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

41st ANNUAL GENERAL MEETING

of the

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

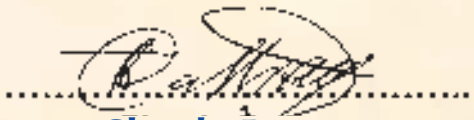
at the

GOLF VIEW HOTEL AUDITORIUM
5½ CALEDONIA ROAD, MANDEVILLE
MANCHESTER

On Thursday, May 11, 2017

Commencing at 4:00 p.m. sharp

Signed by:



Claude Rattray
Secretary

AGENDA

1. **Call to Order**
   - Ascertaining of Quorum
   - Notice of Meeting
   - Welcome & Courtesies

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. **Update on Merger Discussions**

7. **Any Other Business**

8. **Announcements**

9. **Vote of Thanks**

10. **Prizes**

11. **Closure**

MINUTES OF THE 40TH ANNUAL GENERAL MEETING HELD ON SATURDAY, MAY 14, 2016, AT 11:00 PM AT HOLMWOOD TECHNICAL HIGH SCHOOL AUDITORIUM, HOPEWELL, CHRISTIANA, MANCHESTER

CALL TO ORDER

The meeting was called to order by the Chairman, Rev. Charles Danvers, at 11:34: a.m.

The Secretary, Mr. Claude Rattray ascertained that the meeting was duly constituted with 219 members present. The notice of the 40th Annual General Meeting of the Manchester Co-operative Credit Union (1977) Limited was read after which the prayer of St. Francis of Assisi was repeated by all.

WELCOME AND COURTESIES

The Chairman extended a warm welcome to all. Special welcome was also extended to the members of the Board of Directors and to the General Manager, Mrs. Cynthia Briscoe who was not well but still made an effort to be at the meeting. Special welcome was extended to the following:

Mr. Errol Campbell	–	NUCS
Mrs. Lisa Cousins	–	UHY Dawgen Chartered Accountants
Ms. Julianne Reid	–	" " " "
Mr. Zemmar Bennett	–	Jamaica Co-op. Credit Union League Ltd.
Ms. Jorgette Lewis	–	Senior Co-op. Officer – Department of Co-operatives & Friendly Societies
Mr. Ivan Green	–	Past President – Manchester Co-op. Credit Union (1977) Limited

APOLOGIES

Apologies were tendered on behalf of the following persons:

Mrs. Althia Scott-Jones	–	*Director*
Mrs. Sharon Peart	–	*Director*
Robert Chennis	–	*Former Director*

CONDOLENCES

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

CORRECTIONS TO BOOKLET

- Page 13: under Question & Comments – insert Churton before Douglas.
- Page 17: in the 3rd paragraph, delete the word **"to"** and insert **'the'** in the first sentence.
- Page 20: under Delinquency – insert the word **'of'** between *"some"* and *"our"* in the first sentence.
- Page 23: Under League's Convention & Annual General Meeting – in the 6th line, change **"ONET"** to **'QNET'**

MINUTES OF THE 39th ANNUAL GENERAL MEETING

The minutes, having been previously circulated, were taken as read on a motion moved by Mr. Ivan Green and seconded by Mr. Stanley Skeene.

CONFIRMATION

The minutes were confirmed on a motion moved by Miss Derlene Anderson and seconded by Ms. Arlene Reid.

MATTERS ARISING

There were no matters raised by the members.

REPORTS

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

The President noted that the discussions on the Bank of Jamaica and its regulatory functions over Jamaica's Credit Unions became more intense toward the second half of the year.

He said that during the year under review there were mixed fortunes for the Manchester Co-operative Credit Union (1977) Limited. The growth targets for Loans and Membership were achieved while the Surplus target fell short. This was primarily because of the higher than budgeted amount of delinquency. The reductions in interest rates caused a lessening of the earnings from Investments and Loans.

He also noted that the conversion of the Operating System did not materialize at the projected time, due in part to challenges with the Information Technology Provider.

PERFORMANCE OVERVIEW

The following provides insights of the Credit Union's operations for the financial year ended December 31, 2015:

Performance Overview

Key Areas	2015 millions	2014 millions	% Change	Target for 2016
Savings	3003	2677	12	3311
Net Loans	2228	1925	16	2569
Total Assets	4088	3684	11	4475
Institutional Capital	719	655	10	785
Surplus	67	91	-26	72

Delinquency

The delinquency rate for the year was 6.02%. The rate went over the 6% mark for the first time in over 5 years, which was 1.02% above the standard.

PERSONNEL

Training and Personal Development

In order to ensure improvement in our service delivery, during the year staff and volunteers participated in a number of seminars and workshops. Some of the training activities that were undertaken included: **Credit Bureau, Teller Training, Meeting Protocols, Marketing, Audit Techniques, Developing Selling Techniques, Proceeds of Crime Act (POCA), Customer Service, Risk & Compliance, Fraud & Robbery and Service Excellence.**

The Credit Union experienced some changes to the staff complement during the period under review; there were two (2) promotions, six (6) recruitments, one (1) separation and one (1) retirement.

MARKETING ACTIVITIES

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

Speaking Engagements

The Department participated 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.

PUBLIC RELATIONS

Some of the Public Relation activities undertaken during the year included the following:

Labour Day 2015: The 2015 project was carried out at the Frankfield Primary and Infant School with the painting of the newly constructed Infant Department through the efforts of staff and volunteers who joined with other persons from the school community.

Sydney Carter Scholarship/Bursaries: One (1) tertiary level student received the Sydney Carter Scholarship while five (5) others received bursaries from the fund to start the 2015/2016 academic year.

GSAT Bursaries: Sixteen (16) students at the primary school level received GSAT Bursaries valued at $15,000.00 each to assist with the start of their secondary level education. One (1) additional student also received the Credit Union League Bursary valued at $20,000.00.

Youth Marketing: The Credit Union hosted a number of competitions targeting the youth to aid in their mental and physical development. These included under 15 and under 12 Netball Competitions, Essay Competition and Debating Competition.

Town Hall Meeting
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 and services.

PRODUCTS & SERVICES

New Product Development and Special Promotions
New products were developed and launched during the year. Those included:

- **Moni Booster Loan Plan:** This Loan option enabled members to access amount up to $2 million for debt consolidation or as a personal loan, and
- **Moni Booster Education Loan:** This Loan option was designed to assist with Back to School expenses. Members could access from $50,000.00 up to a maximum of $500,000.00 to take care of school related expenses
- **CABS Loan:** The CABS Loan product was revised to give members access to up to $2.5 million. A Top-Up feature was also added
- **CABS Equity:** This new product allowed members to use the equity in Commercial vehicles to access loan amounts. Vehicles up to 8 years old are accepted using 100% of the forced sale value.
- **Savings is Back in Season:** This campaign ran throughout the second half of the year and promoted the Golden Harvest and Certificate of Deposit products. Members who invested in these instruments could have earned up to 5% and 6%, respectively on their savings.

