exception was observed which was resolved subsequent to the audited period.

ATM Cash Counts
ATM Cash Counts were done to ascertain whether adequate controls were in place to safeguard cash and to ensure that cash was properly accounted for. No material exceptions were revealed.

Bank Reconciliation
The Bank Reconciliation Statements for the current accounts were audited to ascertain their timeliness and accuracy. The Committee also wanted to ensure that there were no un-reconciled differences and to establish whether the reconciliations received the appropriate review and approval. No exceptions were revealed.

Staff and Volunteer Loans
The audit of staff and volunteers loans were carried out to determine if loans were granted in accordance with the Credit Union's Loan Policy and other applicable procedures. Also, to ensure that loan accounts were in good standing and to check if loans were adequately secured and securities' files properly maintained. There were strong internal controls in the lending process. No major findings were revealed. Recommendations were made to improve areas as was necessary.

Fixed Assets
An audit was carried out to ensure proper management of fixed assets. These related to the procedures for acquisition, physical safeguards, accounting and record keeping as well as disposal. A few areas of weaknesses were observed and the appropriate recommendations were made. Corrective actions were subsequently taken to resolve the majority of the issues.

Treasury Cash Counts
There were adequate safeguards over cash and the funds were properly accounted for. No material exceptions were observed.

Daily Security Log Reports
Audits were conducted to determine if the Credit Union's policy for the handling of dormant and inactive accounts were complied with. Also, to determine whether transactions in these accounts were authentic and properly authorized, to verify adjustments to system information - e.g. interest rates, and loan terms. Some areas of weaknesses were observed and recommendations were made for improvement.

Audit of Interest Paid on Deposit Accounts
The audit of a sample of deposit accounts was done to determine the accuracy of the interest rates applied and the amounts paid as interest. Withholding tax were tested to verify that they were correct and to ensure that the amounts were posted to the related ledger accounts. Audit revealed no weakness in this area. The interest and tax rates applied were found to be in keeping with the rates stipulated.

Teller Cash Counts
The teller cash counts were performed to ascertain if cash on hand reconciled with the Teller Closing Listings and if there were adequate safeguards over cash. In some instances, differences were observed between the results of the physical cash counts and the cash amounts on the Teller Closing Listings. However, the amounts were not significant.

Acknowledgement
The Committee expressed appreciation to the Board of Directors, Management, Staff and Internal Auditor for their co-operation and camaraderie. They also expressed gratitude to the members for having allowed them to serve in the capacity as stewards of their investments.

QUESTIONS & COMMENTS

Mr. Brown made reference to some weaknesses observed with respect to the Daily Security Log Report and asked what were some of the weaknesses identified. Mr. Andrews responded that some members' signatures and identifications needed updating.

Mr. Brown also asked what was the sample size of the audit with respect to audit on interest paid on deposits accounts. Mr. Andrews said standard procedures were used which were approximately 25%.

Mr. South said he has made note of the presentation and said the booklet will be going into his archive. However, he said that the way the information is structured in the booklet he would have difficulties making a comparison a year from now as it lacked detail.

Mr. Andrews thanked him for the observation and informed him that is had been noted.

On a motion moved by Mr. Kenneth Grant and seconded by Mr. Owen Brown, the report of the Supervisory Committee was adopted.

NOMINATING COMMITTEE REPORT

Mrs. Leslie Thomas, Chairman of the Nominating Committee, referred to the Rules governing the nomination. The other members of the Committee were:

- Christopher Tyme – *Member*
- Mr. Harris Senior – *Member*
- Mrs. Vasiana Miller-Hewitt – *Staff Liaison*

Election of the Board of Directors and Committees

The election proceedings were handed over to Mrs. Sonia Smith, representative from the Department of Co-operatives & Friendly Societies who did a head count and found that 103 members were present. There were no nominations from the floor; the Board and Committees were therefore accepted as presented.

The following persons were elected to serve on the Board of Directors, Credit and Supervisory Committees for the year 2013 to 2014:

BOARD OF DIRECTORS

NAMES	STATUS	TERM
Rev. Charles Danvers	Continuing	2 Years
Mrs. Sharon Peart	Continuing	2 Years
Mrs. Lesline Thomas	Continuing	1Year
Mrs. Pauline Isaacs-Cole	Continuing	1 Year
Mr. Robert Chennis	Continuing	1 Year
Mr. Alfred Daley	Continuing	2 Years
Mr. Claude Rattray	Continuing	1Year
Rev. Joan Smith	Continuing	2 Years
Mrs. Dianna Tomlinson	Continuing	1 Year
Rev. Dr. Paul Gardner	New	2 Years
Mrs. Darcia Roache	New	1 Year

CREDIT COMMITTEE

NAMES	STATUS	TERM
Mr. Churton Douglas	Continuing	2 Years
Miss Lilieth Sutherland	Continuing	2 Years
Mr. George Sloley	Continuing	1 Year
Mrs. Vivinne Grant	Continuing	1 Year
Mrs. Thelma Vassall	Continuing	1 Year

SUB-CREDIT COMMITTEE

NAMES	STATUS	TERM
Mr. Everard Harriott	Continuing	2 Years
Mrs. Jean Lee-Wright	Continuing	1Year
Mr. Paul Grant	Continuing	1 Year

SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Mr. Kingsley Andrews	Continuing	1 Year
Mr. Junior Isaacs	Continuing	1 Year
Mrs. Ruthan Smile-Smikle	Continuing	1 Year
Mrs. Ann Julette Rowe	New	1 Year
Mrs. Claudette Griffiths-McKenzie	New	1 Year

SUB-SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Mr. Calvin Palmer	Continuing	1 Year
Mrs. Claudette Gayle-Foster	Continuing	1 Year
Mrs. Barbara Chamberlain	Continuing	1 Year

Congratulations were extended to all the persons who were elected to serve on the various committees.

The Board of Directors was given authority to select the Delegates and Alternate Delegates to the Credit Union League's Annual General Meeting and other societies to which the Credit Union may be affiliated on a motion moved by Mrs. Margarita Barrett, seconded by Ms. Hortense Dwyer and carried.

Mrs. Smith said the members had given authority to the Board of Directors to elect among themselves or otherwise two (2) Delegates and two (2) Alternate Delegates to the Jamaica Co-operative Credit Union League. She reminded the Board and the other committees to meet within ten (10) days to elect officers for the various committees and forward the information to the Department of Co-operatives and Friendly Societies, the Credit Union League and other relevant institutions.

RESOLUTIONS

The Chairman informed the meeting that the Resolution to amend the Rule to effect increase in the transfer of net surplus to the Reserve Fund from 20% to 25% would be withdrawn and replaced with a simple resolution.

The motion moved by Mr. Berresford South and seconded by Mr. Astley Scott, gave authority to the Board to make effective the transfer of no less than 25% of surplus to the Reserve Fund.

Rev. Danvers explained to the meeting that the main purpose of the resolution was to further strengthen the capital base of the Credit Union in case any unexpected or unforeseen costs may arise in the future.

ANY OTHER BUSINESS

Rev. Danvers announced that a bus was ordered to be used as a Mobile Bank to serve members at different locations; eg. New Forest, Porus and Mile Gully. He said as soon as it was practical the unit would be on the road giving the quality service that the members deserved and desired.

Mr. Brown referred to The Strategic Plan on page 32 and asked what were some of the strategies employed by the Board to achieve growth in the loan portfolio, savings portfolio, loan acid ratio, membership growth, etc.

In response, Rev. Danvers said there are regular reviews, which meant that the Board and Management team had to recalibrate some of the projections and constantly review the products and services. He said those were a few of the measures employed so the goals of the Credit Union could be achieved.

Mr. Kenneth Grant made note of the delinquency rate which was at 5.5% and advised the Credit Union to aim for 5% which was the market rate. Rev. Danvers thanked him for his observation which was noted.

SPECIAL PRESENTATION

Mrs. Cynthia Briscoe – General Manager made a presentation to Ms. Venetta Swaby who had served on the Board of Directors and was retiring. She was lauded by the General Manager as being an excellent asset to the Credit Union. The other retirees were not in attendance.

Mrs. Briscoe expressed special thanks to CUMFC which had added to the prize list gifts of US$50 each for two (2) members.

PRESENTATIONS

Mr. Lenroy Allen, Accounts Manager, assisted by the Marketing team, led the proceedings of the presentation of prizes to 30 Early Bird winners. Prizes included two US$50 vouchers from CUMFC and Gift Certificates from Manchester Co-operative Credit Union.

VOTE OF THANKS

Mr. Alfred Daley moved the vote of thanks. He thanked the following individuals and organizations for their contributions to the AGM:

- Mr. Claude Rattray – Secretary
- Rev. Charles Danvers for ably conducting the General Meeting.
- Representatives for the Jamaica Co-operative Credit Union League
- Mrs. Sonia Smith, Director of Elections and the other representatives from the Department of Co-operatives & Friendly Societies
- Representatives from CMFG Life Insurance Company
- Christiana Potato Growers Co-operative Society
- Representative from the St. Elizabeth Co-operative Credit Union

- Auditing firm UHY Dawgen Chartered Accounts (Incorporating Paul Goldson & Co.)
- Mr. Robert Chennis – Treasurer who presented the Financial Report
- Mrs. Vivinne Grant who presented the Credit Committee Report
- Mr. Kingsley Andrews who presented the Supervisory Committee Report
- Mr. Lenroy Allen and his team for coordinating the presentation of prizes
- Mr. Michael Walker and his team of AVA Electronics Sales and Service
- The Sacred Heart School for making the auditorium available
- To the caterers for having prepared the meals
- Manchester Co-operative Credit Union Staff, led by Mrs. Cynthia Briscoe, who is exceptionally gifted in arranging functions
- The Board of Directors, Supervisory Committee and Credit Committee
- Special thanks to the JCUES team for their presentation
- All the members who attended the AGM

CLOSURE

There being no other business, the National Anthem was sung and the Chairman closed the meeting at 2:44 pm.

Mr. Claude Rattray
Secretary

Rev. Charles Danvers
President

REPORT OF THE BOARD OF DIRECTORS



President of the Board of Directors
Rev. Charles Danvers

The Board of Directors takes this opportunity to account to the general membership of the Manchester Co-operative Credit Union (1977) Limited for its stewardship during 2014. The year was one with continued economic and social challenges, yet our Credit Union withstood the various shocks.

The national economic health continued to be anemic, even though there was very marginal growth nationally. Unemployment continued to be high, especially among young persons. The country successfully passed all the tests of the International Monetary Fund (IMF) during the year. However, job-creation was minimal and the Jamaican dollar continued to weaken against the major currencies. Crime and violence continued to be a major national concern, although there were encouraging signs of decline towards the end of the year.

Despite the on-going challenges, the Manchester co-operative Credit Union (1977) Limited has kept the economic and social affairs of our members and the wider Manchester community afloat. Through the continued high-quality support from and collaboration with the management and staff, the launch of a Mobile Banking Unit was realized. This is a promise kept and delivered. Through this initiative members have begun to experience service closer to where they are. The Board has also signed the contract with Smart Solution to upgrade the operating system from 'Smart Cut' to' Universa'. The conversion is expected to be completed by October 2015.

During the year under review two of the main challenges have been low membership growth and low growth in loans. Both targets were not realized; however, other areas of operations produced more positive results.

It is against the foregoing that we present the detailed report on the general performance for the financial year ending December 31, 2014.

Board of Directors meetings

The record of the directors' attendance at meeting is listed below.

NAMES	POSSIBLE MEETINGS	ATTENDED	EXCUSED	ABSENT
*Charles Danvers	14	11	3	0
**Paul Gardner	13	10	3	0
Alvin Murray	3	1	0	2
*Robert Chennis	14	13	1	0
Pauline Isaacs-Cole	13	11	2	0
Venetta Swaby	4	3	1	0
*Claude Rattray	14	14	0	0
*Lesline Thomas	14	13	1	0
Sharon Peart	13	11	2	0
*Joan Smith	14	12	2	0
*Alfred Daley	13	12	1	0
Darcia Roache	9	9	0	0
Dianna Tomlinson	13	12	1	0

*Members of the Executive **Ex-Officio Member

Condolence

The Board of Directors, Credit and Supervisory Committees and staff extend condolence to the families of our members who passed on during 2014.

Performance Overview

Key Areas	2014 millions	2013 millions	% Change	Target for 2015 millions
Voluntary Shares	1363	1335	2	1440
Deposits	1315	1133	16	1460
Net Loans	1925	1790	8	2184
Total Assets	3684	3362	10	4021
Surplus	91	90	1	110

Delinquency

The delinquency rate for the year was 5.09%. This was 0.09% above the standard. We commend our members for honouring their obligations notwithstanding the challenging times.

PERSONNEL

Training & Personal Development

During the year, training included participation in over fifteen (15) seminars and workshops as follows: **Time Management, Leadership & Supervision, Service Standards, Risk Management, Credit & Debt Collection and Proceeds of Crime Act (POCA).** Additionally, staff members continued their academic upgrade. The entire staff also attended a one day retreat where the Culture Statement developed by the Board was discussed with a view of improving our service delivery.

There were changes to the staff complement during the period under review as follows:

- Five (5) promotions
- Five (5) recruitments
- Five (5) separations.

MARKETING ACTIVITIES

The Marketing Department participated in a number of expositions which included the following:

1. College Day Expo at Knox Community College
2. Catholic College of Mandeville's Spring Conference Expo
3. Cross Keys Potato Festival
4. Northern Caribbean University Literacy Day Expo
5. High Mountain Coffee Road Races

ADVERTISING AND PROMOTIONS

The Department continued to utilize both print and electronic media to advertise the Credit Union's products and services. New radio and television commercials were created and strategically placed with some of the major media houses to include the RJR Communications Group, CVM TV, Irie FM, Kool 97 FM, KLAS FM 89. Additionally, attractive advertisements were published in the Gleaner, the Jamaica Observer and the Mandeville Weekly.

PUBLIC RELATIONS

Sydney Carter Bursaries

A total of five (5) tertiary level students received bursaries from the Sydney Carter Scholarship Fund to start the 2014/2015 academic year. The following persons received bursaries $100,000.00 each:

No.	NAME	INSTITUTION
1	Roxanne Campbell	NCU
2	Oshane Palmer	UWI
3	Kimoye Watson	UWI
4	Brittany Brown	UWI
5	Omoi McKenzie	UWI

Board of Directors



Mrs. Sharon Peart, Mrs. Dianna Tomlinson, Rev. Dr. Paul Gardner, Mr. Alfred Daley, Mr. Robert Chennis, Rev. Charles Danvers, Mrs. Cynthia Briscoe (General Manager), Mr. Claude Rattray, Mrs. Darcia Roache, Rev. Joan Smith (Inset: Mrs. Lesline Thomas), {Missing from photo: Mrs. Pauline Isaacs-Cole}

GSAT Bursaries

GSAT bursaries, each valued at $10,000.00, were presented to fifteen (15) students at the primary school level to assist with the start of their secondary level education. These students were all active Treasure Chest Youth Savers with commendable results in the GSAT Examinations.

Youth Marketing

The Credit Union hosted a number of competitions targeting the youth to aid in their mental and physical development. These included:

- The 10th season of the Under 15 Netball Competition and the 3rd staging of the Under 12 Netball Competition. The respective leagues were won by Villa Road Primary & Junior High and Bethabara Primary & Junior High School.
- The Essay Competition at the primary level which was won by Jamilla Morgan of Knox Junior School.
- The Poster Competition which was won by Khalil Dunkley of Villa Road Primary & Junior High School.
- The Debating Competition which was won by Knox College.

Town Hall Meetings

As part of its commitment to ongoing member education, the Credit Union hosted a series of town hall meetings throughout the year. These were geared towards educating members on the features and benefits of the various products particularly the newly adopted online services. Entities such as the Social Development Commission and Heart Trust NTA were also invited on board. The meetings were held in the communities of Porus, Newport and Mile Gully.

PRODUCTS & SERVICES

New Product Development and Special Promotions

During the year, the Motor Equity Loan Product was developed and launched. A special savings campaign dubbed the Fabulous Promotions was also conducted highlighting the attractive interest rates that were being offered.

Motor Equity Loan

This Loan option enables members to use the equity in their motor vehicles to access loans of up to $ 800,000.00.

Fabulous Promotions

The Wealth Accelerator, Golden Harvest and Certificate of Deposit products were all revised with attractive rates and bundled for the purpose of the "Fabulous Promotions" Campaign. The campaign ran for the greater part of the year with members benefitting greatly from the returns earned on their savings.

International Credit Union Week 2014

International Credit Union (ICU) Week was celebrated from October 12-17, 2014, under the theme **"Local Service: Global Good."** The Credit Union participated in the celebrations through the following activities:

1. Church Service at the Andrews Memorial United Church on October 12

2. Dedication & Commissioning of Mobile Banking Unit on October 13
3. Member Appreciation Day treat and expo at the Christiana and Mandeville Branches on October 15 and 16, respectively
4. Treasure Chest Fun Day at Brooks Park on October 17

Mid Island Chapter Awards Banquet

The awards for member and employee of the Year 2013 were presented to Mr. Steve Nugent and Mrs. Vasiana Miller-Hewitt respectively. This took place at the Mid Island Chapter of Credit Unions Annual Awards Banquet hosted by Manchester.

Awards and Recognition

Our Credit Union was recognized by the League for its performance during 2013. We received the award for the Most Outstanding Parish Credit Union, Runner-up for Mega Credit Union. One of our staff members, Miss Nereen Allen, also won the award for the top performer on CPD Online training. The Jamaica Red Cross Manchester Chapter also recognized the Credit Union for its support to their organization over the years. Additionally, our Organization was nominated for an award in the Community Impact category at the Manchester Chamber of Commerce's annual awards banquet. We express gratitude to our members whose continued support made these happen.

Representation at Affiliated Organizations

Manchester Co-operative Credit Union (1977) Limited, a member of the Jamaica Co-operative Credit Union League (JCCUL), participated in various activities of the League throughout the year. We were represented at the Annual General Meeting of JCCUL as well as the Caribbean Confederation of Credit Unions (CCCU), which is a regional body. The insights and information gained have been useful.

It was highlighted in the Credit Union League's report to the 73rd Annual General Meeting that the Movement performed creditably during 2013. The League also continued the process of realignment of it activities with the entities involved in the restructuring exercise which started in 2012. As a part of the transformation, the size of the League Board was reduced from twenty-one (21) to fifteen (15) directors. This was in keeping with the formation of the other entities within the League Group. It was also reported that, despite the challenges, the entities within the Group performed well.

It was further highlighted that the League was the first institution to have been granted approval by the Bank of Jamaica to pilot the first phase of the E-Payment System under the new Payment and Settlement Act. This made the entire Credit Union Movement very proud. Manchester was pleased to have been chosen as one of the credit unions to be a part of the pilot programme for this initiative. Additionally, it was noted that the ATM at our Mandeville branch was the number two performer on the League's network. The League, at the AGM, also assured credit unions that it will continue to assist them in their regulatory readiness programmes, as the Movement gets closer to being regulated by the Bank of Jamaica.

SOCIAL AND COMMUNITY OUTREACH

The Credit Union made financial contribution for various worthy causes as listed below:

APPLIANCE TRADERS LTD	20,000
BEAUMONT COMPREHENSIVE COLLEGE	6,000
BETHABARA PRIMARY & JNR. HIGH	5,000
BROOKS PARK SPORTS & REC.COMPL	55,000
BRYCE UNITED CHURCH	8,000
CALEDONIA EARLY CHILDHOOD SCHOOL	3,000
CHRISTIANA CITIZENS COMMITTEE	5,000
CHRISTIANA HEALTH CENTRE	3,500
CHRISTIANA LEASED PRIMARY & INFANT SCHOOL	5,000
CHRISTIANA MORAVIAN PRIMARY & INFANT SCHOOL	10,000

CHRISTIANA S.D.A.EARLY CHILDHOOD	5,000
CHURCH TEACHERS' COLLEGE	5,000
CROSS KEYS HIGH SCHOOL	25,000
DECARTERET COLLEGE	156,000
FUNERAL ASSISTANCE	5000
EBENEZER HOME	5,000
EL INSTITUTO DE MANDEVILLA	10,000
EMMANUEL KINDER PREPARATORY SCHOOL	10,000
FAITH TEMPLE OPEN BIBLE CHURCH	6,500
FRANKFIELD PRIMARY & INFANT SCHOOL	4,000
EDUCATIONAL ASSISTANCE	165,000
HATFIELD PRIMARY & JUNIOR HIGH	6,000
ASSISTANCE FOR FIRE VICTIM	10,000
HOLINESS BORN-AGAIN CHURCH	3,000
HOLMWOOD TECHNICAL HIGH SCHOOL	87,000
INT'L UNIVERSITY OF THE CARIBBEAN	25,000
JA.GOVERNMENT PENSIONERS ASSN.	2,500
JAMAICA RED CROSS SOCIETY	100,000
JAMAICA TEACHERS' ASSOCIATON	100,000
KENDAL ALL AGE SCHOOL	15,000
MANCHESTER CHAMBER OF COMMERCE	16,000
MANCHESTER HIGH SCHOOL	55,000
MANDEVILLE BAPTIST CHURCH	11,000
MANDEVILLE PARISH CHURCH	4,800
MEDICAL ASSISTANCE	89,500
MAY DAY HIGH SCHOOL	6,500
PARISH COUNCIL OF MANCHESTER	7,000
PERCY JUNOR HOSPITAL	3,000
PORUS PRIMARY SCHOOL	5,000
RED FLAMES SPORTS CLUB	6,000
RICHMOND-CLANDON CITIZENS'ASSN	4,000
ROBIN'S HALL ALL AGE SCHOOL	3,000
ROYAL FLAT BASIC SCHOOL	15,000
SACRED HEART ACADEMY	10,000
SHILOH APOSTOLIC CHURCH	4,500
FUNERAL ASSISTANCE	10,000
THE LAY MAGISTRATES' ASSOC. OF JAMAICA	21,000
THE MORAVIAN CHURCH IN JA.& CAYMAN ISLANDS	6,000
THE OPTIMIST CLUB OF CHRISTIANA	5,000
THE VESTA WHITE FOUNDATION	21,000
WINSTON JONES HIGH SCHOOL	10,000
WITTER MCKAIN EARLY CHILDHOOD SCHOOL	5,000
WOODLAWN SCHOOL OF SPECIAL EDUCATION	5,000
ZORN MEMORIAL CIRCUIT OF MORAVIAN CHURCHES	5,000
TOTAL	**1,188,800**

The Strategic Objectives

Under the Theme 'Improving member Satisfaction… A catalyst for Sustainable Growth' the Board of Directors Managers, Committee members and staff retreated during December 5-7, 2014. The strategies and operational objectives for 2014 were assessed and plans for the Organization's operations for 2015 and beyond were developed.

The strategic objectives for the period 2015-2018 are as follows:

- To develop and implement effective strategies geared towards the achievement of competitive levels of member satisfaction
- To strengthen the internal business processes to achieve optimum efficiencies in key operational areas
- To strengthen the key financial pillars of the Credit Union.

During 2015 the Credit Union will seek to meet financial and operational targets as follows:

- To attain 14% loans growth
- To grow the savings portfolio by 9.5%
- To grow assets by 10.3%
- To attain a surplus of $109.6 million by a 7% growth
- To attain an average loan yield of 15.7%
- To attain an average investment yield of 7.15%
- To maintain the delinquency rate at most 5.75%
- To attain an institutional capital ratio of 19.4%
- To maintain a 7.6% operating expense: asset ratio
- To attain Net Return: Average Assets ratio of 2.9%
- To attain a 54.3% net loan: assets ratio
- To attain a membership growth of 5%
- To grow the youth savers by 15%
- To Institute full operation of the Mobile Banking Unit
- To upgrade the operating system

CONCLUSION:

The achievements of the Manchester Co-operative Credit Union (1977) Limited for the year 2014 were made possible through the continued support of you our loyal members. We take the interests of all members seriously and our aim is to satisfy all our members as much as is humanly possible. Your support is valued and appreciated as we create the products and services to enhance your lives and that of your family members.

The Board of Directors expresses thanks to the General Manager, Mrs. Cynthia Briscoe, all managers and the entire staff for the continued dedicated work they carry out in helping to make our Credit Union one of choice. Heartfelt thanks to all volunteers who gave of their time, energy and wisdom in the promotion of a healthy Organization. To all other partners in the Co-operative Movement, we register our appreciation; our Auditors, the League, our bankers, providers of the various goods and services, thanks for the partnership.

We have weathered the choppy waters behind us with reasonable success yet, storm clouds are forming ahead of us. We have committed to stay the course that will get us through successfully, together. The God who directed our affairs in the past and granted us the wisdom and vision to swim even against the tide, is that God who must remain Lord of our lives and all we do for Him and others. God's blessings be on this co-operative body.



Rev. Charles Danvers
President

TREASURER'S REPORT

FOR FINANCIAL YEAR ENDED DECEMBER 31, 2014

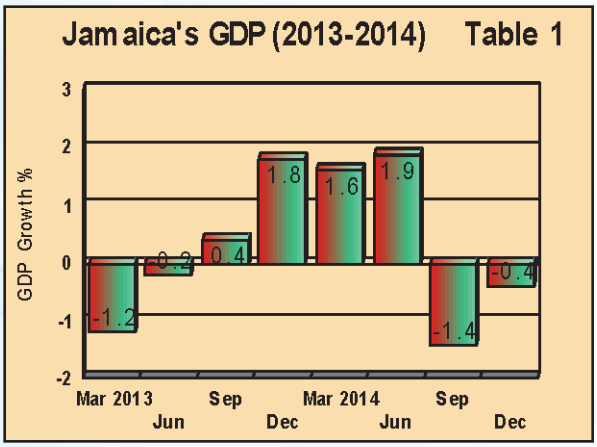


Mr. Robert Chennis - *Treasurer*

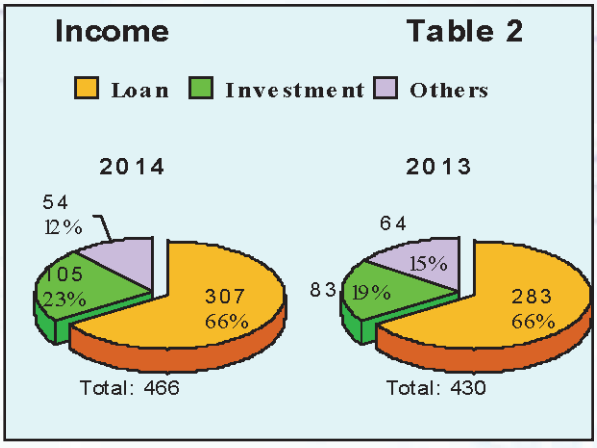
Introduction

The Government was able to navigate the difficult economic realities on its way to passing all four IMF Tests during the year 2014. This achievement was applauded by key multinational agencies and ensured that the economy remained stable despite marginal declines in GDP as shown on **Table 1.** The country also benefited from the steep fall in oil prices during the year. This was able to keep the inflation rate in check despite the sharp devaluation of the Jamaican Dollar.

Another important economic development during the year was Jamaica's successful reentry to the international capital market where well over half a billion dollars was borrowed at record low interest rates. Other key achievements were the narrowing of the trade deficit and the sharp cut in the fiscal deficit, as the Government moved towards balancing the budget. Furthermore, the country was ranked 58th, its best ever position, on the Ease of Doing Business Index. These positive developments, together with the country's improved credit rating, have built a stable platform for the country to achieve sustainable economic growth.



The Manchester Co-operative Credit Union played an active role in building the platform for the country's economic recovery during year. This was done in part by ensuring that our members were able to access credit at favorable terms for both productive and consumption purposes. At the same time, members were further able to create wealth by taking advantage of various attractive savings and investment options. These and other initiatives ensured that our Credit Union achieved favorable results in key business areas during the year as outlined in this report.



Profitability

Total income of $466 million was earned during the 2014 financial year as shown in Table 2. This was 8.4% above the amount earned in 2013. It cost a total of $375 million to carry out the operations of the Organization in 2014. This was 10.8% more than what was spent during the previous year.

The surplus for the year was $91 million or 1% above the amount earned in 2013. Interest from loans contributed $307 million or 66% of total income. Income generated from investments was $105 million. This was $22 million or 26% above the amount earned in 2013. The increase in investment income was as a result of the rise in interest rates during the year. The average yield on the portfolio was 7.4% for 2014. Income from fees and commissions contributed $54 million or 12% of total revenues for the year. This was a reduction from the $64 million or 15% of total in the previous year.

Key Profitability Trends

Table 3 shows the trends in key profitability ratios over the past five (5) years. The Credit Union achieved an income to asset ratio of 12.6% in 2014. This was slightly lower than the 12.8% achieved in the 2013. The decline in the income to asset ratio was as a result of the reduction in the interest rate on loans during the year. The Credit Union's return on assets ratio was 2.5% at the end of the year.

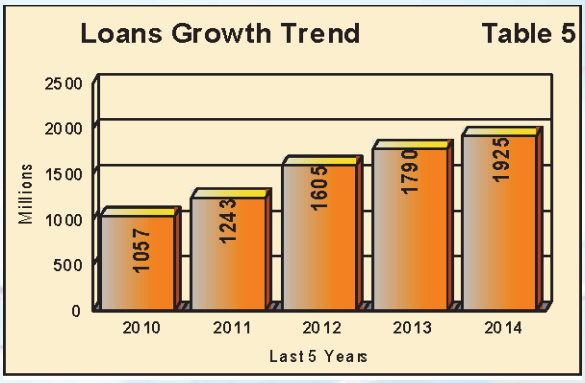
Table 3

Profitability Indicators	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
Total Income to Assets	14.4%	12.8%	12.7%	12.8%	12.6%
Operating Exp. to Assets	6.9%	7.3%	7.5%	7.3%	7.2%
Return on Assets	3.2%	2.9%	2.6%	2.7%	2.5%



Asset Growth

Our Organization was able to increase total assets from $3.36 billion in 2013 to $3.68 billion at the end of the 2014 financial year. This represented a growth of 10% for the year. Table 4 shows the movement in our Credit Union's asset base over the last five (5) years. The accumulated increase over the period was $1.2 billion or 47%.

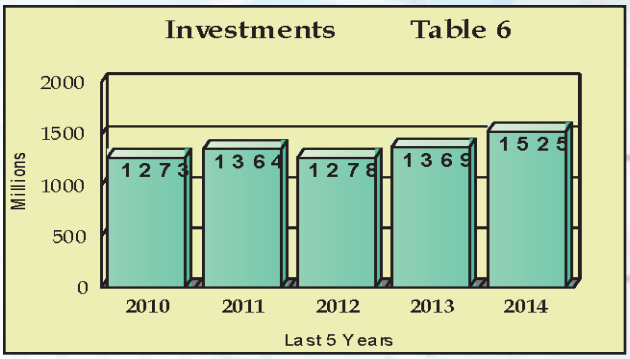


Loans

The growth in total assets was aided by a 7.5% or $135 million increase in loans during the year. This increase was supported by a robust 20% growth in real estate loans.

Table 5 shows the extent of the growth in net loans over the last five (5) years. The portfolio moved from $1.06 billion in 2010 to $1.93 billion in 2014. This meant that the average annual growth in loans was 16% over the five year period.

Your Board will continue to ensure that loans remain accessible to you the members, as we aim to maintain adequate growth in this core business area.



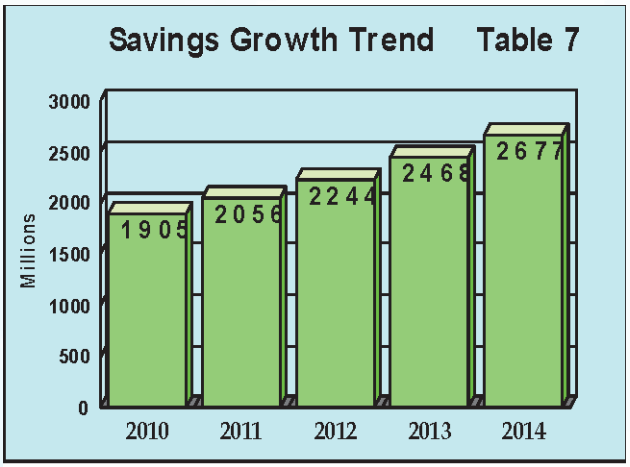
Investments and Cash Reserves

The investment portfolio closed the year at $1.53 billion as shown in Table 6. This represented an increase of 11% over 2013 and accounted for 41% of total assets. This was on par with what was achieved in 2013. A total of $543 million or 36% of the investment portfolio was held on the National Debt Exchange (NDX).

The Credit Union maintained adequate liquidity reserves during the year and was always able to meet the day-to-day cash flow requirements of the Organization. These reserves were held in interest bearing accounts at the Credit Union Fund Management Company.

Savings

A total of $209 million was added to the savings portfolio in 2014. This resulted in an increase of 8% in savings over the previous year. Members were able to take advantage of attractive rates of up to 8% on the Wealth Accelerator investment plan during the year. This resulted in a $127 million or 70% increase in this flagship investment account that enabled members to earn of competitive interest rates while making regular deposits.



The savings portfolio rose from $1.9 billion in 2010 to $2.7 billion in 2014. This meant that you the members increased your savings in the Credit Union by $772 million or 40% over the five year period. We commend you for this achievement and assure you that our Organization will continue to offer competitive returns on its range of savings and investments products.

Institutional Capital Reserve

Our Credit Union was able to strengthen its capital base during the year. Total institutional capital stood at $655 million at the end of the period. This represented a $72 million or 12% growth. The institutional capital to asset ratio rose from 17.3% in 2013 to 17.8% at the end of the 2014 financial year. This was well above the minimum 8% standard prescribed by our League and surpassed the capital ratio set by the Bank of Jamaica. A strong institutional capital enables the Credit Union to maintain a stable and secure financial foundation. Therefore, this crucial reserve will be further strengthened through an additional allocation from the 2014 surplus.

Key Financial Indicators

Our Organization exceeded the League's standards in most of the key financial indicators. Some of these standards are outlined in Table 8. However, the loan to asset ratio of 52.2% was noticeably below the minimum standard of 60%. Your Board will continue to implement the measures necessary to achieve the desired result in this important business area.

Table 8

Key Financial Indicators	Target Standard	2014 Actual	2013 Actual
Provision for Loan Loss	100.0%	139%	157%
Institutional Capital : Total Assets	8.0%	17.8%	17.3%
Net Loans: Total Assets	60% -80%	52.2%	53.2%
Delinquent Loans: Total Loans	< or = 5%	5.1%	5.3%
Non-Earning Asstes: Total Assets	7.0%	6.4%	6.0%
Operating Expense : Total Assets	8.0%	7.2%	7.3%
Membership Growth	5.0%	5.1%	5.1%
Asset Growth	12.0%	9.6%	10.4%
Institutional Capital Growth	12.4%	12.6%	14.3%

Summary of Income & Expenses

Table 9

Income & Expenditure	Year 2014	Year 2013	Increase/ Decrease	% Change
Total Income	465,520,927	429,509,151	36,011,776	8.4%
Total Expenses	-374,803,526	-339,653,624	-35,149,902	10.3%
Surplus	*90,717,401*	*89,855,527*	*861,874*	*1.0%*
Add Undistributed Surplus	100,073,991	86,424,066	13,649,925	15.8%
Less Transfers	-87,898,478	-76,205,602	-11,692,876	15.3%
Available for Appropriation	*102,892,914*	*100,073,991*	*2,818,923*	*2.8%*

Summary of Balance Sheet

Table 10

Assets, Liabilities & Reserves	Year 2014	Year 2013	Increase/ Decrease	% Change
We The Members Own:				
Institutional Capital	569,461,217	505,957,737	63,503,480	12.6%
Permanent Shares	85,621,044	76,664,752	8,956,292	11.7%
Other Reserves	207,751,996	179,016,488	28,735,508	16.1%
Undistributed Surplus	102,892,914	100,073,991	2,818,923	2.8%
Total	*965,727,171*	*861,712,968*	*104,014,203*	*12.1%*
The Money Was Used For				
Net Loans to Members	1,925,027,414	1,790,208,729	134,818,685	7.5%
Cash & Investments	1,579,462,274	1,429,769,965	149,692,309	10.5%
Fixed Assets	69,860,332	61,530,227	8,330,105	13.5%
Other Assets	110,046,603	80,809,266	29,237,337	36.2%
Total Assets	*3,684,396,623*	*3,362,318,187*	*322,078,436*	*9.6%*
Less Savings & Other Liabilities	2,718,569,452	2,500,605,219	217,964,233	8.7%
Our Credit Union's Net Worth	*965,827,171*	*861,712,968*	*104,114,203*	*12.1%*

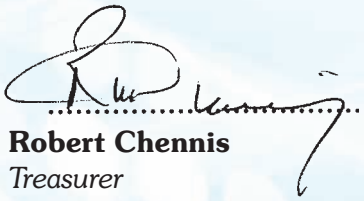
Conclusion

The financial performance for the year 2014 is evidence that our Credit Union remains a viable entity – notwithstanding the challenging business environment and the aggressive competition. We therefore commend the team of hardworking staff and volunteers for a job well done. We also applaud the contribution that you the members have made to the success of our Credit Union.