International Credit Union Week Celebration
International Credit Union Week was observed from October 11 – 17, 2015 under the theme: "People Helping People". The Credit Union participated in celebrations through the following activities:

- Church Service at Church of the First Born, Calvary Gospel Hall, Christiana
- Soup & Soap Outreach at the Manchester Infirmary
- Member Appreciation at the Christiana and Mandeville branches
- Transport Centre Promotions in Mandeville and Christiana
- Treasure Chest Fun Day at Brooks Park
- Tree Planting at the Mount Olivet Boys' Home

Mid Island Chapter Awards Banquet
The Annual Mid Island Chapter Banquet was hosted by St. Elizabeth Co-operative Credit Union Limited. Miss Marcia Kirby and Mr. Oliver Harrison were recognized as the Member and Employee of the year for 2014 respectively.

Awards and Recognition
The Organization was again recognized by the Jamaica Co-operative Credit Union League for the Most Outstanding Parish Credit Union, Runner-up in the Mega Credit Union category, both for 2014. These awards were received for the 4th and 3rd years, respectively. The Manchester Chamber of Commerce also recognized the Organization for providing 'Exceptional Customer Service' in 2015 at its annual awards banquet. Expression of thanks was extended to our members for their continued support in making these possible.

Representation at Affiliated Organization
Our Credit Union participated in the following activities spearheaded by the League & Affiliates:

- League Convention & Annual General Meeting
- Caribbean Confederation of Credit Unions Conference
- World Council of Credit Unions Conference

Social and Community Outreach
A total of $1,013,050.00 was donated to several worthy causes.
This was in keeping with the Organization's commitment to give back to the communities in which it operates.

Strategic Objectives
The strategic objectives are as follows:

- The development and implementation of a comprehensive compliance plan to enable the Credit Union to attain and maintain licensing in accordance with the BOJ regulations.
- To achieve greater levels of efficiency in service delivery and other key areas of operations to sustain the viability of the Credit Union.
- To strengthen the key financial pillars of the Credit Union through the crafting and effective implementation of strategies.

Short Term Goals for 2016: For 2016, the financial and operational targets are outlined as follows:

- ☐ To attain 17.5% growth in Loans
- ☐ To achieve 12% savings growth
- ☐ To grow total assets by 11%
- ☐ To attain surplus of $72 million
- ☐ To attain an average loan yield of 14.85%
- ☐ To attain an average investment yield of 5.8%
- ☐ To maintain maximum delinquency of 5.75%
- ☐ To attain institutional capital ratio to 19.2%
- ☐ To maintain operational expense at 8.3% of assets
- ☐ To attain Net Return: Average Assets ratio of 1.7%
- ☐ To attain loan/asset ratio of 57%
- ☐ To maintain a non-earning asset ratio of 6%
- ☐ To grow membership by 5%
- ☐ To increase youth savers by 15%
- ☐ To utilize electronic banking

CONCLUSION

In closing, the President noted that the strength and viability of the Manchester Co-operative Credit Union (1977) Limited resides with the members. He said that the Board expressed its appreciation to the members who continued to support their Credit Union and live up to their obligations. The Chairman said that greater responsibility was needed on the part of some of our members whose actions have caused the delinquency rate to be going in the wrong direction.

Rev. Danvers noted that we recognize that sometimes members face unexpected challenges however, that is precisely why the Credit Union is their partner, to help them overcome life's difficulties. The Board has worked closely with the management and staff in crafting and providing the best possible financial and social benefits for our members and the wider Manchester community.

The Chairman, on behalf of the Board expressed thanks to the General Manager, the Management team and staff, volunteers, our valued members, our Co-operative Partners, the Credit Union League, our auditors, our bankers and suppliers of goods & services.

QUESTIONS AND COMMENTS

Mr. Berresford South said he was concerned that something should be done regarding the reduction in interest rates on investments and asked what the Credit Union could do to address this. He also shared his concerns about the rise in the delinquency rate and asked how it would be addressed.

The Chairman responded that one of the strategies the Credit Union was looking at was moving the volume

in all areas, for if the volume is bigger, even though the margins would have been reduced the returns would be better. The Finance Manager, Mr. Lenroy Allen interjected that the decline in interest rate meant that we would need to grow our core business as we could no longer rely on investments to rake in a substantial amount of income; therefore reliance would have to be on the members to borrow more and encourage their friends and family to do the same. He also encouraged members to take their expensive loans that they have at other financial institutions and consolidate them at Manchester Credit Union where interest rates were more affordable as this would help to grow the loan portfolio. Mr. Allen said that in order to grow loans the Credit Union would need to take more risks and members need to take responsibility in paying back their loans on time so that delinquency can be controlled. He further said that we would also need to continue to control our costs while we seek to grow loans so that at every AGM we can report that a good enough surplus was made.

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

TREASURER'S REPORT: Highlights of this report were presented by the Treasurer, Mr. Alfred Daley as follows:-

INTRODUCTION

The Government passed all IMF reviews in 2015 and inflation reached its lowest levels in 50 years. There was decline in the Debt to GDP ratio due mainly to the Petro Caribe Debt buyback deal. There was also relaxation of fiscal surplus target by the IMF and reduction in interest rates, which resulted in improved investor confidence.

Manchester Credit Union was affected by the fall in interest rates, and loan and investment yields fell to record low levels during 2015. However, steps were taken to ensure that our Organization remain viable. These measures included the offering of attractive rates on savings, reduction in lending rates and strong loans growth was achieved. On the other hand, there was a reduction in interest income and a decline in surplus.

Profitability

A total of $481 million was earned during the year under review, which was 3.4% above the amount earned in 2014. Loan interest was $333 million or 69% of total income. Investment income was $93 million or 19% of total income. This was $11 million or 11% below the amount earned in the previous year. Fee Income was $55 million – a growth of $1 million over that of 2014.

It cost a total of $414 million to carry out the operations of the Organization in 2015, which was 10.5% more than the previous year. A total of $73 million was paid to members on savings. Loan loss provisions amounted to $41 million –up from the $20 million in 2014.

The net surplus was $67 million or 26% less than the amount earned in 2014. The decline in surplus was influenced by the high 105% growth in loan loss provisions during the year.

Key Profitability Trends

The Credit Union achieved an income to asset ratio of 11.8% in 2015. This was a decline from the 12.6% in the 2014. The decline in the income to asset ratio was as a result of the reduction in the interest rate on loans and investments during the year.