While we pause to recognize our achievements, your Board is committed to ensuring that our Credit Union is well positioned to take advantage of the expected improvement in the local economy. Growth in core business areas

will be sustained through the enhancements of products and improvements in service delivery standards. Additionally, as we move towards the new regulatory environment, our Credit Union will be purposeful in its efforts to achieve full compliance with the relevant regulations.

I express my sincere gratitude for the opportunity to serve as Treasurer and thank you for your support over the years. I urge you to remain faithful and active members of this noble institution, as your participation keeps our Credit Union strong, safe and secure.



Robert Chennis
Treasurer

DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

(An Agency of the Ministry of Industry, Investment & Commerce)

2 MUSGRAVE AVENUE
KINGSTON 10

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or 978-1946
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ANY REPLY OR SUBSEQUENT REFERENCE TO THIS COMMUNICATION SHOULD BE ADDRESSED TO THE PERMANENT SECRETARY AND THE FOLLOWING REFERENCE QUOTED:-

S1
R459/-535/04/15

April 1, 2015

The Secretary
Manchester Co-operative Credit Union Limited
2 Main Street
Mandeville P.O.
MANCHESTER

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2014.

You must now hold the Annual General Meeting convened under **Regulation 19** of the Co-operative Societies Regulations, 1950. At least seven (7) days notice shall be given before the meeting is held.

A copy of your report, which you intend to present to the Annual General Meeting on the year's working of the Society as set forth in **Regulation 35** of the Co-operative Societies Regulations should be forwarded to this office.

Kindly advise me of the date of the Annual General Meeting, so that arrangements may be made for the Department to be represented.

Yours sincerely,

.....

Lavern Gibson-Eccleston (Mrs.)
FOR REGISTRAR OF CO-OPERATIVE SOCIETIES
AND FRIENDLY SOCIETIES



Financial Statements

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Financial Statements

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

FINANCIAL STATEMENTS

&

Notes to the Financial Statements

YEAR ENDED 31ST DECEMBER 2014

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UHY Dawgen Chartered Accountants

Incorporating Paul Goldson & Co.

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REPORT OF THE INDEPENDENT AUDITORS TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES

RE MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED (A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)

Report on the Financial Statements

We have audited the accompanying financial statements of the Manchester Co-operative Credit Union (1977) Limited which comprise the statement of financial position as at 31st December 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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.

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UHY Dawgen Chartered Accountants

Incorporating Paul Goldson & Co.

Auditors' Responsibility - Cont'd

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements, give a true and fair view of the financial position of Manchester Co-operative Credit Union (1977) Limited and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Co-operative Societies Act.

Report on additional matters as required by the Co-operative Societies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements which are in agreement therewith, give the information required by the Co-operative Societies Act, in the manner required.

UHY Dawgen

Signature

UHY DAWGEN CHARTERED ACCOUNTANTS
(INCORPORATING PAUL GOLDSON & CO.)

12th March 2015

A member of UHY International, a network of independent accounting and consulting firms

STATEMENT OF FINANCIAL POSITION - 31ST DECEMBER 2014

	Note	2014 $	2013 $
ASSETS:			
EARNING ASSETS:			
Liquid Assets	4	840,572,505	783,590,567
Loans to Members after Provision for Impairment	5	1,925,027,414	1,790,208,729
Financial Investments	7	683,894,522	585,726,681
Total Earning Assets		3,449,494,441	3,159,525,977
NON-EARNING ASSETS:			
Liquid Assets	8	54,995,247	60,452,717
Other Assets	9	43,634,603	26,973,266
Property, Plant & Equipment	10	69,860,332	61,530,227
Retirement Benefit Asset	11	66,412,000	53,836,000
Total Non-Earning Assets		234,902,182	202,792,210
TOTAL ASSETS		3,684,396,623	3,362,318,187
LIABILITIES :			
INTEREST BEARING LIABILITIES:			
Members' Voluntary Share Capital	12	1,362,557,298	1,335,126,053
Savings Deposits	13	1,314,804,679	1,132,537,532
Total Interest Bearing Liabilities		2,677,361,977	2,467,663,585
NON-INTEREST BEARING LIABILITIES:			
Accruals		18,465,678	12,583,905
Payables	14	16,703,800	15,190,212
Others	15	6,037,997	5,167,517
Total Non-Interest Bearing Liabilities		41,207,475	32,941,634
TOTAL LIABILITIES		2,718,569,452	2,500,605,219
EQUITY:			
Members' Permanent Share Capital	16	85,621,044	76,664,752
Non-Institutional Capital	17	310,744,910	279,090,479
Institutional Capital	18	569,461,217	505,957,737
Total Capital		965,827,171	861,712,968
TOTAL LIABILITIES AND EQUITY		3,684,396,623	3,362,318,187

The accompanying notes form an integral part of the financial statements.

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON 12th March 2015 AND SIGNED ON ITS BEHALF BY:

REV. CHARLES DANVERS
PRESIDENT

MR. ROBERT CHENNIS
TREASURER

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST DECEMBER 2014

	Note	2014 $	2013 $
INTEREST INCOME:			
Liquid Assets		61,637,563	38,671,746
Loans to Members		306,910,369	282,799,260
Financial Investments		43,343,774	44,452,603
		411,891,706	365,923,609
INTEREST EXPENSE:			
Interest Expense on Members' Voluntary Shares		34,142,341	30,776,056
Savings Deposits		43,402,142	36,120,015
Other Financial Costs	19	11,154,386	11,077,826
		88,698,869	77,973,897
NET INTEREST INCOME		323,192,837	287,949,712
Less Provision for Loan Impairment		20,130,631	17,821,954
NET INTEREST INCOME AFTER PROVISION		303,062,206	270,127,758
NON - INTEREST INCOME			
Other Income	20	53,629,221	63,585,542
		53,629,221	63,585,542
GROSS INCOME		356,691,427	333,713,300
Less Operating Expenses	21	264,174,026	242,157,773
NET INCOME BEFORE HONORARIA		92,517,401	91,555,527
Honoraria Payment		(1,800,000)	(1,700,000)
NET INCOME AFTER HONORARIA		90,717,401	89,855,527
OTHER COMPREHENSIVE INCOME			
Revaluation- Available for Sale Investments		1,378,362	758,219
Pension Income	11	12,576,000	1,568,000
Minimum Business Tax		(60,000)	-
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA		104,611,763	92,181,746

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31ST DECEMBER 2014
SUMMARY

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
Balance at 31st December 2012	68,667,011	257,664,010	442,646,632	768,977,653
Total Surplus for the Year	-	89,855,527	-	89,855,527
Other Comprehensive Income				
Revaluation- Available for Sale Investments	-	758,219	-	758,219
Pension Income	-	1,568,000	-	1,568,000
	-	2,326,219	-	2,326,219
Total Comprehensive Income for the Year after Honoraria	-	92,181,746	-	92,181,746
Transactions with Owners				
Permanent Share Capital Subscribed	7,997,741	-	-	7,997,741
Appropriations of Net Surplus for 2012				
Dividends on Permanent Shares		(6,294,497)		(6,294,497)
Institutional Capital	-	(45,000,000)	45,000,000	-
Social Outreach Programme	-	(750,000)	-	(750,000)
Sydney Carter Scholarship	-	(600,000)	-	(600,000)
Disaster Relief Fund	-	(250,000)	-	(250,000)
Transfer to Social Outreach Programme	-	750,000	-	750,000
Transfer to Sydney Carter Scholarship	-	600,000	-	600,000
Transfer to Disaster Relief Fund	-	250,000	-	250,000
Redemption of Permanent Shares	-	(75,249)	-	(75,249)
Payments made from Other Non-Qualifying Reserves	-	(1,074,426)	-	(1,074,426)
Transfer to Statutory Reserve	-	(18,311,105)	18,311,105	-
	7,997,741	(70,755,277)	63,311,105	553,569
Balance at 31st December 2013 carried forward	76,664,752	279,090,479	505,957,737	861,712,968

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31ST DECEMBER 2014
SUMMARY (CONT'D)

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
Balance at 31st December 2013 brought forward	76,664,752	279,090,479	505,957,737	861,712,968
Total Surplus for the Year	-	90,717,401	-	90,717,401
Other Comprehensive Income				
Revaluation - Available for Sale Investments	-	1,378,362	-	1,378,362
Pension Income	-	12,576,000	-	12,576,000
Minimum Business Tax	-	(60,000)	-	(60,000)
	-	13,894,362	-	13,894,362
Total Comprehensive Income for the Year after Honoraria	-	104,611,763	-	104,611,763
Transactions with Owners				
Permanent Share Capital Subscribed	8,956,292	-	-	8,956,292
Appropriations of Net Surplus for 2013				
Dividends on Permanent Shares	-	(7,484,998)	-	(7,484,998)
Institutional Capital	-	(45,000,000)	45,000,000	-
Capital Development Reserves	-	(5,000,000)	-	(5,000,000)
Social Outreach Programme	-	(750,000)	-	(750,000)
Sydney Carter Scholarship	-	(800,000)	-	(800,000)
Disaster Relief Fund	-	(300,000)	-	(300,000)
Unsecured Loan Reserve	-	(10,000,000)	-	(10,000,000)
Transfer to Capital Development Programme	-	5,000,000	-	5,000,000
Transfer to Social Outreach Programme	-	750,000	-	750,000
Transfer to Sydney Carter Scholarship	-	800,000	-	800,000
Transfer to Disaster Relief Fund	-	300,000	-	300,000
Transfer to Unsecured Loan Reserve	-	10,000,000	-	10,000,000
Redemption of Permanent Shares	-	(127,869)	-	(127,869)
Payments made from Other Non-Qualifying Reserves	-	(1,840,985)	-	(1,840,985)
Transfer to Statutory Reserve	-	(18,503,480)	18,503,480	-
	8,956,292	(72,957,332)	63,503,480	(497,560)
Balance at 31st December 2014	85,621,044	310,744,910	569,461,217	965,827,171

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31ST DECEMBER 2014

NON-INSTITUTIONAL CAPITAL

	(i) Capital Reserves	Other Reserves	(ii) Capital Development Reserves	Retirement Benefit Reserves	Other Non - Qualifying Reserves	Permanent Share Transfer Fund	Undistributed Net Income	Total
	$	$	$	$	$	$	$	$
Balance at 31st December 2012	8,725,445	30,000,119	65,000,000	52,268,000	10,350,970	4,895,410	86,424,066	257,664,010
Total Surplus for the Year	-	-	-	-	-	-	89,855,527	89,855,527
Other Comprehensive Income								
Revaluation- Available for Sale Investments	-	758,219	-	-	-	-	-	758,219
Pension Income	-	-	-	1,568,000	-	-	-	1,568,000
	-	758,219	-	1,568,000	-	-	-	2,326,219
Total Comprehensive Income for the Year after Honoraria	-	758,219	-	1,568,000	-	-	89,855,527	92,181,746
Transactions with Owners								
Appropriations of Net Surplus for 2012								
Dividends on Permanent Shares	-	-	-	-	-	-	(6,294,497)	(6,294,497)
Transfer to Institutional Capital	-	-	-	-	-	-	(45,000,000)	(45,000,000)
Capital Development Reserves	-	-	5,000,000	-	-	-	(5,000,000)	-
Social Outreach Programme	-	-	-	-	750,000	-	(750,000)	-
Sydney Carter Scholarship	-	-	-	-	600,000	-	(600,000)	-
Disaster Relief Fund	-	-	-	-	250,000	-	(250,000)	-
Transfer of 20 % of Net Income for the Year before Honoraria	-	-	-	-	-	-	(18,311,105)	(18,311,105)
Transfer from Permanent Share Transfer Fund	-	-	-	-	-	(75,249)	-	(75,249)
Payments made from Non-Qualifying Reserves	-	-	-	-	(1,074,426)	-	-	(1,074,426)
Transactions with Owners	-	-	5,000,000	-	525,574	(75,249)	(76,205,602)	(70,755,277)
Balance at 31st December 2013 carried forward	8,725,445	30,758,338	70,000,000	53,836,000	10,876,544	4,820,161	100,073,991	279,090,479

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

NON-INSTITUTIONAL CAPITAL (CONT'D)

	(i)		(ii)					
	Capital Reserves	Other Reserves	Capital Development Reserves	Retirement Benefit Reserves	Other Non - Qualifying Reserves	Permanent Share Transfer Fund	Undistributed Net Income	Total
	$	$	$	$	$	$	$	$
Balance at 31st December 2013 brought forward	8,725,445	30,758,338	70,000,000	53,836,000	10,876,544	4,820,161	100,073,991	279,090,479
Total Surplus for the Year	-	-	-	-	-	-	90,717,401	90,717,401
Other Comprehensive Income								
Revaluation - Available for Sale Investments	-	1,378,362	-	-	-	-	-	1,378,362
Pension Income	-	-	-	12,576,000	-	-	-	12,576,000
Minimum Business Tax	-	-	-	-	-	-	(60,000)	(60,000)
	-	1,378,362	-	12,576,000	-	-	(60,000)	13,894,362
Total Comprehensive Income for the Year after Honoraria	-	1,378,362	-	12,576,000	-	-	90,657,401	104,611,763
Transactions with Owners								
Appropriations of Net Surplus for 2013								
Dividends on Permanent Shares	-	-	-	-	-	-	(7,484,998)	(7,484,998)
Transfer to Institutional Capital	-	-	-	-	-	-	(45,000,000)	(45,000,000)
Capital Development Reserves	-	-	5,000,000	-	-	-	(5,000,000)	-
Social Outreach Programme	-	-	-	-	750,000	-	(750,000)	-
Sydney Carter Scholarship	-	-	-	-	800,000	-	(800,000)	-
Disaster Relief Fund	-	-	-	-	300,000	-	(300,000)	-
Unsecured Loan Reserve	-	10,000,000	-	-	-	-	(10,000,000)	-
Transfer of 20 % of Net Income for the Year before Honoraria	-	-	-	-	-	-	(18,503,480)	(18,503,480)
Transfer from Permanent Share Transfer Fund	-	-	-	-	-	(127,869)	-	(127,869)
Payments made from Non-Qualifying Reserve	-	-	-	-	(1,840,985)	-	-	(1,840,985)
Transactions with Owners	-	10,000,000	5,000,000	-	9,015	(127,869)	(87,838,478)	(72,957,332)
Balance at 31st December 2014	8,725,445	42,136,700	75,000,000	66,412,000	10,885,559	4,692,292	102,892,914	310,744,910

(i) Capital Reserves represent unrealised gain on revaluation of the Co-operative's building.

(ii) Capital Development Reserves are being set aside for the future acquisition of Computer Equipment and Software.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31ST DECEMBER 2014
Institutional Capital

	Statutory & Legal Reserves	Revenue Reserves	Total
	$	$	$
Balance at 31st December 2012	195,699,377	246,947,255	442,646,632
Transfer of 20 % of Net Income for the Year before Honoraria	18,311,105	-	18,311,105
Transfer from Undistributed Net Income to Institutional Capital	-	45,000,000	45,000,000
Balance at 31st December 2013	214,010,482	291,947,255	505,957,737
Transfer of 20 % of Net Income for the Year before Honoraria	18,503,480	-	18,503,480
Transfer from Undistributed Net Income to Institutional Capital	-	45,000,000	45,000,000
Balance at 31st December 2014	232,513,962	336,947,255	569,461,217

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
YEAR ENDED 31ST DECEMBER 2014

	2014	2013
	$	$
Cash flows from Operating Activities		
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA	104,611,763	92,181,746
Non- cash items included in income		
Depreciation - Property, Plant and Equipment	7,747,999	7,685,288
Loss on Asset Disposal	35,683	583,709
Pension Income	(12,576,000)	(1,568,000)
Gain on Revaluation of Investments	(1,378,362)	(758,219)
Provision for Loan Impairment	20,130,631	17,821,954
	118,571,714	115,946,478
Decrease / (Increase) in Operating Assets		
Other Assets	(16,661,337)	10,516,107
Increase / (decrease) in Operating Liabilities		
Accruals	5,881,773	(1,710,150)
Payables	1,513,588	2,850,511
Others	870,480	(839,443)
Net Cash Provided by Operating Activities	**110,176,218**	**126,763,503**
Cash Flows from Investing Activities:		
Addition to Property, Plant & Equipment	(16,216,787)	(7,049,452)
Proceeds on Disposal - Property, Plant & Equipment	103,000	-
Financial Investments	(96,789,479)	59,533,477
Loans advanced to Members	(958,369,102)	(1,007,203,487)
Repayment of Loans by Members	803,419,786	770,608,937
Net Cash Used in Investing Activities	**(267,852,582)**	**(184,110,525)**
Cash Flows from Financing Activities:		
Voluntary Share Capital	27,431,245	94,319,972
Permanent Share Capital	8,956,292	7,997,741
Savings Deposits	182,267,147	129,089,994
Social Outreach	(1,183,400)	(447,550)
Permanent Share Redemption	(127,869)	(75,249)
Dividend on Permanent Shares	(7,484,999)	(6,294,498)
Share Building Reserves	113,540	78,954
Disaster Relief Fund	-	(105,830)
Special Reserve	28,875	-
Sydney Carter Scholarship Fund	(800,000)	(600,000)
Net Cash Provided by Financing Activities	**209,200,831**	**223,963,534**
Increase in Liquid Assets	51,524,467	166,616,512
Liquid Assets at Beginning of Year	844,043,284	677,426,771
Liquid Assets at End of Year	**895,567,752**	**844,043,284**
Liquid Assets - Earning	840,572,505	783,590,567
Liquid Assets - Non - Earning	54,995,247	60,452,717
	895,567,752	**844,043,284**

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2014

1. **Identification:**

The Co-operative is registered under the Co-operative Societies Act. Membership is limited to persons working, living or born in the parish of Manchester, residents within a twenty-mile radius of Christiana and spouses, parents, brothers, sisters, children and grandchildren of members. The Co-operative's main activities are:

(a) the promotion of thrift;

(b) the provision of loans to members exclusively for provident and productive purposes; and

(c) to receive the savings of its members either as payment on shares or as deposits.