Asset Growth

A major milestone was achieved in 2015 when the asset base of the Credit Union surpassed the $4 billion mark. Total assets ended the year at $4.1 billion – up 11% from the $3.7 billion the previous year.

Loans

The growth in total assets was aided by a 15.7% or $303 million increase in loans after provisions were accounted for. This increase was supported by robust growth in motor vehicle and real estate loans which rose by 26% and 23% respectively. Unsecured loans also went up by 15% during the year.

Investments and Cash Reserves

The investment portfolio closed the year at $1.62 billion. This represented an increase of 6% over 2014 and accounted for 40% of total assets. The Credit Union earned an average of 6.5% on investments

during the year. This was below the 7.4% achieved in 2014.

Savings
Total savings grew by $326 million or by 12% during the year. This was the highest annual growth over five years. The strong savings growth in 2015 resulted in the portfolio surpassing the $3 billion mark at the end of the year. Commendations were extended to the members for the growth in savings.

Institutional Capital Reserve
The Credit Union was able to strengthen its capital base during the year. Total institutional capital stood at $719 million at the end of the period. This represented a $64 million or 10% growth. The institutional capital to asset ratio fell from 17.8% in 2014 to 17.6% at the end of the 2015 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.

Key Financial Indicators
The Organization exceeded the League's standards in most of the key financial indicators. The loan to asset ratio rose from 52.2% in 2014 to 54.5% in 2015; however, the ratio remained below the minimum standard of 60%.

Conclusion
In closing, the Treasurer noted that 2015 was a defining and challenging year, which in many ways brought out the best in us. He said that this happened because the Credit Union chose to face the challenges and overcome them. The goals of providing our membership with excellent products and services, along with making the Institution stronger and more viable were attained. This was achieved because the members responded positively to the various product offerings.

He expressed thanks to the committed staff and volunteers for the commendable performance, and the members who continue to give their full support.

It was expected that the financial environment in 2016 would be even more competitive than the previous year. However, the lessons learnt during 2015 would help to inform how we proceed in the future. Mr. Daley said that we were committed to continue to do whatever was required to make the Manchester Co-operative Credit Union stronger, more secure, and fully capable of serving the members better.

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

UHY Dawgen Chartered Accountants (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, 2015, the statement of comprehensive income, changes in equity and cash flows for the year then ended.

Management is responsible for the preparation of financial statements that gives a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act.

The Auditors had obtained all the information and explanations which, to the best of their knowledge and belief, were necessary for the purposes of their audit. In their opinion, proper accounting records have been maintained, as appeared from their examination of the records, and the financial statements which are in agreement therewith, gave the information required by the Co-operative Societies Act, in the manner required.

QUESTIONS & COMMENTS

Ms. Adlyn Edwards asked why when a members missed a loan payment their account is debited for the payment that was missed if the Credit Union makes provisions for delinquency. Mr. Lenroy Allen, Finance Manager explained that, for Cash Secured loans, the member signs an agreement to give the Credit Union the option of taking one month's payment from the account, but first and foremost the member is contacted through phone call and text messages to remind him or her that the payment is missed. He further informed the member that the policy states that the entire amount should be taken,

but in some cases we try not to close the entire loan. Mr. Allen further clarified that the monies set aside for delinquent loans is based on international standards which dictates that the Credit Union must make provisions for delinquent loans and this amount is dependent on how many months the loan payments are missed. He said that this was done just in case several loans go bad and they have to be charged-off, we would have already set aside some of our profits to take care of that and would not have a disastrous impact during the year; however, this should not give the member a reason not to pay as they still have the responsibility to do so.

Mr. Beresford South commended the Credit Union on the tremendous work it has been doing despite the challenging economic times and members can rest assured that their financial situations are in good hands, and the future of the Organization is assured.

On a motion moved by Mrs. Margarita Barrett and seconded by Ms. Yvonne Pitter, the Treasurer's Report and the Auditor's Report were adopted.

APPROPRIATION OF NET SURPLUS

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

Undistributed Net Surplus	**$88,387,736.00**
Appropriations:	
Institutional Capital	$45,000,000.00
Social Outreach	$ 1,000,000.00
Dividend (7.5%)	$ 7,150,000.00
General Loan Loss Reserves	$ 2,500,000.00
Sydney Carter Scholarship	$ 1,000,000.00
Honorarium	$ 1,900,000.00
Total	**($58,550,000.00)**
Balance C/F to Next Year	**$29,837,736.00**

Mr. Ivan Green suggested that dividend be increased to 10%. This was supported by Mrs. Paulette Sanderson. Mr. Daley responded that it would not be possible as 2015 was such a challenging year with a slim surplus and we would need to have an adequate amount to carry forward to the next year.

Rev. Dr. Paul Gardner said that this was a noble gesture but we needed to bear in mind that this amount would be applied to Permanent Shares and that we would need to stay within the benchmark of the Credit Union Movement and the market. He said that we also have to take into consideration what was been earned on our investments. He recommended that the dividend remain at 7.5%

Mr. Glenroy Griffiths suggested that the 7.5% proposed remain as he believed that a lot of thought would have gone into setting it at that amount.

Mr. Jeremaine McKenzie asked if the dividend proposed was paid on Permanent Shares only and if so, why members are not allowed an option to access a part of those funds. Mr. Daley explained to him that it is called Permanent Shares because it remains in the Credit Union until the member decides to leave. He further explained that for the Credit Union to remain strong it must have capital and Permanent Shares forms part of capital; therefore when dividend is paid on Permanent Shares it helps to build the capital base of the Credit Union. Mr. McKenzie said that it would be good if the website be updated periodically with this information for the benefit of those members who cannot come in-branch as often as they would like.

Ms. Adlyn Edwards asked if members are allowed to increase their Permanent Shares. Mr. Daley informed her that they are allowed to increase same up to $5,000.00.

Mr. Green said that what the Treasurer said had not altered the validity of his proposal as dividend would not leave the Credit Union and would not reduce its working capital. He said it would encourage more persons to come in and save as good dividends are paid there.

Mr. Green congratulated the Credit Union on its performance and the quality of the Board. Congratulations to all the volunteers and the management and staff for their hard work in helping to keep the Credit Union on top. He also informed the meeting that he had been a member for more than 60 years, and that he was proud of the Organization.

Mr. Daley moved for the acceptance of the Appropriation of Surplus as outlined earlier which was seconded by Mr. Glenroy Griffiths and carried.

FIXING OF MAXIMUM LIABILITY

A motion for Adjustment of the Agenda to facilitate the Fixing of Maximum Liability was moved by Mr. Jeremaine McKenzie and seconded by Mr. Raymond Harper.

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 2016, shall not exceed a ratio of twelve (12) times the Capital and Reserve Fund.

Mr. Alfred Daley moved for the acceptance of the Fixing of Maximum Liability, it was seconded by Ms. Arlene McKenzie and carried.

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

Introduction
In his introduction, the Chairman said that the devaluation of the dollar as well as the rigid requirements of the International Monetary Fund (IMF) were some of the challenges faced by the Jamaican economy and the financial sector in particular. The various institutions in the sector were pressured to reduce their lending rates in an effort to encourage growth in the economy; which resulted in fierce competition among the players.

The Manchester C-operative Credit Union (1977) Limited implemented creative strategies such as the development of new loan products and reviewed our policies and procedures in an effort to maintain a competitive advantage.

The Credit Union was able to achieve a growth of 17% in the loan portfolio; while maintaining a tolerable delinquency rate, although we are used to it being under 6%, but with the challenging situations of 2015 6% was commendable. He said that if members continue to honour their loan obligations, then the delinquency rate could be kept at 5% and below.

Comparison of Loans Disbursed for 2015 and 2014
When compared with 2014; loans decreased in numbers by **349 or 4.29%** from 8,136 to 7,787; however there was an increase in the dollar value of **$292 million or 30.76%** from $949 million to $1.24 billion. The overall loan portfolio increased from $1.980 billion in 2014 to $2.318 billion in 2015 representing a growth of **17.10%.**

Profile Loans Disbursed by Purpose
Motor Vehicle Purchase accounted for the largest category disbursed during the year; compared to 2014 there was an increase of 128.56% from $116million to $265 million. Consolidation of Debt, Business Investment and Home Improvement were the other categories in the top five category to record increases for the years in comparison.

Profile of Loans Disbursed by Security
The Monimax and Monibooster Unsecured Loan products registered a combined amount of $471 million for the year, followed by loans secured by Registered Title with $177 million which experienced the largest growth when compared with 2014.

New Loan Product
The MoniBooster Loan product was introduced to allow our members to consolidate their loans and have an affordable monthly payment as well as access to more disposable income. Members were able to apply for loans for any purpose from a minimum of $200,000 up to $2 million, either unsecured or secured by motor vehicles as old as 16 years old, with a maximum repayment period of 5 years.

Another loan product, the **MoniBooster Christmas Line** was also introduced to allow members to take care of expenses normally associated with the Yuletide season. The loan amounts ranged from a minimum of $25,000 to a maximum amount of $100,000; with the repayment period ranging from 6 – 15 months. Members were not required to have any shares in order to access this loan.

Amendments
During the year amendments were made to the **Unsecured Loans** and **CABS Loans** products allowing members to access loans up to a maximum of **$1.3 million** and **$2.5 million respectively.** The maximum

loan limit 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.

Waivers Granted
Waivers were granted for two (2) loans during the year. Reasons for the waivers were to: extend loan ceiling for Property Loan and extend Loan Term.

Conclusion
In closing, Mr. Douglas said the members of the Credit Committee expressed their sincere appreciation to the members, for choosing Manchester Co-operative Credit Union (1977) Limited to be their financial partner. The sterling support given by the Board of Directors, all committees, the management team and the staff members was also appreciated. He said the committee looked forward to continue serving members as true co-operators with God's guidance.

QUESTIONS & COMMENTS

There were no questions and/or comments.

On a motion moved by Mr. Jeremaine McKenzie and seconded by Mrs. Arlene McKenzie, 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 that, for credit unions across Jamaica, the impending BOJ regulations would result in increased competition, thus requiring greater focus on customer service and more creativity in product offerings. This meant that, for Manchester Credit Union, in its pursuit for continued success, the Organization will remain true to its mission of, "providing innovative and competitive products and services in a warm and friendly environment to enhance the economic and social well-being of our members".

Critical to the success of the Credit Union is the Supervisory Committee which has a great responsibility in ensuring that:

- The Credit Union's policies/procedures and external regulations are in line with its goals and objectives and are being complied with.
- The interest of all members is protected.

It was on this premise that the Committee along with the Internal Audit team met consistently to fulfil this mandate. Monthly reports were submitted to the Board of Directors which communicated the issues observed and appropriate recommendations to strengthen internal controls.

The activities conducted during the year are summarized below:

New Membership Applications

Objective: To establish whether there was compliance with the Credit Union's Anti-Money Laundering (AML) Know-Your-Customer (KYC) Policy and other procedures applicable in the opening of accounts.

Finding: There was general compliance with the policy and procedures, however some exceptions were observed and recommendations were made for improvement.

ATM Cash Counts

Objective: To ensure that adequate measures were in place to safeguard cash and that these funds were properly accounted for.

Finding: No exceptions to report.

Golden Harvest Accounts

Objectives: Included verifying whether the insurance premiums were paid over by the Credit Union in a timely manner, and if breached accounts were closed out promptly.

Findings: Some exceptions were observed and appropriate recommendations were put forward to correct the issues.

Staff and Volunteer's Loans

Objectives: To ascertain whether loans granted were in accordance with the stipulations of the Loan Policy, and whether the payments on these accounts were up-to-date.

Findings: Few exceptions were observed for which appropriate recommendations were made to resolve the matters.

Delinquent Loans

Objectives: To verify accuracy of delinquent amounts, and if actions taken to deal with arrears complied with the established policy and procedures. To assess the adequacy of provisions for loan loss and ascertain whether the removal of loans from the delinquency listing was appropriately done.

Findings: There was general compliance with the delinquency and loan policies, and the applicable procedures. Recommendations were put forward to improve areas of weakness observed.

Teller Cash Counts

Objective: To ensure that cash was accurately accounted for, properly supported and adequately safeguarded.

Finding: No material/significant exception revealed.

Dormant/Inactive Accounts – Daily Security

Objective: To ensure that transactions done in these accounts were legitimate and properly supported.

Finding: No discrepancy was revealed.

Interest Paid on Deposit Accounts

Objective: To verify the accuracy of interest payments, interest rates and withholding tax applied.

Finding: No significant exception was observed.

TREASURY CASH COUNTS

Objective: To ensure that cash held in Treasury was properly accounted for and that the system of control over Treasury was appropriate and adequate.

Finding: There were no exceptions to report.

Salaries

Objectives were to ascertain whether:

- Rates of pay were appropriately approved.
- Payments were legitimate, accurate and properly authorized.
- Required entries were made in the related ledger accounts.
- Statutory deductions were paid over to the relevant authority on time.
- Controls over payroll were adequate.

Findings: There were appropriate measures in place for the payroll process. One area of weakness was identified and appropriate recommendation was made for improvement.

New Loans

Objectives: To ensure that loans granted were in accordance with the stipulations of the loan policy/procedures. To ascertain whether the payments on these accounts were up-to-date.