The Co-operative is exempt from Income Tax under Section 59 (1) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

2. **Adoption of Standards, Interpretation and Amendments:**

a) The following are Standards and Interpretations in respect of published standards which are in effect and are relevant to the Credit Union:

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has accessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations. The new standards which became effective during the year and considered relevant to the Credit Union were:

IAS 32 Financial Instruments: Presentation (Amendments) (Effective January 2014)

The objective of this amendment to IAS 32 is to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: i) the meaning of 'currently has a legally enforceable right of set-off'; ii) the application of simultaneous realisation and settlement; iii) the offsetting of collateral amounts; and iv) the unit of account for applying the offsetting requirements.

IAS 36: Impairment of Assets (Effective January 2014) - Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments did not have a material impact on the Credit Union's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

2. **Adoption of Standards, Interpretation and Amendments (cont'd):**

b) At the date of the approval of the financial statements, the following Standards and Interpretations which are considered relevant to the Credit Union were issued but not yet effective:

Annual Improvements 2010-2012 Cycle

IFRS 13: Fair Value Measurement (Effective July 2014)

Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusion only).

IAS 24 - Related Party Disclosures (Effective July 2014)

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. [IAS 24.9]

If an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to the management entity's employees or directors. Instead the entity discloses the amounts incurred by the entity for the provision of key management personnel services that are provided by the separate management entity. [IAS 24.17A, 18A]

IFRS 13: Fair Value Measurement (Effective July 2014)

Scope of paragraph 52 (portfolio exception)
Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

IAS 16: Property, Plant and Equipment and IAS 38 - Intangible Assets (Effective July 2014)
Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

Annual Improvements to IFRSs 2011–2013 Cycle

Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets (Effective January 2016)

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.

- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

2. **Adoption of Standards, Interpretation and Amendments (cont'd):**

b) Standards and Interpretations which are considered relevant to the Credit Union were issued but not yet effective - cont'd:

Annual Improvements to IFRSs 2011–2013 Cycle(Cont'd)

Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets (Effective January 2016) (Cont'd)

- Adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Annual Improvements 2012-2014 Cycle

IFRS 5 : Non-current Assets Held for Sale and Discontinued Operations (Effective July 2016)

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7: Financial Instruments: Disclosures (Effective July 2016)

Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 19: Employee Benefits (2011) (Effective July 2016)

Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IFRS 15 - Revenue from Contracts with Customers (IAS 18 will be superseded by IFRS 15 Revenue from Contracts with Customers.) (Effective January 2017)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

-Identify the contract with the customer

-Identify the performance obligations in the contract

-Determine the transaction price

-Allocate the transaction price to the performance obligations in the contracts

-Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

2. **Adoption of Standards, Interpretation and Amendments (cont'd):**

b) Standards and Interpretations which are considered relevant to the Credit Union were issued but not yet effective - cont'd:

IAS 1: Presentation of Financial Statement (Effective January 2016)

The amendment address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

Clarifies that information should not be obscured by aggregating or by providing immaterial information materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

Clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregated as single line items based on whether or not it will subsequently be reclassified to profit or loss;

Provides additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need to be presented in the order so far listed in paragraph 114 of IAS 1.

IFRS 9: Financial Instruments - Part 1: Classification and Measurement and Classification of Financial Instruments (Effective January 2018)

Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value through profit or loss. For all other equity investment, an irrecoverable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss as long as they represent a return on investment.

Management has determined that the standard is relevant to existing policies for current operations, but has not yet assessed the impact on adoption.

These will affect the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these standards and amendments is not expected to have a material impact on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

3. **Statement of Compliance, Basis of Preparation and Significant Accounting Policies:**

(a) **Statement of Compliance and Basis of Preparation -**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the requirements of the Co-operative Societies Act. They have been prepared under the historical cost convention and are represented in Jamaican Dollars which is the functional currency of the Credit Union.

(b) **Use of Estimates -**

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires directors and management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on historical experience and directors and management's best knowledge of current events and actions and are reviewed on an ongoing basis. Actual results could differ from those estimates.

(c) **Loans to Members and Provisions for Loan Impairment -**

Loans are recognized when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs and subsequently measured at amortized cost using the effective interest rate method.

A provision for loan impairment is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan is identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to write down the loan to its estimated recoverable amount which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

The provision for loan impairment also covers situations where there is objective evidence that probable losses are present in components of the loan portfolio at the date of the statement of financial position. These have been estimated based on historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate.

Specific provisions are established as a result of a review of the carrying value of loans in arrears and are derived based on the regulator's provisions in accordance with the policy of making a full provision for loans in arrears over twelve (12) months. General provisions of ten percent (10%) to one hundred percent (100%) are established in respect of loans in arrears for two (2) to twelve (12) months and one hundred percent (100%) for those over twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

3. **Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):**

(c) **Loans to Members and Provisions for Loan Impairment (cont'd) -**

Regulatory loan loss reserve requirements that exceed the provision required under International Financial Reporting Standards - IAS 39 "Financial Instruments" are dealt with in a non-distributable loan loss reserve as a transfer from unappropriated surplus.

(d) **Investments -**

Investments are classified as available-for-sale or held-to-maturity securities. Management determines the appropriate classification of investments at the time of purchase.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates or market prices. They are initially recognized at cost, which includes transaction costs, and subsequently re-measured at fair value based on quoted bid prices or amounts derived from cash flow models. Unrealised gains or losses arising from changes in fair value of available-for-sale securities are recognized in members' equity. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in members' equity are transferred to the statement of comprehensive income.

Held to maturity securities are those with fixed or determinable payments and fixed maturity. A positive intent and ability to hold to maturity must be demonstrated.

All purchases and sales of investment securities are recognised at settlement date.

(e) **Property, Plant and Equipment -**

Land and Buildings are shown at deemed cost less subsequent depreciation for building. Under IFRS 1, a first time adopter may elect to use a previous GAAP revaluation of an item of property, plant and equipment as its deemed cost. The Credit Union has elected to apply this provision. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment if any.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

3. **Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):**

(e) **Property, Plant and Equipment (cont'd) -**

Depreciation is provided on the straight-line basis by reference to cost or valuation, calculated at rates estimated to write-off the relevant assets over their useful lives. The annual rates used are as follows:

Buildings	2 %
Furniture, Fixtures & Equipment	10%
Computer Equipment & Software	20%
Motor Vehicle	15%

Land is not depreciated.

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of Property, Plant and equipment are determined by their carrying amount and are taken into account in determining operating profit.

(f) **Impairment -**

The carrying amount of the Credit Union's assets, other than loans to members (which are dealt with at note 3(c), are reviewed at the date of each statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at that date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of theCredit Union's held-to-maturity investments and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

In respect of held-to-maturity investments and receivables, the impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

3. **Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):**

(g) **Employee Benefits -**

Pension assets

The Credit Union participates in a multi-employer defined benefit pension scheme. The pension scheme is generally funded by payments from employees and the Credit Union, taking into account the recommendation of independent qualified actuaries. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of Government securities which have terms to maturity approximating the terms of the related liability.

Remeasurement of the net defined benefit

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest

Service costs are recognised in the profit or loss, and include current and past service costs as well as gains or losses on curtailment.

Net interest expense/(income) is recognised in the statement of comprehensive income, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset), at the beginning of the annual reporting period, to the balance of the net defined benefit obligation (asset). The calculation also takes into consideration the effects of contributions and benefit payments during the year. Gains or losses arising from the changes to the plan benefits or plan curtailment are recognised immediately in the statement of comprehensive income.

Settlement of the defined benefit plan is recognised in the year in which the settlement occur.

(h) **Provisions -**

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

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

3. **Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):**

(i) **Permanent Shares -**

Under International Financial Reporting Standards, Voluntary Shares in the Credit Union can no longer be regarded as Share Capital but should be treated as a liability. The Credit Union has therefore established Permanent Shares in order to strengthen its capital base. Special Bye-Laws were passed at the Annual General Meeting held on 7th May 2009, in accordance with the Co-operative Societies Act and approved by the Registrar. All new applicants for membership and existing members of the Credit Union are required to subscribe a minimum of one Permanent Share. These shares are issued at par value of $2,000 each and are referred to as Permanent Shares.

Monies paid for Permanent Shares may not be withdrawn in whole or in part and may not be pledged to secure credit facilities with the Credit Union.

Permanent Shares are redeemable only upon transfer to another member. An individual ceasing to be a member of the Credit Union, may have any amount held as Permanent Shares transferred to the Credit Union for subsequent disposal to any new or existing member. To facilitate this, the Credit Union has established a Permanent Share Transfer Fund.

(j) **Foreign Currency Transactions -**

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Foreign currencies at the date of the statement of the financial position are converted at the rates ruling on that date. Gains or losses arising from fluctuations in exchange rates are included in the statement of comprehensive income.

(k) **Institutional Capital -**

Institutional Capital includes Revenue Reserves and the Statutory and Legal Reserves as set out in Article XIV Rule 66. These reserves are set aside in order to strengthen the capital base of the Credit Union and are not available for distribution.

(l) **Statutory Reserve -**

The Co-operative Societies Act provides that at least twenty percent (20%) of the annual net income should be carried to a Statutory Reserve Fund.

(m) **Revenue Recognition -**

Interest income earned from investments and fees are recorded on the accrual basis.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

3. **Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):**

(n) **Liquid Assets -**

For the purpose of the statement of cash flows, liquid assets include cash and cash equivalents which consists of cash on hand, foreign and local savings accounts and current accounts held at banks.

(o) **League fees and stabilisation dues -**

JCCUL has fixed the rate of league fees at 0.15% (2013 - 0.20%) of total assets. Stabilisation dues are fixed at a rate of 0.35% (2013 - 0.35%) of total savings.

(p) **Comparative Information -**

Where necessary, comparative figures have been re-classified to conform to changes in presentation in the current year. In particular, comparatives have been adjusted to take into account the requirements of IFRS.

(q) **Risk Management -**

The Board of Directors have overall responsibility for the implementation and monitoring of the Credit Union's management of risk. Its policies have been devised to identify and analyse the risks faced by the Credit Union. The Board, through its executive officers and various committees, is responsible for monitoring compliance with those policies and for reviewing their adequacy. All committees report periodically to the Board.

(r) **Capital Management -**

The Credit Union's objectives when managing capital are to safeguard it's ability to continue as a going concern, to provide returns to its members, to provide benefits for other stakeholders, and to maintain a strong capital base in order to support the development of its business. The Credit Union defines its capital as members' permanent share capital, institutional capital and other eligible reserves. Its dividend payout is made taking into account maintenance of an adequate capital base. At least twenty percent (20%) of net income before honoraria must be transferred to reserves each year.

The Credit Union is required by the Jamaica Co-operative Credit Union League to maintain its institutional capital at a minimum of eight percent (8%) of total assets. At the date of the statement of financial position, the ratio of institutional and permanent share capital to total assets was 17.78% (2013 - 17.32%) which is in compliance with the requirements.

There were no changes in the Credit Union's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

3. **Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):**

(s) **Related Party Balances and Transactions:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to the reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

4. Earning Assets - Liquid Assets:

	2014	2013
	$	$
Savings Account Balances	150,038	149,131
Foreign Currency Savings Accounts	27,729,334	22,657,148
Placement with JCCUL	310,781,356	259,887,520
Held to Maturity		
Placement with Other Financial Institutions	501,911,777	500,896,768
	840,572,505	783,590,567

5. Loans To Members:

	2014	2013
	$	$
Balance at Beginning of Year	1,835,733,140	1,604,519,131
Loans Granted	949,357,944	1,001,822,946
	2,785,091,084	2,606,342,077
Less Repayments and Transfers	803,419,786	770,608,937
	1,981,671,298	1,835,733,140
Less Provision for Loan Impairment	(56,643,884)	(45,524,411)
Balance at End of Year	1,925,027,414	1,790,208,729

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

6. Provision for Loan Impairment:

(a) The movement in the provision for loan impairment determined under the requirements of IFRS is as follows:

	2014 $	2013 $
Total Non-Performing Loans	532	452
Balance, January 1	45,524,411	33,082,998
Provision for the Year	20,130,631	17,821,954
	65,655,042	50,904,952
Recoveries During the Year	1,030,769	1,009,302
Charged off during the year	(10,041,927)	(6,389,843)
Transfer to Other Reserves	-	-
Balance, 31 December	56,643,884	45,524,411
Regulatory loan loss provision	40,790,418	29,051,290
Less: Provision based on IAS 39	(56,643,884)	(45,524,411)
Excess of IFRS Loan Impairment over JCCUL regulatory requirement.	(15,853,466)	(16,473,121)

As the provision determined in accordance with the IFRS rules exceeds the JCCUL requirements, no adjustment to the IFRS amount is deemed necessary.

(b) The following is a summary of delinquent loans at 31st December determined under JCCUL regulatory requirements:

	DELINQUENT LOANS $	RATE %	2014 PROVISION FOR LOAN LOSSES $	2013 PROVISION FOR LOAN LOSSES $
1 Month	25,530,118	-	-	-
2 - 3 Months	8,378,777	10	837,878	1,447,722
3 - 6 Months	27,933,311	30	8,379,993	5,834,758
6 - 12 Months	18,721,457	60	11,232,874	11,520,130
Over 12 Months	20,339,673	100	20,339,673	10,248,680
	100,903,336		40,790,418	29,051,290

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

6. Provision for Loan Impairment (cont'd):

(c) Delinquent Loans:

MONTHS IN ARREARS	NO. OF LOANS IN ARREARS	DELINQUENT LOANS	SAVINGS HELD AGAINST LOANS	PORTION NOT COVERED BY / (IN EXCESS OF) SAVINGS
	#	$	$	$
1 month	172	25,530,118	16,437,351	9,092,767
2 to 3 months	43	8,378,777	2,439,781	5,938,996
3 to 6 months	133	27,933,311	8,578,661	19,354,650
6 to 12 months	118	18,721,457	3,766,018	14,955,439
Over 12 months	66	20,339,673	4,608,931	15,730,742
	532	100,903,336	35,830,742	65,072,594

(d) The Directors estimate the value of the chattels held as security against the outstanding loans to be $29,231,335 (2013 - $40,298,246). At 31st December 2014 there were 532 delinquent loans (2013 - 452).

7. Earning Assets - Financial Investments:

	2014	2013
	$	$
Available for Sale		
Placement with JCCUL	13,194,379	12,651,443
Placement with Other Financial Institutions	642,651,262	545,026,357
	655,845,641	557,677,800
Un-quoted Equity Securities	29,798,881	29,798,881
Provision for losses on unquoted shares	(1,750,000)	(1,750,000)
	28,048,881	28,048,881
	683,894,522	585,726,681

8. Non Earning - Liquid Assets:

	2014	2013
	$	$
Cash and Bank	54,995,247	60,452,717

9. Non Earning - Other Assets:

	2014	2013
	$	$
Accrued Income	27,198,586	22,751,700
Receivables	16,436,017	4,221,566
	43,634,603	26,973,266

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

10. Property, Plant & Equipment:

	Land	Buildings	Furniture, Fixtures & Equipment	Construction Work in Progress	Motor Vehicle	Computer Equipment	Total
	$	$	$	$		$	$
At Cost or Valuation:							
1st January 2013	9,807,997	39,911,126	40,641,090	384,300	-	22,723,609	113,468,122
Additions	1,301,486	-	2,260,019	-	-	3,415,214	6,976,719
Disposals	-	-	(1,522,669)	-	-	(2,427,409)	(3,950,078)
Adjustments/Transfers	-	-	-	(384,300)	-	72,733	(311,567)
31st December 2013	11,109,483	39,911,126	41,378,440	-	-	23,784,147	116,183,196
Additions	-	739,840	4,767,757	-	8,103,151	3,670,119	17,280,867
Disposals	-	-	(507,701)	-	-	-	(507,701)
Adjustments/Transfers	-	-	(587,042)	-	-	(477,038)	(1,064,080)
31st December 2014	11,109,483	40,650,966	45,051,454	-	8,103,151	26,977,228	131,892,282
Depreciation:							
1st January 2013	-	10,083,433	25,512,118	-	-	15,122,799	50,718,350
Charge for year	-	833,471	4,279,977	-	-	2,571,840	7,685,288
Released on Write-Off	-	-	(1,425,901)	-	-	(2,324,768)	(3,750,669)
31st December 2013	-	10,916,904	28,366,194	-	-	15,369,871	54,652,969
Charge for year	-	859,715	3,075,223	-	1,215,473	2,773,041	7,923,452
Released on Disposal	-	-	(369,018)	-	-	-	(369,018)
Adjustments/Transfers	-	-	(175,453)	-	-	-	(175,453)
31st December 2014	-	11,776,619	30,896,946	-	1,215,473	18,142,912	62,031,950
Net Book Values:							
31st December 2014	11,109,483	28,874,347	14,154,508	-	6,887,678	8,834,316	69,860,332
31st December 2013	11,109,483	28,994,222	13,012,246	-	-	8,414,276	61,530,227
31st December 2012	9,807,997	29,827,693	15,128,972	384,300	-	7,600,810	62,749,772

Freehold land and buildings were revalued in December 2007 by Thomas, Forbes & Associates Limited, independent valuers, at an amount of $115,500,000.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

11. Retirement Benefit Asset:

The Credit Union participates in a multi-employer pension scheme. The pension scheme is a defined benefit plan and is funded. The assets of the funded plan are held independently of the Credit Union's assets in separate trustee administered funds. Independent actuaries value the scheme annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31st December 2014.