Finding: The audit revealed no exception.

Management

Recognizing the importance of compliance and adequate internal controls in achieving the goals and objectives of the Credit Union, Management has already resolved some of the issues revealed by the audits and has taken steps to rectify others.

Acknowledgement

In closing, the Chairman on behalf of the Supervisory Committee expressed gratitude to the Board of Directors, the Credit Committee, Management and Staff, as well as the Internal Audit team who have given sterling support during the year. They were extremely thankful to the general membership for the confidence placed in them to serve in this capacity.

QUESTIONS & COMMENTS

Mr. Berresford South said that he believed that if the aims and objectives of an audit are set out, at the end of the day one should be able to tell whether they were accomplished. He said that he noticed that most of the audits that were done during the period the report spoke of what was observed but did not speak of whether the aims and objectives were accomplished. Mr. South also noted that the audit said that the findings were reported to management, but did not say whether management had acted on the recommendations. He was therefore asking if the recommendations were acted on. The Chairman subsequently refer to his report that said "Management has already resolved some of the issues revealed by the audits and has taken steps to rectify others". Mr. South said that he did not see where the aims and objectives were actually achieved; they need to be individually spelt out as to whether each one was achieved or not. The Chairman said that the suggestion was noted and would be worked on for the next administrative year's report.

Mrs. Ruthan Smile-Smikle, member of the Supervisory Committee sought to clarify the report. She stated that the report spoke to the areas of focus that were looked at during the year. She said that even though they were not listed as aims and objectives, the target areas were addressed.

On a motion moved by Mr. Glenroy Griffiths and seconded by Mrs. Shelly-Ann Russell-Jones, the report of the Supervisory Committee was adopted.

NOMINATING COMMITTEE REPORT

Mrs. Paulette Stephenson-Taylor, who was deputizing for the Chairman of the Nominating Committee, Mrs. Sharon Peart referred to the Rules governing the nomination. The other members of the Committee were:

- Mrs. Paulette Stephenson-Taylor
- Mr. David Harris – Member

Mrs. Loye Richards was the Staff Liaison

Profiles of Nominees
Mrs. Stephenson-Taylor read the profiles of the persons who were nominated to serve as volunteers and introduced them to the membership as follows:

- **Mr. Alexander Bourne** – *Board of Directors*
- **Mr. Clive Dunkley** – *Credit Committee*
- **Ms. Elaine Bailey** – *Supervisory Committee*
- **Mrs. Dahlia Brown-Dawson** – *Supervisory Committee*
- **Miss Michelle Douse** – *Supervisory Committee*

Election of the Board of Directors and Committees
The election proceedings were handed over to Ms. Jorgette Lewis, representative from the Department of Co-operatives & Friendly Societies, who proceeded to explain the election process to the membership. There was no nomination from the floor for the Board of Directors and the Credit Committees; however, Mrs. Adlyn Edwards was nominated from the floor to serve on the Supervisory Committee. This motion was moved by Miss Carol Foster and seconded by Mrs. Marcia Jones-Lamont. Miss Lewis informed the meeting that voting would have to take place by way of secret ballot.

Miss Lewis subsequently explained that when the Nominating Committee was going through the process of recommending persons to serve on the various committees, they had to use certain guidelines (Fit and Proper Criteria for Credit Union Directors and Officers), which she referred to in the Booklet. She further explained that, going forward, the Registrar had proposed to end nominations from the floor as the Nominating Committee would have to check the nominee's account to see how suitable he or she is.

Mr. South said he had a concern about ceasing nominations from the floor as it is a democratic process and he believed the members should have a say; therefore he is in support of having nominations from the floor. He said a way must be found to get the relevant information as he believed that having the membership participating in this process is of paramount importance.

Mrs. Edwards was then asked to come forward and introduce herself as Miss Lewis said, it was important that the membership know about her background and if she was fit and proper to serve on the Supervisory Committee.

Election by Secret Ballots
The members were asked to write down the names of the persons they wish to vote for on the Supervisory Committee, including Mrs. Edwards, on the ballot sheets. The Ballots were then counted by representatives from the Credit Union League and the results were as follows:

- Mrs. Ann Julette Rowe – 158 votes
- Mrs. Claudette Griffiths-McKenzie – 164 votes
- Miss Elaine Bailey – 149 votes
- Miss Michelle Douse – 136 votes
- Mrs. Ruthan Smile-Smikle – 156 votes
- Mrs. Adlyn Edwards – 65 votes

Based on the results of the pole, Mrs. Ann Julette Rowe, Mrs. Claudette Griffiths-McKenzie, Mrs. Ruthan Smile-Smikle, Miss Eliane Bailey, and Miss Michelle Douse were elected to serve on the Supervisory Committee.

Consequently, the following persons were elected to serve on the Board of Directors, Credit Committee and Supervisory Committee for the year 2016 to 2017:

BOARD OF DIRECTORS

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

CREDIT COMMITTEE

NAMES	STATUS	TERM
Mr. Churton Douglas	Continuing	2 Years
Mr. Clive Dunkley	New	2 Years
Mr. Raymond Harper	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
Mr. Christopher Tyme	Continuing	1 Year
Mr. Paul Grant	Continuing	1 Year

SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Ms. Elaine Bailey	New	1 Year
Ms. Michelle Douse	New	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
Mrs. Dahlia Brown-Dawson	New	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 Mr. Glenroy Griffiths, seconded by Mr. Stanley Skeene and carried.

Miss Lewis 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 the other relevant institutions.

Proposal by the Registrar of Department of Co-operative & Friendly Societies

Miss Lewis said that the Registrar was of the view that persons have been selected to serve on boards and committees at some credit unions based on popularity and not based on suitability or by skill sets and in order to eliminate that he had proposed the following:

- ☐ The list used by the Nominating Committee would be based on their recommendations. Members would still play a part by submitting the names of their nominees by a set time, which should be 90 days before the date of the Annual General Meeting. Members would be given 30 days to submit the names, which would then be shortlisted by the Committee.

ANY OTHER BUSINESS

1. Mr. Astley Scott said that he was quite frightened by the proposal because he considered it a serious threat to the democratic principles under which organizations like the credit unions were formed and how they are constituted. He asked that the leadership do a follow up on this issue and do not allow any

one person to dictate what would deprive the common floor member of having a say in how our Organization is run. Mr. Scott said that if this proposal should go through then there would be no need to have elections at AGM anymore but a slate of persons would just be put forward to the membership. He said no one person, be it the Registrar or anyone else, should have that kind of power and it must be followed up to make sure this does not happen.

Miss Lewis sought to clarify that what would happen is that members would be given ample notice to do nominations before the AGM. She said that any member can submit names of persons to serve and would have to give statements and explain why those persons are being nominated. She said the main reason for this is to avoid selecting someone from the floor that might be dormant or delinquent, of which the general membership might not be aware. If this should happen the board would be given additional task to terminate that person and then they would have to co-opt someone else, as they have the power to do.

Mr. Griffiths asked that since election of officers is usually an agenda item at AGM, how would that be treated. Miss Lewis explained that the persons nominated would be presented to the membership and then a motion would be asked for at the AGM by the director of elections or the representative of the Department of Co-operatives. The list of nominees would be sent out at least 30 days before the meeting so members would have the option to find out why some names submitted were not selected.

Mr. South asked what provision would be made at the AGM for the floor members to participate. Miss Lewis responded that provisions would be made for all members before the AGM as the Credit Union would communicate with members to inform them when the nomination process would start and the deadline to submit the names.

2. Mr. South asked if Manchester was looking in the direction of merger and if so how close would they be to a merger and with whom. Rev. Danvers responded that he could not speak to how soon; however, discussions had started and there were proposals to heighten some discussions after the AGM. He said we have to be very diligent and careful about the kinds of partnership we enter into as the interest of the members must be protected. We are actively pursuing a merger but was not rushing into it.

3. Mr. Jeremaine McKenzie asked if the Credit Union could be a little timelier in the reduction of interest rates on loans. Rev. Danvers said that the Board and Management were listening, and one of the things that they always try to do is to give the best quality service to members, but cannot guarantee that things will happen as fast as the members would like as we have to look at a number of sides to the issues.

4. **SYSTEM UPGRADE**

   Mr. Lenroy Allen, Finance Manager gave an update on the new system. He noted that after using the previous system for almost 20 year, in May 2016 a brand new system called "Universa" was implemented. Mr. Allen said that we have to recognize that banking is now technologically driven and therefore, in order to serve the members better we had to get with the technology. With this system, the Internet Banking was also upgraded, which had become more versatile. The system would also be able to facilitate foreign exchange account in the future, with the permission from the Bank of Jamaica. Members are able to make transfer from one account to another, as well as transfer to loan payments. The Finance Manager expressed thanks to the staff members who worked very hard to ensure that the new software was being used and thanked the members for their patience during the time of inconvenience. He said that he hoped that with the new system we would be able to serve them better.

5. Mr. Stanley Skeene noted that it was established that Manchester Credit Union is a mega and better credit union in Jamaica and having looked at the limited space that members have to cram in at the Mandeville location, he asked if there were plans to relocate to a bigger and better accommodation. Rev. Danvers responded that, based on Mr. Allen's presentation, we would not necessarily need bigger physical space as some of the services could be accessed remotely. He said that one of the challenges though, was that we have been looking at the space issue and recognized it was even a bigger challenge to find appropriate space in the town of Mandeville. He also said that one of the good things about the upgraded system is that it provided members with the opportunity of doing some business without having to go into the office itself.

6. Mr. Gregory Bennet asked if there was some way that information on loans could be provided for members without them having to come into the Credit Union and spend long hours. Rev. Danvers informed him that the information was available online. Mr. Daley also informed him that there is always an officer at the front desk to give information.

7. Mrs. Jennifer Barrett-Green said that the members welcomed the online services, but asked what level of security was there to protect those who access their account online. Rev. Danvers assured her that there were different layers of protection for those who use the online services but warned members that they should never access their credit union or any banking information at any public space, such as internet cafes. Mr. Allen said that whether or not we liked it, technology is the way the world was going; each individual as users of the technology has the responsibility to protect ourselves. He also noted that the Credit Union has insurance just in case any member's account has been compromised and there is proof that it is not of their own doing then the insurance would chip it.

8. Mrs. McKenzie asked if the Credit Union could provide some mini training on online banking for members so they would know how to use same. She said that this could be done by a floor-walker. Rev. Danvers assured her that we would take her recommendation into consideration.

9. Mr. Glenroy Griffiths took the opportunity to thank the management and staff of the Credit Union, especially the Christiana branch for the awesome service they have been providing.

ANNOUNCEMENT

The official start of the 65th anniversary of the Credit Union would be on May 29, 2016 with a church service at St Augustine Anglican Church in Porus, at 9:00 a.m.

Rev. Danvers informed the newly elected Board of Directors that a meeting was scheduled for Monday, May 16, 2016 at the Mandeville Office, commencing at 5:30 pm.

Rev. Kingsley Andrews also announced a meeting of the Supervisory Committee to be held on Tuesday, May 19, 2015 at the Mandeville Office, commencing at 5:30 pm.

The Credit and the Sub-Credit Committees would meet on Tuesday, May 24, 2016 at the Mandeville, commencing at 5:00 pm.

SPECIAL PRESENTATION

Certificates of Appreciation were presented to the volunteers that were retiring. This was in recognition for their years of volunteerism to the Credit Union.

EARLY BIRD PRIZE PRESENTATIONS

Mr. Lenroy Allen, Finance Manager, assisted by the Marketing team, led the proceedings of the presentation of Early Bird prizes to 30 winners.

VOTE OF THANKS

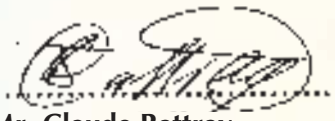
Mr. Stallyn Insang, Director, moved the vote of thanks.

He expressed thanks to the following individuals and organizations:

- Mr. Errol Campbell from NUCS
- Mrs. Lisa Cousins and Ms. Julian Reid, auditors from UHY Dawgen
- Mr. Zemmar Bennett from Jamaica Co-operative Credit Union League (JCCUL)
- Miss Jorgette Lewis from Department of Co-operatives and Friendly Societies
- Mr. Ivan Green, Past President
- To 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 4:25 p.m.



Mr. Claude Rattray
Secretary



Rev. Charles Danvers
President

Report Of The Board Of Directors



REV. CHARLES DANVERS
President of the Board of Directors

The Board of Directors report demonstrates an obligation on our part, to officially communicate with the membership of the Manchester Co-operative Credit Union (1977) Limited, in a structured way. The year under review saw an increase in the social tensions, occasioned by the high levels of violence of all sorts.

National Parliamentary and Municipal Elections were conducted during the year and, thankfully, both were relatively peaceful. The interest rates continued the downward movement, while the expectations of the projected Bank of Jamaica regulations over credit unions seemed closer.

The Credit Union's targets for the year showed mixed results. Some targets achieved included New Members, Delinquency and Surplus. The Board wishes to specially commend the staff members who have worked creatively and tirelessly to contain the Delinquency Rate at 5.69% at year end. We also recognize our members who continuously honour their obligations in a timely manner. Of the targets not met Loan Interest, Interest Income and increase in Youth Savers are included.