The amounts recognised in the statement of financial position are determined as follows:

	2014	2013
	$	$
Present Value of funded obligations	(53,836,000)	116,318,000
Fair Value of plan assets	(12,576,000)	(170,154,000)
	(66,412,000)	(53,836,000)
Asset in the Statement of Financial Position	(66,412,000)	(53,836,000)

The amounts recognised in the statement of comprehensive income are as follows:

	2014	2013
	$	$
Current service cost	3,394,000	3,185,000
Interest cost on Obligation	11,114,000	11,034,000
Interest Income on Plan assets	(16,513,000)	(16,824,000)
Administrative Expenses	768,000	797,000
Pension Income	(1,237,000)	(1,808,000)

The actual return on plan assets was $20,026,000 (2013- $ 14,269,000)

Movements in the amounts recognised in the statement of financial position:

	2014	2013
	$	$
Net Asset at beginning of year	(53,836,000)	(52,268,000)
Pension Income	(1,237,000)	(1,808,000)
Remeasurement	(5,332,000)	5,988,000
Contributions Paid	(6,007,000)	(5,748,000)
Closing Net Asset at End of Year	(66,412,000)	(53,836,000)

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

11. Retirement Benefit Asset - (cont'd):

The principal actuarial assumptions used in valuing the plan were as follows:

	2014	2013
Discount Rate	9.50%	9.50%
Expected rate of return on plan assets	N/A	N/A
Future salary increases	6.50%	6.50%

The five year trend for the fair value of plan assets, the defined benefit obligations, the surplus in the pension plan, and experience adjustments for plan assets and liabilities were as follows:

	2010 $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000
Fair Value of plan assets	106,146	133,194	155,382	170,154	190,180
Defined benefit obligation	70,190	95,699	103,114	116,318	123,768
Surplus	35,956	37,495	52,268	53,836	66,412
Experience adjustments-					
Fair value of plan assets	3,725	8,326	468	(10,956)	(3,058)
Defined benefit obligation	(1,025)	3,444	2,559	(3,850)	(588)

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

12. Members' Voluntary Share Capital:

	2014	2013
	$	$
Balance at Beginning of Year	1,335,126,053	1,240,806,081
Add Amount Subscribed	1,087,097,385	1,158,990,202
	2,422,223,438	2,399,796,283
Less Withdrawals & Transfers	1,059,666,140	1,064,670,230
Balance at End of Year	1,362,557,298	1,335,126,053

13. Savings Deposits:

		2014	2013
		$	$
i.	Term Deposits	537,261,954	541,128,845
ii.	Members' Regular Deposits	363,169,388	312,460,378
iii.	Golden Harvest Deposits	49,041,955	49,962,719
iv.	Insurance Savings Club	5,032,250	5,778,708
v.	Youth Savings	34,502,672	28,297,059
vi.	Partner Plan Plus Deposits	32,310,917	37,370,643
vii.	Solid Saver Deposits	88,270,962	77,614,424
viii.	Horizon 55	946,749	3,010,550
ix.	Wealth Accelerator Savings	204,267,832	76,914,206
		1,314,804,679	1,132,537,532

i. Term Deposits

Term Deposits are for varying periods up to 365 days on which interest was paid at rates of between 3% and 6% per annum. Interest is paid on maturity.

ii. Members' Regular Deposits

Regular Deposits are savings accounts on which interest was paid at rates of between 1.25% to 2.25% per annum.

iii. Golden Harvest Deposits

Golden Harvest Deposits are for varying periods up to and over five (5) years on which interest was paid at rates of 5% to 6% per annum.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

13. Savings Deposits (cont'd):

iv. Insurance Savings Club

Insurance Club Deposits are savings accounts on which interest was paid at rates ranging from 1.35% to 2.35% per annum.

vii. Solid Saver Deposits

Solid Saver Deposits are savings accounts on which interest was paid at rates of between 1.35% and 2.35% per annum.

v. Youth Savings

Youth Savings are accounts on which interest was paid at rates of between 1.25% to 2.25% per annum.

vi. Partner Plan Plus Deposits

This represents deposits made in equal monthly instalments for varying periods of between 12 weeks and 48 weeks on which bonuses between one-fifth to two and a half times the weekly throw were paid at the end of the contractual period.

viii. Horizon 55

This represents long-term savings accounts on which interest was paid at rates of between 3.15% and 5.1% per annum.

ix. Wealth Accelerator Savings

This represents deposits for periods between 6 and 36 months on which interest was paid at 4% to 7% per annum.

14. Payables:

	2014	2013
	$	$
Collector of Taxes	6,073,797	5,687,267
Salary Deductions Payable	5,470,063	4,892,839
Other Payables	5,159,940	4,610,106
	16,703,800	15,190,212

15. Non - Interest Bearing Liabilities - Others:

	2014	2013
	$	$
Estate Accounts	6,037,997	5,167,517
	6,037,997	5,167,517

This amount represents unsettled claims in respect of deceased members.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

16. Members' Permanent Share Capital:

	2014	2013
	$	$
Balance at Beginning of Year	76,664,752	68,667,011
Add Permanent Share Capital Subscribed	8,956,292	7,997,741
Balance at End of Year	85,621,044	76,664,752

Under the International Financial Reporting Standards, Voluntary Shares in the Credit Union can no longer be regarded as Share Capital but should now be treated as a liability. The Credit Union established a new category of shares termed "Permanent Shares" in order to maintain its capital base. Special Bye-Laws were passed at the Annual General Meeting held on 7th May 2009, in accordance with the Co-operative Societies Act and approved by the Registrar. All new applicants for membership and existing members of the Credit Union are required to subscribe for a minimum of one Permanent Share. These shares are issued at a par value of $2,000 each.

17. Non-Institutional Capital:

	2014	2013
	$	$
Capital Reserves (Unrealised) (Note 23)	8,725,445	8,725,445
Other Reserves	42,136,700	30,758,338
Capital Development Reserves	75,000,000	70,000,000
Retirement Benefit Reserves (Note 11)	66,412,000	53,836,000
Other Non-qualifying Reserves (Note 25)	10,885,559	10,876,544
Permanent Share Transfer Fund	4,692,292	4,820,161
Undistributed Net Income	102,892,914	100,073,991
	310,744,910	279,090,479

18. Institutional Capital:

	2014	2013
	$	$
Retained Earnings Reserves at Beginning of Year	291,947,255	246,947,255
Appropriation of Net Surplus	45,000,000	45,000,000
Retained Earnings Reserves at End of Year	336,947,255	291,947,255
Statutory & Legal Reserves (Note 24)	232,513,962	214,010,482
	569,461,217	505,957,737

19. Other Financial Costs:

	2014	2013
	$	$
Life Savings Insurance	5,669,038	5,737,492
Loan Protection Insurance	4,574,967	4,129,378
Bank Charges and Interest	910,381	1,210,956
	11,154,386	11,077,826

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

20. Other Income:

	2014	2013
	$	$
Inspection & Arbitration Fees	9,495	161,854
Commitment Fees - Service Charge on Loans	23,447,828	21,773,157
Mortgage Charges	506,523	1,659,439
Miscellaneous	2,155,902	3,026,408
Gain on Foreign Exchange	10,291,816	19,083,942
FIP Administration Fee	1,820,813	1,547,670
ABM Fees	650,467	837,118
Standing Order Fees	561,915	540,141
Reduction in provision for losses on unquoted shares	-	1,750,000
Account User Fee	14,184,462	13,205,813
	53,629,221	63,585,542

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

21. Operating Expenses:

Personnel Expenses:	2014	2013
	$	$
Employee Salaries & Allowances	146,990,996	131,813,078
Employee Benefits	17,562,845	18,034,782
Education & Training	1,379,683	908,002
Staff Travel & Related Expenses	2,355,786	2,343,124
Others	2,381,924	1,322,722
	170,671,234	154,421,708
Administrative Expenses:		
Rental	960,000	380,339
Utilities	9,013,212	7,838,227
Depreciation and Impairment	7,923,452	7,685,288
Audit and Supervision - Current Year	2,675,000	2,505,000
Repairs & Maintenance (Office)	10,336,151	8,115,728
Telecommunications	3,387,004	3,483,436
Printing, Stationery & Supplies	5,240,017	3,783,590
Insurance Premiums	2,859,918	2,576,954
Professional & Consulting Fees	280,944	135,660
Subscriptions & Other Administrative Expenses	15,853,817	16,490,511
	58,529,515	52,994,733
Marketing & Promotion:		
Publicity & Promotion	13,396,580	12,051,053
Public Relations	572,204	818,274
	13,968,784	12,869,327
Representation & Affiliation:		
League and Other Dues	10,301,009	13,824,645
Seminars & Meetings	3,454,344	2,469,886
Board of Directors & Committees	3,522,757	3,442,914
Annual General Meetings	3,567,248	2,087,010
Meeting/ Special Functions	159,135	47,550
	21,004,493	21,872,005
TOTAL OPERATING EXPENSES	264,174,026	242,157,773

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

22. Appropriations:

	2014 $	2013 $
Dividend on Permanent Shares	7,484,998	6,294,497
Social Outreach Programme	750,000	750,000
Sydney Carter Scholarship	800,000	600,000
Disaster Relief Fund	300,000	250,000
Capital Development Reserves	5,000,000	5,000,000
Unsecured Loan Reserve	10,000,000	-
Institutional Capital	45,000,000	45,000,000
	69,334,998	57,894,497

23. Capital Reserves:

	2014 $	2013 $
Balance at Beginning of Year	8,725,445	8,725,445
Balance at End of Year	8,725,445	8,725,445

This represents unrealised gain on the revaluation of the Co-operative's building.

24. Statutory & Legal Reserves:

	2014 $	2013 $
Balance at End of Year	214,010,482	179,609,985
20% transfer from Net Income	18,503,480	16,064,860
Entrance fees	-	24,532
Balance at End of Year	232,513,962	214,010,482

Statutory and Legal Reserves are maintained in accordance with the provisions of the Co-operative Societies Act which requires that a minimum of 20% of Net Income be carried to a reserve fund. Upon application by a Registered Society, the Registrar may allow the required percentage to be reduced but not below 10%.

25. Other Non-Qualifying Reserves:

	2014 $	2013 $
Special Reserve	86,462	57,587
Sydney Carter Scholarship Fund	4,191	4,191
Social Outreach Programme	224,349	657,749
Disaster Relief Fund	2,006,670	1,706,670
Share Building Fund	2,353,773	2,240,233
Stabilization Fund Reserves	1,210,114	1,210,114
Business Development Fund	5,000,000	5,000,000
	10,885,559	10,876,544

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

26. Staff Costs:

Staff costs for the year amounted to $170,671,552 (2013 : $154,421,708).

27. Comparison of Ledger Balances:

	Permanent Shares	Voluntary Shares	Deposits	Loans
	$	$	$	$
General Ledger	85,621,044	1,362,557,298	1,314,804,679	1,981,671,298
Personal Ledger Listing	85,621,044	1,362,557,298	1,314,804,680	1,981,671,298
Differences as at 31st December 2014	-	-	(1)	-
Differences as at 31st December 2013	-	-	222	1

28. Related Party Transactions:

At 31st December 2014, the eleven (11) members of the Credit Union's Board of Directors had savings totalling $7,681,716. Of these Directors, eight (8) had loans totalling $3,937,419. Sixteen (16) Committee Members had savings totalling $7,412,206. Of these sixteen Committee Members, ten (10) had loans totalling $6,904,827.

Of the fifty-three (53) Credit Union Staff, all had savings of $27,615,664 and fifty (50) had loans including interest totalling $155,554,487. During the year no staff members received loans which necessitated waiver of the loan policy. No Volunteers received loans which necessitated a waiver of the loan policy. At 31st December 2014, loans owing by all Committee Members were being repaid in accordance with their loan agreements.

29. Life Savings and Loan Protection Insurance:

There were life savings and loan protection insurance in force during the year.

30. Fidelity Insurance:

Fidelity Insurance Coverage was adequately maintained during the year.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management:

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include investments, cash and cash equivalents and receivables. Financial liabilities have been determined to be saving deposits, external credits, payables and accruals.

The Credit Union is exposed to credit risk, liquidity risk, market risk and operational risk from its use of financial instruments. Market risk includes interest rate risk and currency risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Credit Union's risk management framework. The Credit Union's risk management policies are established to identify and analyse the risks faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board through its various committees is responsible for monitoring compliance with the Credit Union's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Credit Union. All committees report monthly to the Board on their activities.

The Supervisory Committee is directly responsible for monitoring compliance with the Credit Union's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Credit Union. The Supervisory Committee is assisted in these functions by the Internal Audit Department which undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Supervisory Committee.

a) Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This risk arises primarily from the Credit Union's loans to members, deposits with other institutions and investment securities. There is also credit risk exposure in respect of "off-balance sheet" financial instruments such as loan commitments and guarantees. These expose the Credit Union to similar risks as loans and are managed in the same manner.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management (cont'd):

a) Credit Risk- (Cont'd)

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risks before collaterals held. At the date of the statement of financial position, these amounts were:

	2014 $	2013 $
Loans to members (net)	1,925,027,414	1,790,208,729
Liquid assets - earning	840,572,505	783,590,567
Financial investments	683,894,522	585,726,681
Liquid assets - non-earning	54,995,247	60,452,717
Non earning assets - other	43,634,603	26,973,266
	3,548,124,291	3,246,951,960

i) Loans to members and guarantees

The Board of Directors is responsible for formulating the Credit Union's credit policies, establishing the authorisation structure for the approval of credit facilities, limiting concentration of exposure to counterparties and developing and maintaining the Credit Union's risk ratings. The management of credit risk in respect of loans to members and guarantees is delegated to the Credit Committee. The Credit Committee has oversight responsibility for the Credit Union's credit risk management process, including reviewing and assessing credit risk. There is a documented credit policy in place which guides the Credit Union's credit review process.

Credit Review Process

The credit review process establishes loan policy and loan interest rates that manage risk and provide the best possible rate based on the member's credit worthiness at the time of the loan; protects saver interests by managing risk; provides competitive interest rates and prompt service to borrowers; complies with all applicable laws and regulations.

Risk Based Lending provides different rates for different borrowers based on their financial circumstances and credit history. Members applying for loans are evaluated against a pre-determined set of factors in determining and assigning their appropriate risk category.

Collateral

The Credit Union holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other registered charges over assets, hypothecation of shares held in the Credit Union and guarantees. Estimates of fair values are based on the values of collateral assessed at the time of borrowing and are generally not updated until a loan is individually assessed as impaired.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management (cont'd):

a) Credit Risk- (Cont'd)

i) Loans to members and guarantees - (cont'd)

Collateral cont'd.

Collateral is not generally held against deposits and investment securities, except when securities are held as part of reverse repurchase agreements. At December 31, 2014, an estimate of the fair values of collateral held against loans to members are as follows:

	2014	2013
Type of Collateral	$	$
Motor Vehicles	291,057,950	343,317,969
Real Estate	623,653,289	518,528,333
	914,711,239	861,846,302

Impaired loans

Impaired loans are loans for which the Credit Union determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

These are loans where contractual interest or principal payments are past due but the Credit Union believes that impairment is not appropriate on the basis of the level of security available or the stage of collection of amounts owed to the Credit Union.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Credit Union has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment

The Credit Union established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a group basis in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment. Additional regulatory allowance is made based on the aging of the delinquency portfolio where this exceeds the standard computation. This additional allowance is treated as an appropriation and taken to reserves.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management (cont'd):

a) Credit Risk- (Cont'd)

i) Loans to members and guarantees - (cont'd)

Write-off policy

The Credit Union writes off loans and any related allowances for impairment losses when it is determined that the loans are uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

ii) Deposits and investment securities

The Credit Union limits its exposure to credit risk by investing mainly in liquid assets. These investments are held only with counterparties that have high credit quality and Government of Jamaica securities. The management therefore does not expect any counterparty to fail to meet its obligations.

iii) Non-Earning Asset

Liquid Assets

Liquid assets on which the Credit Union faces credit risks comprise its current accounts held with financial institutions. The Credit Union limits its exposure to credit risk by placing its liquid assets with counter-parties that have high credit quality.

Others

Credit risks on other non-earning assets are managed by performing reconciliation of significant balances on a daily basis and submission of settlement reports or returns at least monthly. Balances are normally settled within a month, however, there is no specific settlement schedule for withholding taxes receivable.

Accordingly, management does not expect any counter-party to fail to meet its obligation.

There has been no change to the Credit Union's exposure to credit risk or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management (cont'd):

b) Liquidity Risk

Liquidity risk is the risk that the credit union will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Credit Union is exposed to daily calls on its available cash resources from loan draw-downs, withdrawal of savings, overnight and maturing deposits. The approach to managing liquidity is to ensure, as far as possible, that there is always sufficient cash and marketable securities to meet obligations when due, under normal as well as stressed conditions. The Board of Directors has delegated responsibility for the management of liquidity risk to the General Manager. On a monthly basis, the Manager reviews the ratios and gap reports in order to assess and manage liquidity risk and to ensure compliance with internal policies and regulatory guidelines. There is also the monitoring of future cash flows and maintenance of an adequate amount of committed facilities. Liquidity is monitored on a daily basis.

The Credit Union is subject to a liquidity limit imposed by the Jamaica Co-operative Credit Union League (JCCUL) and compliance is regularly monitored. This limit requires that the Credit Union maintain liquid assets amounting to at least 10% of savings and deposits and member's voluntary share capital. The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to total savings deposits. For this purpose, liquid assets include cash and bank balances, deposits held with JCCUL and highly liquid investments which are readily convertible into cash within nine months. The liquid asset ratio at the end of the year was 33.9% (2013: 34.2%) which is in compliance with the liquidity limit.

There has been no change to the Credit Union’s exposure to liquidity risk or the manner in which it manages and measures this risk.

Members Voluntary Shares have no contractual maturity. The amounts included in the analysis are based on management’s estimate of expected cash flows on these instruments as determined by retention history. These may vary significantly from actual cash flows which are generally expected to maintain a stable or increasing balance.

31. Financial Instruments and Financial Instruments Risk Management - (cont'd):

(b) Liquidity Risk (Cont'd) :

The Credit Union maintains sufficient maturing instruments to meet its daily needs. The matching and controlled mismatching of maturities and interest rates of assets and liabilities are fundamental to the management of the Co -operative.