During the year formal discussions had begun with the St. Elizabeth Co-operative Credit Union Limited with a view to advancing the possibility of a merger of the two credit unions. A Merger Committee, comprising members of both Boards, was established and talks are on-going.

Condolence

On behalf of the Credit and Supervisory Committees and staff the Board of Directors extend condolences to the families of our members who died during 2016.

The following gives more details, to our members, on the Credit Union's activities for the year ending December 31, 2016.

Performance Overview

Key Areas	2016 Millions	2015 Millions	% Change	Target for 2017
Savings	3,371	3,003	12	3,758
Net Loans	2,571	2,228	14	2,819
Total Assets	4,540	4,088	11	5,028
Institutional Capital	789	719	10	849
Surplus	77	67	14	89

ADMINISTRATION & HUMAN RESOURCES

PERSONNEL

Training
Staff members participated in a number of training/ workshops during the year. Listed below are some of the sessions:

Investment, The Law behind the Loans, Succession Planning, Credit Risk Management, Audit Techniques, POCA/AML/CFT & Successful New Manager.

Promotion/Recruitment & Separation

There were changes to our staff complement during the review period. A total of eight staff members were promoted and one person was transferred. During the year we also bid farewell to a number of staff members some of whom had served the Organization for over twenty years.

MARKETING ACTIVITIES

The Sales & Marketing Department participated in a number of expositions and events including the following:

1. Men Who Cook
2. JCDC Festival Queen
3. Alston High School Career Day
4. High Mountain Coffee Road Races
5. Christiana High School Career Day
6. Church Teachers' College Open Day
7. Knox Community College Health Fair
8. deCarteret College National Career Day
9. Holmwood Technical High School Career Day
10. Percy Junor Hospital Nurses' Day Awards Ceremony
11. Northern Caribbean University Orientation Exercise

65th Anniversary Celebrations

The 65th Anniversary Celebrations got under way on May 29 with a Church Service at the St. Augustine's Anglican Church, Porus. This was supported by performances from the Holmwood Technical High School Choir as well as the Credit Union Ensemble.

An Anniversary feature also appeared in the Sunday Gleaner's Outlook Magazine on May 29, 2016. On May 30, members were treated with a souvenir item while interviews and highlights were conducted on Kool 97 FM throughout the day. Other activities that were carried out throughout the rest of the year included:

- The awarding of the 65th Ivan Harris Bursary to Abigail Senior, a 6th form student of Manchester High School.
- The hosting of a Family Fun Day & Back to School Fair at Brooks Park
- The offering of the Anniversary Product Specials
- Hosting of the 65th Anniversary/Long Service Awards Banquet
- A cash donation of $65,000 to Holmwood Technical High School

65th Anniversary Product Specials

This involved special offers on both a saving and a loan product. As a result, the Saving Special focused on the Wealth Accelerator Product offering an attractive investment rate of 4.5% on amounts of $100,000.00 and over, while the Loan Special was designed as an unsecured loan being offered at an affordable rate of 19%. Service charge was also reduced by 1% while loan amounts ranged from $50,000 to $500,000. The timing of this loan offer made it ideal for Back to School and Hurricane Season purposes.

Products & Services

New Product Development and Special Promotions

In February, the Dream Wheels Auto Loan was revised resulting in a special offer which lasted for six (6) months. The 65th Anniversary Product Specials were created and made available at the start of July. These included a special savings rate on the Wealth Accelerator product and the offering of a special Unsecured Loan. Towards the latter part of the year, the Moni Booster (Prosperity) Loan Special was brought on stream which received tremendous take up from the membership.

A special savings campaign dubbed "Save Big in 2016" ran throughout the greater part of the year. This highlighted savings options to meet short, medium and long term goals. Similarly, a loans campaign dubbed "Live your Dream in 2016" ran concurrently with the main focus being on Motor Vehicle and Property Loans.

Dream Wheels Auto Loan Special

The Dream Wheels Auto Loan Special was comprised of the following features:

- Interest rates reduced to as low as 9.75%
- Repayment term extended to a maximum of 8 years
- Adjustments to the Share Requirement for vehicles up to 8 years old

Moni Booster (Prosperity) Loan Special

This loan special allowed members to access up to $1.5 Million in total Unsecured Loans. The maximum tenure was extended to 5 years, while 100% share building was instituted to help members meet the 10% Share Requirement. Interest rates were also significantly reduced.

Outdoor Advertising

The project to refurbish the Credit Union's Bus Shed located on the New Green Road thoroughfare was completed in the first quarter of 2016. The shed now boosts a new look with rebranded signs promoting our distribution network as well as our savings, loans and insurance product categories.

Systems Conversion Communications Plan

In an effort to effectively communicate to our members and the general public during the period of our systems conversion, a communications plan was formulated. This covered messages for pre, during and post conversion. Tools that were used included text messaging, emails, newspaper publications, website, Facebook and in branch notices.

Public Relations

Labour Day

The 2016 Labour Day project supported the National Theme, "For Health's Sake, Keep it Clean." This involved the Credit Union partnering with the Manchester Parish Council to clean up and beautify the Mandeville Town Centre. The Credit Union team focused on areas adjacent to its Mandeville office. Activities included the repainting of a pedestrian crossing, the repainting of the perimeter walls on Beaumont Drive and cleaning up of the adjoining vacant lot. A "No Dumping" sign was also erected in that vicinity.

Financial Fitness Month

The Jamaica Co-operative Credit Union League declared April as Financial Fitness month for credit unions. In this regard Manchester undertook a number of activities in support of this initiative. The aim was to educate members on the benefits of membership, introduce relevant products & services and to give tips on becoming financially savvy. The following activities were undertaken during the month:

- Wearing of "Ask Me How I Keep Financially Fit" Buttons
- Presentations on Financial Planning & Budgeting
- Hosting of Town Hall Meeting & Financial Literacy Forum in Mandeville

Town Hall Meetings

The first Town Hall Meeting for 2016 was held in the town of Mandeville in the month of April. This was scheduled to coincide with the League's Financial Fitness Month Activities. Subsequently, a second meeting was held in September in the town of Christiana. On both occasions, presentations were made on products & services, current promotions and tips on financial planning. Agencies such as the HEART Trust NTA, RADA and the Jamaica Constabulary Force partnered with the Credit Union on each occasion. This initiative formed part of the Credit Union's commitment to ongoing member education.

Sydney Carter Bursaries

A total of five (5) tertiary level students received Sydney Carter Bursaries to start the 2016/2017 academic year. These bursaries amounted to $700,000.00.