The following tables summarises the net liquidity gap and the cumulative liquidity gap of the Credit Union by analysing its assets and liabilities into periodic maturity categories :

	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$	$	$	$	$	$
ASSETS:						
EARNING ASSETS:						
Liquid Assets	682,244,346	158,328,159	-	-	-	840,572,505
Loans	118,714,105	358,830,586	970,681,362	476,801,361	-	1,925,027,414
Financial Investments	-	-	565,543,500	77,107,762	41,243,260	683,894,522
NON-EARNING ASSETS:						
Liquid Assets	54,995,247	-	-	-	-	54,995,247
Other Assets	-	-	-	-	43,634,603	43,634,603
Property, Plant & Equipment	-	-	-	-	69,860,332	69,860,332
Retirement Benefit Asset	-	-	-	-	66,412,000	66,412,000
Total Assets	855,953,698	517,158,745	1,536,224,862	553,909,123	221,150,195	3,684,396,623

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management - (cont'd):

(b) Liquidity Risk (Cont'd) :

	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$	$	$	$	$	$
LIABILITIES :						
INTEREST BEARING LIABILITIES:						
Members' Voluntary Share Capital	-	-	-	-	1,362,557,298	1,362,557,298
Savings Deposits	821,362,899	417,472,931	75,968,849	-	-	1,314,804,679
NON-INTEREST BEARING LIABILITIES & CAPITAL:						
Accruals	18,465,678	-	-	-	-	18,465,678
Payables	16,703,800	-	-	-	-	16,703,800
Others	6,037,997	-	-	-	-	6,037,997
Capital and Reserves	-	-	-	-	965,827,171	965,827,171
Total Liabilities & Capital	862,570,374	417,472,931	75,968,849	-	2,328,384,469	3,684,396,623
Net Liquidity Gap	(6,616,676)	99,685,815	1,460,256,012	553,909,123	(2,107,234,274)	-
Cumulative Liquidity Gap	(6,616,676)	93,069,139	1,553,325,151	2,107,234,274	-	-
			2013			
Net Liquidity Gap	178,211,083	9,890,567	1,302,762,468	520,408,729	(2,011,272,847)	-
Cumulative Liquidity Gap	178,211,083	188,101,650	1,490,864,118	2,011,272,847	-	-

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management (cont'd):

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates, foreign currency rates and equity prices and will affect the Credit Union's income or the value of its holdings of financial instruments. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk exposures are measured using sensitivity analyses.

There has been no change to the Credit Union's exposure to market risks or the manner in which it manages and measures these risks.

The foreign currency exchange rates have steadily stabilised over the preceding eight months. The co-operative's exposure to market risks has therefore fluctuated as a consequence.

i) Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from financial instruments will vary because of exchange rate fluctuations. The Credit Union is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar. The credit union manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring foreign currency positions and by buying or selling currencies at spot rates when necessary to address short-term imbalances.

The Credit Union's foreign currency exposure consists mainly of deposit accounts which at the date of the statement of financial position were as follows:

		2014		2013
Liquid Assets - earning				
United States dollar	$	134,966	$	129,537
Canadian dollar	$	95,263	$	66,701
Pound Sterling	£	17,950	£	13,563
Financial Investments				
United States dollar	$	210,353	$	1,044,610

Sensitivity analysis

Exchange rates in terms of Jamaican Dollars which is the Credit Union's principal intervening currency, were as follows:

	US $	CAD $	UK £
30th January 2015	115.81	96.19	174.60
31st December 2014	114.66	98.94	178.68
31st December 2013	105.93	98.82	174.38

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management (cont'd):

c) Market Risk (cont'd.)

i) Foreign currency risk (cont'd)

There was a significant foreign exchange rate movement in the United States Dollar rate during the period December 2013 to December 2014 and somewhat less movements for the Canadian dollar and Pound Sterling. Over the twelve months ended 31st December 2014, the exchange rate movement for the Canadian dollar, Pound Sterling and United States dollar have shown overall increases of 0.1 %, 2.5% and 8.3% respectively. The Credit Union's assets held in these currencies are minimal in comparison to total assets and therefore consequential adjustments would not be considered significant.

The strengthening/weakening of the Jamaican dollar to the extent shown against each currency would have reduced/increased income and equity by the amounts shown.

	Movement			
	2014	2013	2014	2013
	%	%	J$	J$
Liquid Assets - earning				
United States dollar	10	3	1,547,520	411,637
Canadian dollar	-1	-1	(94,253)	(65,917)
Pound Sterling	3	4	96,219	94,607
Financial Investments				
United States dollar	10	3	2,411,906	3,319,519

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2013.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management (cont'd):

c) Market Risk (cont'd.)

ii) Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments due to a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed principally through monitoring interest rate gaps and by setting pre-approved gap ratios. The General Manager has oversight responsibility for the daily management and monitoring of interest rate risk and reports monthly to the Board of Directors on its strategies and position.

At the date of the statement of financial position the Interest Profile of the Credit Union's interest bearing financial instruments was:

	2014		2013	
	Interest Rate %	$	Interest Rate %	$
Financial Assets				
Liquid Assets				
Local Savings Accounts	1.0	150,038	1.0	149,131
Foreign Savings Accounts	0.1 - 0.2	27,729,334	0.2 - 1.0	22,657,148
Foreign Currency Investments	3.1 - 5.3	34,402,739	3.2 - 7.00	30,937,276
Held-to-Maturity Investments	7.3 - 9.0	467,509,038	6.7 - 7.5	469,959,492
Loans to Members	4.0 - 29.75	1,925,027,414	4.0 - 30.0	1,790,208,729
Financial Investments	6.6 - 8.5	654,095,641	6.7 - 7.5	555,927,800
		3,108,914,204		2,869,839,576
Financial Liabilities				
Members' Voluntary Share Capital	2.0 - 3	1,362,557,298	2.0 - 3	1,335,126,053
Savings Deposits	1.25 - 7	1,314,804,679	1.0 - 6	1,132,537,532
		2,677,361,977		2,467,663,585
		431,552,227		402,175,991

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management cont'd:

c) Market Risk (cont'd.)

ii) Interest rate risk - (Cont'd)

The following table summarises the interest rate gap and the cumulative interest rate gap of the Credit Union analysing its assets and liabilities into periodical interest rate movements.

	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-rate Sensitive	Total
	$	$	$	$	$	$
ASSETS						
Earning Assets						
Liquid Assets	840,572,505	-	-	-	-	840,572,505
Loans to Members	78,917,094	35,923,542	1,053,486,824	756,699,954	-	1,925,027,414
Financial Investments	-	382,819,778	239,664,993	-	61,409,751	683,894,522
	919,489,599	418,743,320	1,293,151,817	756,699,954	61,409,751	3,449,494,441
Non-Earning Assets						
Liquid Assets	-	-	-	-	54,995,247	54,995,247
Other Assets	-	-	-	-	43,634,603	43,634,603
Property, Plant & Equipment	-	-	-	-	69,860,332	69,860,332
Retirement Benefit Asset	-	-	-	-	66,412,000	66,412,000
	-	-	-	-	234,902,182	234,902,182
	919,489,599	418,743,320	1,293,151,817	756,699,954	296,311,933	3,684,396,623

31. Financial Instruments and Financial Instruments Risk Management cont'd:

c) Market Risk (cont'd.)

ii) Interest rate risk - (Cont'd)

	Within 3 Months $	3 to 12 Months $	1 to 5 Years $	Over 5 Years $	Non-rate Sensitive $	Total $
LIABILITIES & EQUITY						
Interest-Bearing Liabilities						
Members' Voluntary Share Capital	1,362,557,298	-	-	-	-	1,362,557,298
Savings Deposits	282,300,790	449,069,535	545,388,783	38,045,571	-	1,314,804,679
	1,644,858,088	449,069,535	545,388,783	38,045,571	-	2,677,361,977
Non Interest-Bearing Liabilities						
Accruals	-	-	-	-	18,465,678	18,465,678
Payables	-	-	-	-	16,703,800	16,703,800
Others	-	-	-	-	6,037,997	6,037,997
	-	-	-	-	41,207,475	41,207,475
Equity						
Members' Permanent Share Capital	-	-	-	-	85,621,044	85,621,044
Non-Institutional Capital	-	-	-	-	310,744,910	310,744,910
Institutional Capital	-	-	-	-	569,461,217	569,461,217
	-	-	-	-	965,827,171	965,827,171
	1,644,858,088	449,069,535	545,388,783	38,045,571	1,007,034,646	3,684,396,623
Net Interest Rate Gap	(725,368,489)	(30,326,215)	747,763,033	718,654,383	(710,722,713)	-
Cumulative Interest Rate Gap	(725,368,489)	(755,694,704)	(7,931,670)	710,722,713	-	-

	Within 3 Months $	3 to 12 Months $	1 to 5 Years $	Over 5 Years $	Non-rate Sensitive $	Total $
Net Interest Rate Gap	(556,116,891)	(154,451,131)	527,478,670	586,400,815	(662,063,511)	(258,752,048)
Cumulative Interest Rate Gap	(556,116,891)	(710,568,022)	(183,089,352)	403,311,463	(258,752,048)	-

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

31. Financial Instruments and Financial Instruments Risk Management (cont'd):

c) Market Risk (cont'd.)

ii) Interest rate risk (cont'd)

Sensitivity Analysis

During the period December 2013 to December 2014, interest rates continued to trend downwards, with the BOJ 3-6 months deposit rates moving by approximately 22 basis points from 7.10% to 6.88% as a result of GOJ's continuing its policies of lowering interest rates.

Assuming interest rate movements as set out below these would affect surplus and equity as follows:

	2014		2013	
	Interest Rate %	$	Interest Rate %	$
Financial Assets				
Liquid Assets				
Local Savings Accounts	-0.45	(675)	0.08	119
Foreign Savings Accounts	-0.9	(249,564)	0.2	45,314
Held-to-Maturity Investments	1.0	4,675,090	2.0	9,399,190
Loans to Members	0.125	2,406,284	0.2	3,580,417
Financial Investments	0.45	2,943,430	1.25	6,949,098
		9,774,566		19,974,138
Financial Liabilities				
Members' Voluntary Share Capital				
	0.05	681,279	0.05	667,563
Savings Deposits	0.6	7,888,828	0.1	1,132,538
		8,570,107		1,800,101
		1,204,459		18,174,037

This analysis assumes that all other variables, in particular exchange rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

32. Financial Instruments and Financial Instruments Risk Management (cont'd):

d) **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to Senior Management. This responsibility is supported by overall Credit Union standards for the management of operational risk in the following areas:

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentations of controls and procedures.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Credit Union policies is supported by a programme of periodic reviews undertaken by an Internal Audit Unit and the Credit Union's regulatory body. The results of Internal Audit and other reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Supervisory Committee, senior management and the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

32. Financial Instruments and Financial Instruments Risk Management (cont'd):

e) Fair value

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The following table provides an analysis of financial instruments held as at 31st December 2014 that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the year.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Available-for-sale Investments -				
Unquoted Investments at Fair Value	-	-	683,894,522	683,894,522
	-	-	683,894,522	683,894,522

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Many of the Credit Union's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

The fair values of cash resources, securities purchased under resale agreements, other assets, other liabilities, are assumed to approximate their carrying values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

YEAR ENDED 31ST DECEMBER 2014

32. Financial Instruments and Financial Instruments Risk Management (cont'd):

e) Fair Value (cont'd)

The fair value of the quoted equities is determined based on their quoted bid price at the date of the statement of financial position. The fair value of Government of Jamaica securities is estimated by discounting the future cash flows of the securities at the estimated yields at the date of the statement of financial position for similar securities. The estimated fair values of loans to members are assumed to be the principal receivable less any allowance for loan losses.

The fair value of external credits, deposits payable on demand or after notice, and deposits with a variable or floating rate payable on a fixed date are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits payable within a year are assumed to approximate their carrying values, due to their short-term nature.

Fair values were estimated a follows:

The fair values of Liquid Assets, cash and bank balances, interest and other receivables; interest-bearing and non interest-bearing liabilities are assumed to approximate their carrying values due to their short-term nature;

Financial Investments and Liquid Assets classified as available for sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing or other recognised valuation techniques;

Loans and long term liabilities are carried at amortised cost, which is deemed to approximate their fair values as these balances attract rates and terms comparable to market rates and terms for similar transactions;

The fair values of deposits which are payable on demand or notice are assumed to be equal to their carrying values due to their short term nature.

	Carrying Value	Fair Value	Carrying Value	Fair Value
	2014	2014	2013	2013
	$	$	$	$
Assets				
Earning Assets				
Liquid Assets	840,572,505	840,572,505	783,590,567	783,590,567
Loans to Members (net)	1,925,027,414	1,925,027,414	1,790,208,729	1,790,208,729
Financial Investments	683,894,522	683,894,522	585,726,681	585,726,681
Non Earning Assets				
Liquid Assets	54,995,247	54,995,247	54,995,247	54,995,247
Other Assets	43,634,603	43,634,603	26,973,266	26,973,266
Liabilities				
Interest Bearing Liabilities				
Members' Vol. Share Capital	1,362,557,298	1,362,557,298	1,335,126,053	1,335,126,053
Savings Deposits	1,314,804,679	1,314,804,679	1,132,537,532	1,132,537,532
Non-Interest Bearing Liabilities				
Accruals	18,465,678	18,465,678	12,583,905	12,583,905
Payables	16,703,800	16,703,800	15,190,212	15,190,212
Others	6,037,997	6,037,997	5,167,517	5,167,517

APPROPRIATION OF NET SURPLUS

As Treasurer, I find it a pleasure to present to you the following proposal for distribution of surplus accumulated by the Credit Union as at December 31, 2014.

UNDISTRIBUTED NET SURPLUS		**$102,892,914.00**
APPROPRIATIONS:		
INSTITUTIONAL CAPITAL	**$40,000,000.00**	
SOCIAL OUTREACH	**$ 1,000,000.00**	
CAPITAL EXP. RESERVES	**$ 5,000,000.00**	
DIVIDEND (10%)	**$ 8,560,000.00**	
GENERAL LOAN LOSS RESERVES	**$ 5,000,000.00**	
SMALL BUSINESS DEVELOPMENT FUND	**$ 7,500,000.00**	
DISASTER RELIEF FUND	**$ 100,000.00**	
SYDNEY CARTER SCHOLARSHIP	**$ 1,000,000.00**	
HONORARIUM	**$ 1,900,000.00**	
TOTAL		**($70,060,000.00)**
BALANCE C/F TO NEXT YEAR		**$32,832,914.00**

FIXING OF MAXIMUM LIABILITY

Be it resolved that the Maximum Liability for which the Board of Directors may commit Manchester Co-operative Credit Union (1977) Limited for the year 2015, shall not exceed a ratio of twelve (12) times the Capital and Reserve Fund.

CREDIT COMMITTEE REPORT

Introduction

The year in review proved to be a challenging one for the Jamaican economy and the financial sector in particular. The Credit Union was not immune to the various challenges, which included low growth, heightened competition, low interest rates and decreasing consumer confidence.



Mr. Churton Douglas
Chairman

Notwithstanding these challenges the Manchester Co-operative Credit Union (1977) Limited implemented strategies such as the development of new loan products and reviewing our policies and procedures in an effort to maintain a competitive advantage. Our members welcomed these measures; as they were able to utilize the loan products towards home improvement, wealth creation and personal development.

The Credit Union was able to achieve a growth in the loan portfolio of 8%; while managing to control the delinquency rate with the combined efforts of the committed staff and members.

Credit Committee



Mr. Churton Douglas, Mr. George Sloley, Mrs. Vivinne Grant, Miss Thelma Vassall, Miss Lilieth Sutherland

Sub-Credit Committee



Mr. Paul Grant, Mr. Everard Harriott, Mrs. Jean Lee-Wright

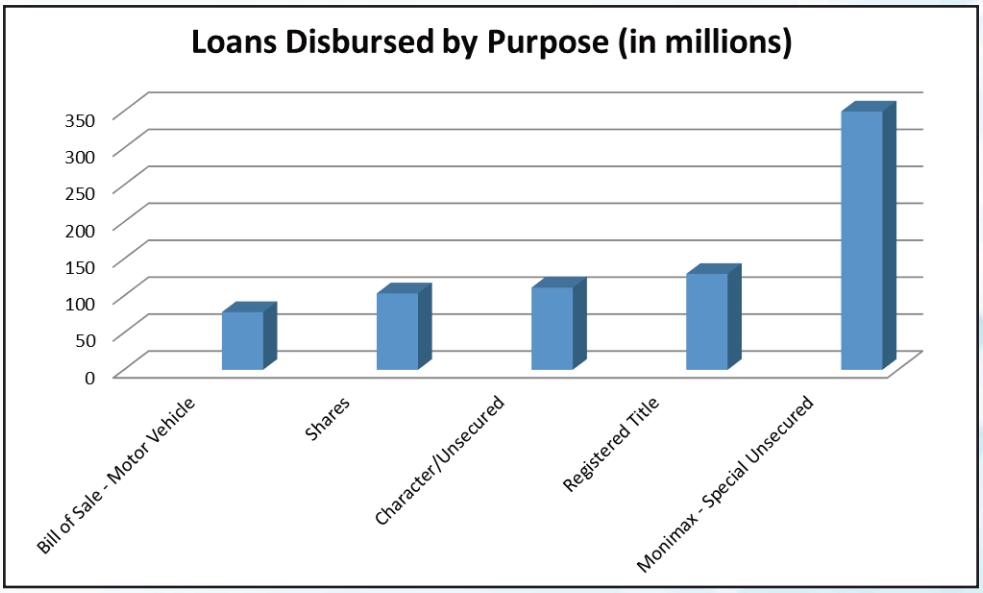
Comparison of Loans Disbursed (Purpose) for 2014 and 2013

Purpose	Number of Borrowers			Amount Disbursed		
	2014	2013	Change	2014	2013	Change
Consolidation of Debts	698	558	140	$153,635,518.70	$143,072,887.21	$10,562,631.49
Purchases of Land & Building	53	39	14	$37,081,816.15	$55,302,700.27	($18,220,884.12)
Home Improvement & Repairs	947	851	96	$200,684,102.99	$185,578,967.23	$15,105,135.76
Agriculture	155	103	52	$16,301,595.36	$10,741,662.00	$5,559,933.36
Medical Expenses	158	106	52	$18,962,772.56	$12,207,961.80	$6,754,810.76
Motor Vehicle Repairs	321	298	23	$39,240,830.71	$34,741,414.69	$4,499,416.02
Motor Vehicle Purchases	181	220	(39)	$116,205,671.12	$172,513,095.51	($56,307,424.39)
Educational Expenses	862	617	245	$119,590,897.53	$81,507,836.43	$38,083,061.10
Vacation and Travel	82	75	7	$9,868,968.02	$10,481,668.52	($612,700.50)
Household Appliance Purchase & Repairs	245	218	27	$27,184,638.84	$24,690,872.74	$2,493,766.10
Business Investment	578	588	(10)	$101,465,796.29	$103,342,525.06	($1,876,728.77)
Miscellaneous Expenses	262	242	20	$23,753,501.09	$23,733,142.36	$20,358.73
Wedding Expenses	19	17	2	$2,635,760.41	$2,762,970.89	($127,210.48)
Funeral Expenses	47	40	7	$6,099,396.63	$5,292,807.22	$806,589.41
Legal Expenses	36	28	8	$5,188,123.13	$4,708,322.62	$479,800.51
Special Education Loan	32	165	(133)	$4,400,004.44	$22,990,048.40	($18,590,043.96)
Special Home Loan - HOPE	0	1	(1)	$0.00	$1,500,000.00	($1,500,000.00)
Moni-Tree Line of Credit	3,456	3,539	(83)	$66,708,550.47	$93,034,510.79	($26,325,960.32)
Small Business Loan	4	52	(48)	$350,000.00	$4,501,549.29	($4,151,549.29)
Prosperity Loan	-	62	(62)	$0.00	$9,118,000.00	($9,118,000.00)
Totals	**8,136**	**7,819**	**317**	**$949,357,944.44**	**$1,001,822,943.03**	**($52,464,998.59)**

When compared with 2013; loans increased in numbers by 317 or 4.05% from 7,819 to 8,136; however there was a decrease in the dollar value by $52 million or 5.24% from $1.001 billion to $949 million. The overall loan portfolio increased from $1.835 billion in 2013 to $1.925 billion in 2014 representing a growth of 8%.

Profile of Loans Disbursed by Purpose

The following chart displays the top five categories of loans disbursed (by purpose) during the year. Home Improvement & Repairs accounted for the largest category disbursed during the year; compared to 2013 there was an increase of 8% from $185.5 million to $200.6 million. Consolidation of Debts and Educational Expenses were the other categories in the top five category to record increases for the years in comparison, of $11 million (7%) and $38 million (47%) respectively.

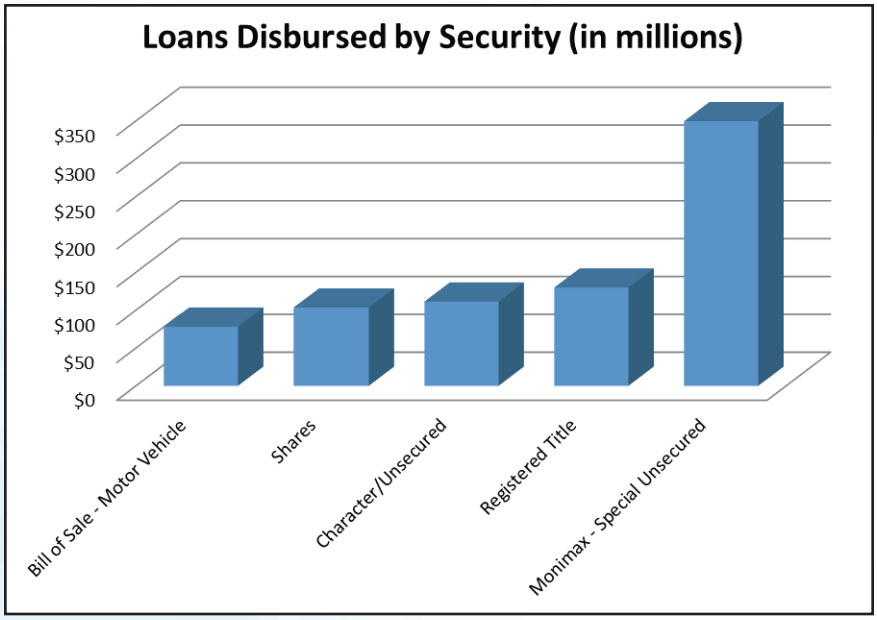


Loans Disbursed by Security

Types of Security	Number of Borrowers	Amount Disbursed
	2014	2014
Hypothecation	97	$22,326,195.74
Registered Title	79	$129,788,725.13
Co-maker	59	$9,587,750.00
Insurance Policy	4	$964,384.71
Shares	795	$103,470,822.76
Character/Unsecured	823	$111,290,295.80
Fixed Deposits	278	$63,492,901.01
Bill of Sale - Motor Vehicle	71	$78,172,263.56
Golden Harvest	48	$6,882,305.16
Solid Saver	27	$2,505,480.52
Hypothecation - Other Financial Institution	14	$4,274,788.13
Fixed Deposit - Other Financial Institution	3	$310,800.00
Unsecured - Line of Credit	750	$9,485,017.11
Secured - Line of Credit	2,706	$57,223,533.36
Monimax - Special Unsecured	2,382	$349,582,681.45
Totals	**8,136**	**$949,357,944.44**

Profile of Loans Disbursed by Security

The following chart displays the top five categories of loans disbursed (by security) during the year. The Monimax (Prosperity Loan) was the largest category with $349.5 million; followed by Registered Title which recorded $129.7 million.



New Loan Product

The Motor Equity Loan product was introduced to allow owners of non-commercial motor vehicles access to loans using the equity in their motor vehicles. Members were able to apply for loans for any purpose ranging from $100,000 to $800,000 secured by motor vehicles as old as 12 years old, with a maximum repayment period of 4 years.

Amendments

During the year amendments were made to the **Tuition Plus** and **Monimax Loan** products allowing members to access loans from a minimum of **$25,000** to a maximum of **$1 million** above their shares. The ceiling for loans secured by motor vehicles and real estate was further extended to $5 million and $15 million, respectively; while the maximum repayment term for loans secured by real estate was increased to twenty **(20)** years. Interest rates were also reduced in order to make loans more affordable to you our members.

Loan Administration

Technology was used to further enhance the loan administration process and ensure that the overall processing time was reduced. The Credit Union will continuously monitor all aspects of the loan administration to ensure that we continue to provide efficient service in an effective manner.

Waivers

The following waivers were granted for four (4) loans during 2014:

Reason for waiver	Number of loans	Dollar Value
Reduce Share Requirement & Extend loan ceiling for Motor Vehicle Loan	1	$6,000,000.00
Extend Loan Term	1	$3,376,000.00
Extend Loan Term	1	$2,504,000.00
Additional Peril Insurance	1	$5,000,000.00
Totals	**4**	**$16,880,000.00**

Credit Committee Members attendance for 2014

The Credit Committee and Sub-Credit Committee held Twenty (20) and Sixteen (16) meetings respectively during the year under review and the attendance of the members are listed below:

Credit Committee	Possible Meetings	Attended	Excused	Absent
Mr. Churton Douglas	20	17	3	-
Mr. George Sloley	20	15	5	-
Miss Lilieth Sutherland	20	12	8	-
Mrs. Vivinne Grant	20	17	3	-
Mrs. Thelma Vassall	20	16	4	-
Sub-Credit Committee	**Possible Meetings**	**Attended**	**Excused**	**Absent**
Mr. Everard Harriott	16	13	2*	1
Mrs. Jean Lee-Wright	16	11	5*	-
Mr. Paul Grant	16	15	1*	-

Note: A member of the Credit Committee was a part of the meeting.

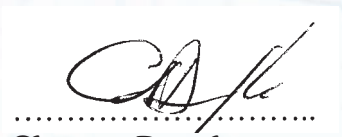
Conclusion

The members of the Credit Committee are grateful for the opportunity given to serve in this capacity. The invaluable support given by the Board of Directors, all committees, the management team and the staff members, particularly those of the Credit Department, was appreciated. The combined efforts have enabled the Credit Union to continue to offer excellent products and services to the members at competitive and affordable rates.

We also take this opportunity to express our sincere appreciation to our members, for choosing Manchester Co-operative Credit Union (1977) Limited to be your financial partner. Your support and co-operation has been the driving force behind the continued success of the Credit Union.

We look forward to serving you in 2015 and beyond with God's guiding wisdom and strength while we continue to give of our best service as true co-operators.

Thank you.



Churton Douglas
Chairman

SUPERVISORY COMMITTEE REPORT

The past year was marked with high and low periods as the country's economic conditions continued to be challenging. The Manchester Co-operative Credit Union (1977) Limited, however remained the premier financial institution of choice, offering products and services that met and exceeded the needs and expectations of new and existing members. It is with this thrust that the Supervisory Committee along with the Internal Audit team, Board of Directors, Management and Staff, continued to carry out the mandate of our members - that of upholding the soundness and integrity of this noble Institution.



Mr. Kingsley Andrews
Chairman

The Supervisory Committee is the oversight body entrusted with the responsibility of overseeing the Internal Audit functions and ensuring that the internal controls, policies and procedures and applicable external regulations are adhered to. It also ensures that the Assets of our members are safe-guarded and good cooperate governance is practiced. The Committee is assisted in its role by the Internal Audit team which conducted scheduled and ad hoc audits, and reports to the Committee.

Supervisory & Sub-Supervisory Committee



Mrs. Ruthan Smile-Smikle, Mr. Calvin Palmer, Mrs. Claudette Gayle-Foster, Mrs. Barbara Chaimberlain, Mr. Junior Isaacs, Mrs. Ann Julette Rowe, Mrs. Claudette Griffiths-McKenzie, Mr. Kingsley Andrews

During the financial year, January to December 2014, eleven (11) Committee meetings were held. The attendance of the members is outlined in the following table.

Members	Possible Meetings	Attended	Excused	Absent
Kingsley Andrews	11	11	0	0
Junior Isaacs	11	9	2	0
Claudette Gayle-Foster	11	11	0	0
Calvin Palmer	11	11	0	0
Ruthan Smile-Smikle	11	7	2	2
Barbara Chamberlain	11	6	5	0
Joan White-McDaniel	4	1	2	1
Tracey-Ann Allen	4	1	3 *	0
Ann Julette Rowe	7	6	1	0
Claudette Griffiths-Mckenzie	7	6	1	0

*Resigned from the Committee

AREAS OF FOCUS

In an effort to achieve the given mandate, the Committee embarked on various activities which included a series of independent and objective audits that assessed the reliability and authenticity of the financial and operating information. The Committee's monthly reports to the Board of Directors provided full details of the objectives of the audits, scope of work, findings, implications, recommendations, along with Management's response for the areas that were audited. The areas of focus during the year are summarized below:

Bank Reconciliation Statements

The audit of the bank reconciliation statements for the reporting period included scrutiny of the statements and supporting documentations. Re-performance of the reconciliations revealed no exceptions as they were accurate, appropriately approved, and were done in a timely manner.

ATM Cash Counts

ATM cash counts were done at both the Christiana and Mandeville branches during the financial year. No irregularity was observed. The counts were done to ascertain the adequacy of physical, and procedural controls, and to determine if the accounting records properly accounted for the cash.

Audit of Transactions

The audit process involved scrutiny of a sample of loan applications and other transactions including withdrawals and transfers. No unauthorized transaction was found and the audit revealed general compliance with the established policies and procedures. Three areas that needed to be addressed were identified. However, it was observed that appropriate actions were subsequently taken by Management to have the issues resolved. The objectives were to determine whether these transactions were properly authorized, adequately supported, and sufficiently secured with regards to the loans granted.

Special Audit

A special audit was carried out during the period to determine whether transactions were authentic and properly supported, and whether they were done in accordance with the Credit Union's policies and procedures that specifically relate to the transactions. The transactions included loans, withdrawals, and transfers, among others. Some irregularities were found. Suitable recommendations were made to improve the controls. It was also observed that Management had taken appropriate actions to strengthen the internal controls and to address the matters.

Teller Cash Counts

No significant difference was observed. The tellers' cash was counted and reconciled to the teller prints/listings. The process included examination of transaction slips and other documentation that supported the transactions. The aim of the audits were to verify that cash was accurately accounted for and transactions were properly supported.

Receipts and Payments

The objective of the audit was to ascertain whether receipts and payments were accurately and properly accounted for and that payments were authentic. There were no irregularities disclosed by the audit. There was however, an issue to be addressed. Management's response was that all efforts were being made to resolve the matter.

Teller Closing Listings/End of Day Prints

Audit was performed in this area at both the Christiana and Mandeville branches to verify that proper supervisory checks of the Teller Closing Listings were done, applicable procedures carried out, and to ensure that transactions were authentic.

The prints checked included those for supervisors, member service representatives and credit officers. Although efforts were made to ensure that checking was done, at the time of examination there was a back-log in all areas. The implication of the back-log was pointed out to Management and recommendations for improvement were made.

In an effort to clear the back-log, additional personnel were deployed by Management to expedite the process. In addition, written directives were given for the enforcement of internal control that outlined procedures and time-frame for the checking of daily transactions.

Treasury Counts

The Cash counts conducted during the period, for both branches, revealed no material exception when reconciled with the accounting records. The objectives of the counts were to establish whether cash held in Treasury was accurately and properly accounted for and to ascertain whether there were adequate safeguards in place.

Staff and Volunteers Loans

It was observed that there was general compliance with the loan policy and applicable procedures. Some exceptions were seen and appropriate recommendations were made to address them. Majority of the issues were subsequently resolved. In conducting the audits, steps were taken to establish if loans granted to staff and volunteers were done in accordance with the loan policy and the related procedures.

Estate Accounts

Transactions on deceased members' accounts were examined to verify whether proper procedures were followed in the handling of the accounts. There was general compliance. For the exceptions observed, recommendations for improvement were made.

Salaries

The objectives for the audit of salaries included ensuring that the rates of pay were appropriately approved, payments were accurate and properly authorized, the required entries were made in the related ledger accounts, and that the statutory deductions were paid over to the relevant authority in a timely manner. Only one exception was observed which was promptly rectified.

ACKNOWLEDGEMENT

The Supervisory Committee is appreciative of the privilege afforded by the members to serve in this capacity. We also express our gratitude to the Board of Directors, Management, and Staff for their co-operation which ensured a harmonious and productive relationship.

We look forward to your continued support as we continue to contribute to the improvement of the internal controls and the sustenance of an environment that ensures integrity, efficiency, effectiveness, and economic prudence in all aspects of the Credit Union's operations.



Kingsley Andrews
Chairman

NOMINATING COMMITTEE

NOMINATING COMMITTEE

In accordance with Article XII, Rule 62 (i), of the Rules of Manchester Co-operative Credit Union (1977) Limited, which states in part,

"Not less than thirty (30) days prior to each Annual General Meeting, the Board of Directors shall appoint a Nominating Committee of three (3) members, of which not more than one may be a member of the existing Board of Directors." The Board of Directors appointed said Committee, which comprised of the following persons:



Mr. Alfred Daley
Chairman

Mr. Alfred Daley – Director/Chairman

Mrs. Doreen Daley-Grant – Member

Dr. Grace Kelly – Member

Mrs. Donna Bent-White – Staff Liaison

The Nominating Committee hereby recommends the following nominees for the vacant positions:

BOARD OF DIRECTORS

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mrs. Dianna Tomlinson	Retiring	Mrs. Dianna Tomlinson
Mrs. Pauline Isaacs-Cole	Retiring (end of term)	Mr. Stallyn Insang
Rev. Joan Smith		
Mrs. Lesline Thomas	Retiring (end of term)	Mr. Nicholas Spence
Rev. Charles Danvers		
Mr. Robert Chennis	Retiring (end of term)	Mrs. Althia Scott-Jones
Mrs. Darcia Roache	Retiring	Miss Darcia Roache
Rev. Dr. Paul Gardner		
Mr. Claude Rattray	Retiring	Mr. Claude Rattray
Mrs. Sharon Peart		
Mr. Alfred Daley		

CREDIT COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mr. Churton Douglas	Retiring	Mr. Churton Douglas
Mr. George Sloley	Retiring (end of term)	Mr. Raymond Harper
Mrs. Thelma Vassall	Retiring	Mrs. Thelma Vassall
Miss Lilieth Sutherland		
Mrs. Vivinne Grant	Retiring	Mrs. Vivinne Grant

SUB-CREDIT COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mrs. Jean Lee-Wright	Retiring (end of term)	Mr. Christopher Tyme
Mr. Everard Harriott		
Mr. Paul Grant	Retiring	Mr. Paul Grant

SUPERVISORY COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mrs. Ann Julette Rowe	Retiring	Mrs. Ann Julette Rowe
Mrs. Claudette Griffiths-McKenzie	Retiring	Mrs. Claudette Griffiths-McKenzie
Mrs. Ruthan Smile-Smikle	Retiring	Mrs. Ruthan Smile-Smikle
Mr. Kingsley Andrews	Retiring	Mr. Kingsley Andrews
Mr. Junior Isaacs	Retiring	Mr. Junior Isaacs

SUB-SUPERVISORY COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mrs. Claudette Gayle-Foster	Retiring	Mrs. Claudette Gayle-Foster
Mrs. Barbara Chamberlain	Retiring	Mrs. Barbara Chamberlain
Mr. Calvin Palmer	Retiring	Mr. Calvin Palmer

APPENDIX

If elected as recommended the new cadre of volunteers will serve as follows:

BOARD OF DIRECTORS

NAMES	STATUS	TERM
Rev. Charles Danvers	Continuing	1 Year
Mrs. Sharon Peart	Continuing	1 Year
Mrs. Althia Scott-Jones	New	2 Years
Mr. Stallyn Insang	New	2 Years
Mr. Nicholas Spence	New	2 Years
Mr. Alfred Daley	Continuing	1 Year
Mr. Claude Rattray	Continuing	2Years
Rev. Joan Smith	Continuing	1 Year
Mrs. Dianna Tomlinson	Continuing	2 Years
Rev. Dr. Paul Gardner	Continuing	1 Year
Mrs. Darcia Roache	Continuing	2 Years

CREDIT COMMITTEE

NAMES	STATUS	TERM
Mr. Churton Douglas	Continuing	1 Year
Miss Lilieth Sutherland	Continuing	1 Year
Mr. Raymond Harper	New	2 Years
Mrs. Vivinne Grant	Continuing	2 Years
Mrs. Thelma Vassall	Continuing	2 Years

SUB-CREDIT COMMITTEE

NAMES	STATUS	TERM
Mr. Everard Harriott	Continuing	1 Year
Mr. Christopher Tyme	New	2 Year
Mr. Paul Grant	Continuing	2 Year

SUPERVISORY COMMITTEE

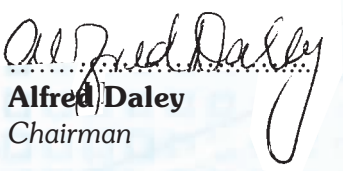
NAMES	STATUS	TERM
Mr. Kingsley Andrews	Continuing	1 Year
Mr. Junior Isaacs	Continuing	1 Year
Mrs. Ruthan Smile-Smikle	Continuing	1 Year
Mrs. Ann Julette Rowe	Continuing	1 Year
Mrs. Claudette Griffiths-McKenzie	Continuing	1 Year

SUB-SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Mr. Calvin Palmer	Continuing	1 Year
Mrs. Claudette Gayle-Foster	Continuing	1 Year
Mrs. Barbara Chamberlain	Continuing	1 Year

DELEGATES TO THE CREDIT UNION LEAGUE & OTHER CO-OPERATIVE SOCIETIES

The Nominating Committee is recommending that the authority be given to the Board of Directors to elect representatives to the Jamaica Co-operative Credit Union League Limited and other Co-operatives Societies to which the Credit Union may be affiliated.



Alfred Daley
Chairman

PROFILES OF NOMINEES

MR. STALLYN INSANG

Mr. Stallyn Insang is the Acting Clerk of Courts at the Resident Magistrate's Court for Manchester. He has been working with the Ministry of Justice since 1991, and was previously Deputy Clerk of Courts and Assistant Clerk of Courts. He holds a Bachelor of Science Degree in Public Sector Management, and a Certificate in Public Administration, both from the University of The West Indies, and a Certificate in Para Legal Studies from Kingston Legal Aid Clinic. Mr. Insang has been a member of Manchester Co-operative Credit Union since 1994.

Mr. Stallyn Insang has been nominated to serve on the Board of Directors.

MR. NICHOLAS SPENCE

Mr. Nicholas Spence has been a member of Manchester Co-operative Credit Union for over (19) nineteen years. He attended Mona School of Business where he received a Masters in Marketing and the University of the West Indies where he completed a Bachelors of Science Degree in Management Studies. He is presently the Territory Sales Manager for I.G.L. Limited and previously the Assistant Brand Manager at Red Stripe. He is also a member of the optimist Club of Mandeville.

Mr. Spence has been nominated to serve on the Board of Directors.

MRS. ALTHIA SCOTT-JONES

Mrs. Althia Scott-Jones is currently the General Manager at Tax Administration Jamaica (Mandeville Revenue Service Center). She is a Tax Auditor by profession, and worked for the Auditor General's Department in former years. Mrs. Jones holds a Degree in Business Administration majoring in Finance, as well as a Diploma in Business Administration, majoring in accounting, both from the University of Technology. She was the recipient of the Jamaica Sugar Producers Scholarship in 1984. Her involvement in the Credit Union movement has led to her serving on the Manchester Co-operative Credit Union Supervisory Committee from 1998 to 2002. Mrs. Jones is a member of the Mandeville Seventh Day Baptist Church where she is a Youth Advisor, as well as the Assistant Superintendent. She has been a member of the Credit Union since 1992.

Mrs. Scott-Jones has been nominated to serve on the Board of Directors.

MR. RAYMOND HARPER

Mr. Raymond Harper is an Agriculturalist, and presently a Production and Quality Consultant at WINDALCO. He has been a member of Manchester Co-operative Credit Union for the past thirty five (35) years. He studied at Tuskegee University in Alabama where he earned his Bachelors Degree in Animal and Poultry Science, and earned an Associate Degree in Agriculture from the College of Science and Education (CASE). Mr. Harper has served on the Supervisory Committee and the Board of Directors at Kirkvine Credit Union from 2004 to 2006, and 2006 to 2011 respectively.

Mr. Raymond Harper has been nominated to serve on the Credit Committee.

MR. CHRISTOPHER TYME

Mr. Christopher Tyme is a past student of St. Joseph's Teachers' College, Mico Teachers' College and the University of Technology. He holds a Diploma in School Management and Leadership and a Bachelor of Education, specializing in General Technology. He is currently pursuing his Masters in Educational Administration at Temple University. He is presently the principal at Christiana Leased Primary School of which he is also a past student. Mr. Tyme is a member of Christ Church Christiana where he is a Lay Preacher and a member of the management committee. In 2012 he received the Excellent Teacher/Principal Award from the Jamaica Teaching Council. He was a member of the Manchester Credit Union's Nominating Committee in 2014. He has been a member of the Credit Union since 1994.

Mr. Tyme has been nominated to serve on the Sub-Credit Committee.

Inter Secondary Schools Debating Competition 2014











Mid-Island Chapter of Credit Unions' Annual Awards Banquet



Mrs. Cynthia Briscoe, General Manager , poses with Mrs. Vasiana Miller-Hewitt, Employee of the Year 2013



Mrs. Cynthia Briscoe, General Manager poses with Mr. Steve Nugent, Member of the Year 2013

PICTORIAL REVIEW

Labour Day Project 2014







Sydney Carter and Gsat Bursaries





Treasure Chest Fun day 2014







Netball Competition 2014







PICTORIAL REVIEW

PICTORIAL REVIEW

League AGM Awards Banquet 2014









Manchester Co-operative Credit Union receiving awards for:

- *Most Outstanding Parish Credit Union 2013*
- *Runner up Mega Credit Union 2013*
- *Top Performer in CPD Online 2013*

38TH ANNUAL GENERAL MEETING







LAUNCH OF THE MOBILE UNIT













PICTORIAL REVIEW

HIGHLIGHTS OF ICU WEEK 2014



















STAFF LIST

ADMINISTATION DEPARTMENT

1.	Mrs. Cynthia Briscoe	–	*General Manager*
2.	Miss Carol Bowen	–	*Executive Secretary*
3.	Mrs. Caroline Green	–	*Administrative Assistant*
4.	Mrs. Lorette Ffrench - Francis	–	*Risk & Compliance Officer*
5.	Miss Sherylee Duricka	–	*Risk & Compliance Assistant*
6.	Mrs. Salome Ford-Brooks	–	*Internal Auditor*
7.	Miss Jeniffer Haslam	–	*Internal Audit Assistant*
8.	Miss Maureen Peterkin	–	*Registry Clerk*
9.	Miss Claudette McFarquhar	–	*Office Attendant*
10.	Mr. William Allen	–	*Messenger*
11.	Mr. Hicksford Robinson	–	*Parking Attendant*

ACCOUNTS DEPARTMENT

12.	Mr. Lenroy Allen	–	*Finance Manager*
13.	Mr. Omar Greene	–	*Information Technology Manager*
14.	Mrs. Delrose James	–	*Senior Accounting Officer*
15.	Mrs. Jacqueline Kennedy	–	*Systems Administrator*
16.	Mrs. Shelly Ann Daley-Broomfield	–	*Accounting Clerk*
17.	Mr. Oliver Harrison	–	*Accounting Clerk*

SALES & MARKETING DEPARTMENT

18.	Mr. Michael Gottshalk	–	*Sales & Marketing Manager*
19.	Mr. Greggory Mulgrave	–	*Marketing Officer (Christiana)*
20.	Mrs. Loye Richards	–	*Business Development Officer*
21.	Mrs Vasiana Miller-Hewitt	–	*Marketing Representative*

MANDEVILLE BRANCH

22.	Mrs. Wendy Hamm-McLean	–	*Branch Manager*
23.	Miss Debbie Barrett	–	*Utility Officer*
24.	Mrs. Ashieka Ebanks-Newell	–	*Member Service Officer*
25.	Mrs. Deon Daley-White	–	*Credit Officer*
26.	Miss Nadine Ricketts	–	*Credit Officer*
27.	Mr. Richard Barrett	–	*Credit Officer*

28.	Mrs. Ruth Anderson-Burnett	–	*Securities Officer*
29.	Mr. Andrew Richards	–	*Field Officer*
30.	Mrs. Gail Taylor	–	*Junior Credit Officer*
31.	Mrs. Donna Bent-White	–	*Senior Member Service Representative*
32.	Miss Jenice Green	–	*Member Service Representative*
33.	Miss Chantal Jamieson	–	*Member Service Representative*
34.	Miss Lavene Gyles	–	*Member Service Representative*
35.	Miss Kerry-Ann Gavin	–	*Member Service Representative*
36.	Miss Neleasia Lambert	–	*Member Service Representative*
37.	Miss Keniesha Pennant	–	*Member Service Representative*
38.	Mr. Rajeve Stewart	–	*Member Service Representative*
39.	Miss Sandrene Bryan	–	*Member Service Representative*
40.	Miss Jannese Francis	–	*Member Service Representative*
41.	Mr. Kirkton Richards	–	*Driver/Member Service Representative*
42.	Mr. David Samuels	–	*General Clerk (Temporary)*

CHRISTIANA BRANCH

43.	Mrs. Janice Gayle	–	*Branch Manager*
44.	Mr. Floyd McConnell	–	*Member Service Officer*
45.	Mrs. Gennevieve Minzie-Allen	–	*Credit Officer*
46.	Miss Samantha Johnson	–	*Credit Officer*
47.	Mr. Mark Brown	–	*Assistant Field Officer*
48.	Miss Claudia Pitter	–	*Junior Credit Officer*
49.	Mrs. Karen Christie-Riley	–	*Administrative Assistant*
50.	Mrs. Terryann Gayle-Birthwright	–	*Senior Member Service Representative*
51.	Mrs. Sharon Williams	–	*Member Service Representative*
52.	Miss Jholein Marshall	–	*Member Service Representative*
53.	Miss Natalee Simpson	–	*Member Service Representative*
54.	Mr. Jerome Thompson	–	*Member Service Representative*
55.	Mrs. Sonia White	–	*Office Attendant*

PART TIME WORKERS

Mrs. Ann-Marie Virtue	–	*Mandeville*
Miss Hyacinth Spurgeon	–	*Mandeville*
Mr. Michael Green	–	*Mandeville*
Mr. Nyasha Henry	–	*Mandeville*
Miss Beverly White	–	*Christiana*
Mr. Trevor Johnson	–	*Christiana*
Mrs. Jassette Wright	–	*Christiana*



MRS. CYNTHIA BRISCOE
General Manager

CORPORATE OFFICE



MANDEVILLE BRANCH



CHRISTIANA BRANCH



STAFF PICTURES

CONDOLENCES



Condolences

Doris Martin
Pauline Richards
Andrew Thomas
Rosalyn Hughes
Angene Wright
Ruben Robinson
Anthony Lennard
Yvonne Clarke
Beverley Senior
Yvonne Dixon
Bingroy Elliott
Arthur Burton
Desmond Smith
Asbourne Smith
Ena Brown
Aston Coley

Eric Hanson
Aubrey McPherson
Errol Denton
Basil Grant
Eugent Palmer
Neloria Hayles
Fitzgerald Bourne
Rosalyn Hughes
Gloria Thompson
Sandy Rowe
Hubert Thomas
Standard Davy
Jonnette Watson
Timilda Allen
Karlene Butler
Tyrone Bryan

Levi Martin
William Whyte
Lillian Morris
Winston Martin
Madesta Blake
Zelma Clarke
Myrtle Elliott
Enid Miller
Myrtle Harriott
Ethline Anderson
Oneshia Carridice



The Roles of the Board and Committees

BOARD OF DIRECTORS

- The business of the Credit Union shall be conducted by the Board of Directors, which shall be elected at the Annual General Meeting of the Credit Union. The major functions of the Board of Directors are as follows:
- Overall leadership, direction and control of the affairs of the Credit Union.
- Development of policies to guide the successful operations of the Organization.
- Deciding on the long-term goals and objectives of the Organization and planning for its achievement.
- Reporting to members at Annual General Meetings.
- Ensuring that the Credit Union's Rules, the Co-operative Societies Act and Regulations, the rules of the League and other relevant legislation are complied with.
- Recommending amendments to Rules.
- Ensuring the provision of competent and adequate personnel and facilities for efficient operation of the Credit Union.
- Monitoring and evaluating the performance of the Credit Union.
- Ensuring that members' funds and the assets of the Credit Union are adequately protected.
- Appointing relevant committees to assist the Board's functioning
- Equipping themselves with the requisite skills and knowledge to effectively perform their functions.
- Attending the requisite courses for certification as Credit Union Professionals.

CREDIT COMMITTEE

- The Credit Committee shall be elected at the Annual General Meeting of the Credit Union. The committee has overall responsibility for the Loan Portfolio and Credit Administration of the Organization, guided by the Credit Policy approved by the Board of Directors. The functions of the Credit Committee include:
- Studying and implementing the Credit Policy of the Organization.
- Recommending amendments to the Credit Policy, where necessary.
- Evaluation and decision making on member loan requests
- Conducting interviews with loan applicants where required
- Determining the adequacy of security for loans
- Ensuring that delinquency is effectively controlled through the committee's evaluation and approval of loans.

SUPERVISORY COMMITTEE

- The Supervisory Committee shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than three members, none of whom shall be members of the Board of Directors or Credit Committee or Loan Officer or Employee.
- The Supervisory Committee is charged with the responsibility of being the Internal Audit Committee of the Credit Union for and on behalf of the members. The main functions of the committee include:

- Determining compliance with the Rules of the Credit Union, the Co-operative Societies Act and Regulations, the rules of the League and the Bank of Jamaica (Credit Unions) Regulations, when enacted.

- Ensuring that no irregular or unauthorized transactions are carried out by either employees or volunteers or any parties connected to these persons.

- Checking on the Credit Union's Credit Administration to ensure that delinquency is kept under control and that securities are adequately endorsed in the Credit Union's favour.

- Evaluating whether the policies and procedures established by the Board of Directors are documented and adhered to.

- Ascertaining whether the established systems of internal control provide reasonable assurance to the members that the assets of the Credit Union are adequately protected to ensure safeguards against errors, carelessness and fraud.

- Evaluating the Credit Union's compliance with applicable legislation and making recommendations to the Board of Directors where necessary.

Receive and investigate any complaint made by any member affecting the proper running of the Credit Union

Parliamentary Rules of Order

1. (a) **A member** shall stand, when when addressing the chair.

   (b) Speeches shall be clear and relevant to the subject before the meeting.

2. **A member** shall only address the meeting when called upon by the Chairman to do so, after which he/she immediately takes his/her seat.

3. No **member** shall address the meeting except through the Chairman.

4. **A member** shall not speak twice on the same subject except:

   (a) The mover of a motion who has the right to reply.

   (b) He/she rises to object or to explain (with permission of the Chair).

5. No speeches shall be made after the question has been put and carried or neglected.

6. The mover of a procedural motion (adjournments, postponement, lay on the table) shall have no right to reply.

7. **A member** rising on a point of order shall state the point clearly and concisely. (A point of order must have relevance to the tanding Orders.

8. (a) **A member** shall not call another member to order, but may draw the attention of the Chair to a "Breach of Order."

   (b) No event can a **member** call the Chair "to order."

9. A Question should not be put to the vote if a member desires to speak on it or move an amendment to it - except that a "Procedural Motion," the Previous Question "proceed to the next business" or the "closure." "That the question be now put," may be moved at any time.

10. Only one amendment shall be before the meeting at one and the same time.

11. When a motion is withdrawn, any amendment to it falls.

12. The Chairman shall have, in addition to his ordinary vote, a "Casting Vote" in the case of inequality votes.

13. If there is an equality of votes on an amendment, and if the Chair does not exercise his casting vote, the amendment is lost.

14. The Chairman shall make provisions for the protection of members from vilification (personal abuse.)

15. No member shall impute improper motivates against the Chairman, Board of Directors, Officers of the Confederation or any other member.

Fit and Proper Criteria for Credit Union Directors and Officers

◆ **What is the Fit and Proper Criteria?**

▶ Requirement of the Bank of Jamaica Credit Union Regulations seeks to ensure that persons elected as Directors or officers of a Credit Union:-

- ✓ Are competent, diligent and able to exercise sound judgement.
- ✓ Have not been convicted of an offence involving honesty and are not Un-discharged Bankrupts.
- ✓ Have employment records free of acts of dishonesty or impropriety in the handling of financial affairs.

Fit and Proper Requirements for Credit Union Directors and Officers

How does the process work?

- ✓ Notification of persons elected as Directors and Officers at a AGM or appointed by a committee and forwarded to the Supervisor.
- ✓ The Supervisor will assess the fitness of the persons.
- ✓ The Supervisor will advise the Credit Union if any person does not meet the fit and proper criteria.
- ✓ The Credit Union is then required to terminate the appointment of the affected person.

National Anthem

Eternal Father

Eternal Father, bless our Land
Guard us with thy mighty hand,
Keep us free from evil powers,
Be our light through countless hours.
To our leaders, Great Defender
Grant true wisdom from above.
Justice, truth be ours forever.
Jamaica, land we love.
Jamaica, Jamaica, Jamaica,
Land we love

Teach us true respect for all,
Stir response to duty's call
Strengthen us the weak to cherish
Give us vision lest we perish.
Knowledge send us, Heavenly Father
Grant true wisdom from above
Justice, truth, be ours forever,
Jamaica, land we love.
Jamaica, Jamaica, Jamaica
Land we Love

Notes

Credit Unions of Jamaica

Save with a CREDIT UNION today!

Experience Real Freedom...

knowing your Credit Union is always working with you.

With Your Credit Union:

- Your savings are secure.
- You can borrow what you need without touching your savings.
- You get automatic life insurance on savings.*
- Your loans are insured at no direct cost to you.*
- Your family can benefit from up to 200% of your savings upon death.*
- Your family achieves peace of mind knowing you have a solid FIP for final expenses.
- You share in any surplus the credit union makes because you are a part owner.

*Conditions Apply



In Partnership with

CUNA MUTUAL GROUP

Join one of many Credit Unions islandwide

facebook.com/CreditUnionsofJamaica

| Your Path to Financial Freedom

Manchester Co-operative Credit Union (1977)Ltd.

INVITES APPLICATIONS FOR

SYDNEY CARTER SCHOLARSHIP

Tenable at:
THE UNIVERSITY OF TECHNOLOGY, JAMAICA
THE UNIVERSITY OF THE WEST INDIES OR
NORTHERN CARIBBEAN UNIVERSITY.

The following conditions apply:

1) Candidates should be members or children of members of the Manchester Co-Operative Credit Union (1977) Ltd not older than 25 years of age.

2) Candidates should be attending one of the above-mentioned institutions, pursuing any discipline in a full time capacity.

3) Applications must be accompanied by the completed application form, a cover letter and relevant progress reports/acceptance letter.

4) Scholarship will be for a maximum of three years inclusive of the final year.

***CLOSING DATE* - JUNE 30, 2015**

APPLY TO:
THE GENERAL MANAGER

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED.
2 MAIN STREET , P.O. BOX 533
MANDEVILLE, MANCHESTER

NEW & IMPROVED
FEATURES

CABS

Commercial Auto Business Solutions



- Borrow up to **$2.5 million**
- Up to **5 years** to repay
- Financing available for vehicles up to **8 years** old
- Ask about our **CABS Top-Up** feature

Make the CAB yours!
Purchase a motor vehicle for commercial activities

Minimum Share Requirement of 15%

*conditions apply

Manchester Co-operative Credit Union (1977)Ltd.

Mandeville Tel: 962-0401
Christiana Tel: 964-3648
www.manchestercreditunion.com

follow us on

'Where Service Exceeds Expectation'

39th Annual General Meeting

ANNUAL REPORT

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www.manchestercreditunion.com

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