GSAT Bursaries

Fifteen (15) students at the primary level received GSAT Bursaries valued at $15,000.00 each to assist with the start of their secondary level education. One (1) additional student also received the Jamaica Co-operative Credit Union League Bursary valued at $20,000.00 for the parish of Manchester. These students were all selected based on their savings pattern and academic performance.

Youth Activities

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

- The Essay & Poster Competitions at the primary level which were won by Micalia Campbell of Knox Junior School and Dejhanae Watson of Grove Town Primary School respectively.
- The Debating Competition at the secondary level which was won by Knox College.

International Credit Union Week 2016

International Credit Union (ICU) Week was celebrated from October 16 – 22, 2016, under the theme, **"The Authentic Difference."** A number of activities were carried out to mark the occasion. They were as follows:

Date	Event	Location
October 16	Church Service	Church of God of Prophecy, Levy Lane, Mandeville
October 18	Soup & Soap Outreach	Manchester Infirmary
October 19	Member Appreciation Day Treat and Expo	Christiana Branch
October 20	Member Appreciation Day Treat and Expo	Mandeville Branch
October 21	Movie Evening	Cecil Charlton Hall

Mid Island Chapter Awards Banquet

The Mid Island Chapter of Credit Unions Awards Banquet was hosted by the St. Elizabeth Co-operative Credit Union on October 29, 2016. The awards for Member and Employee of the Year 2015 were presented to Mr. Stanley Skeene and Miss Jholein Marshall, respectively.

BOARD OF DIRECTORS



(L-R): Alexander Bourne, Joan Smith, Alfred Daley, Charles Danvers, Cynthia Briscoe (General Manager), Claude Rattray, Nicholas Spence, Dianna Tomlinson
Missing from Photo: Darcia Roache, Althia Scott-Jones, Stallyn Insang, Astley Scott

Awards & Recognition

Our Credit Union was recognized as the Most Outstanding Parish Credit Union by the Jamaica Co-operative Credit Union League Limited at its Annual Awards Banquet in May 2016. This award was presented to Manchester for the fifth consecutive year as a result of our financial performance during 2015. We again express appreciation to our members, volunteers and staff.

Representation at Affiliated Organizations meetings

The League's Annual General Meeting was rescheduled from May and was held in August. Manchester was represented by the delegates and alternate delegates. The president of the League reported that despite the challenges faced by credit unions during the year the Movement saw improvement in the key performance areas Loans, Savings and Assets. At the first Board meeting after the AGM our own Rev Dr Paul Gardner was elected President of the League.

Our Credit Union was also represented at the Caribbean Confederation of Credit Unions Annual Conference which was held in Orlando, Florida in July 2016.

Listed below are some of the areas on which presentations were made:

Legacy Empowered Leadership – *What is passed down from the past or given from the past.*
Transformational Leader – Lets people perform at their highest potential; your heart must be in what you do.

The Future of Financial Services –

Keeping the Credit Union Relevance in a Competitive Banking Environment – Credit unions must engage their members, offer seminars in the communities, and educate members on money management and financial education. Members need to feel at home and credit unions must make the best offer for the best price.
Gen-you (The Youth)

Attracting them by – Developing and promoting attractive products and services for their needs Visits to school, financial literacy seminar, open school branches and train students to operate them among other initiatives.

The Impact of De-risking on the Caribbean Financial systems: *'De-risking refers to financial institutions withdrawing corresponding relations from other banks'.*

Much emphasis was placed on the importance of credit unions having a vibrant Risk and Compliance programme in place. Credit Unions should have good compliance structure with strong internal processes as it relates to Anti Money Laundering (AML) and Counter Finance of Terrorism (CFT) Policies and procedures.

Social and Community Outreach

NAME	AMOUNT ($)	NAME	AMOUNT ($)
ALSTON HIGH SCHOOL	10,000	MANDEVILLE NEW TESTAMENT C.O.G	5,000
BELLEFIELD HIGH SCHOOL	8,400	MANDEVILLE REGIONAL HOSPITAL	5,000
BROOKS PARKS SRC	10,000	MAY DAY HIGH SCHOOL	5,000
CASCADE ALL AGE SCHOOL	5,000	MEDICAL ASSISTANCE	14,000
CHANTILLY NEW TESTAMENT C.O.G	5,000	NAT'L UNION OF COOPERATIVE SOCITIES	10,000
DECARTERET COLLEGE	5,000	PJH IMPROVEMENT FUND	10,000
EBENEZER HOME	4,000	RED FLAMES SPORTS LCUB	5,000
EDUCATIONAL ASSISTANCE	19,000	ROMAN CATHOLIC BISHOP OF MANDEVILLE	5,000
FUNERAL EXPENSES	10,000	ROYAL AIR FORCE ASSN	5,000
GROVE TOWN PRIMARY SCHOOL	7,500	RUSSELL' SHILOH APOSTOLIC CHURCH	5,000
HATFIELD PRIMARY & JUNIOR HIGH SCHOOL	5,000	SACRED HEART ACADMEY	25,000
HOLMWOOD TECHNICAL HIGH SCHOOL	100,000	ST. MARKS MANDEVILLE PARISH CHURCH	8,400
JACCUM	38,000	THE MORAVIAN CHURCH IN JA	7,000
JAMAICA POST	5,000	THE ROTARY CLUB OF CHRISTIANA	5,000
JAMAICA RED CROSS, MANCHESTER	108,000	UNIVERSITY OF THE WEST INDIES	25,000
KNOX COLLEGE	25,000	UNIVERSITY HOSPITAL OF WEST INDIES	50,000
LIONS CLUB OF PORUS	5,000	WESLEY METHODIST CHURHC	3,500
MANCHESTER CHAMBER OF COMMERCE	6,000	WOODLAWN SCHOOL OF SPECIAL EDUC	7,000
MANCHESTER POLICE SPORTS	2,000	YABNEL CARE CENTRE	5,000
MANDEVILLE BAPTIST CHURCH	11,500	ZION HILL PRIMARY SCHOOL	5,000
Total			599,300

FUTURE PROSPECTS

The Board of Directors, Credit and Supervisory Committee members, Management and selected staff members retreated from December 9-11, 2016 under the Theme **"Sustaining Growth in a Changing Financial Environment".**

The strategic initiatives that will ensure that the Credit Union fulfills its Vision and Mission are as follows:

- Embedding a Compliance & Risk Management Culture
- Strengthening & Promoting Brand (MCCU 1977) Ltd.
- Building Sustainable Liquidity
- Achieving greater return of Assets towards the building of a stronger Capital Base
- Enhancing/widening Service Delivery Channels
- Improving Service Delivery Standards

The financial targets for the Organization are as follows:

- To attain 15% loans growth
- To grow the savings portfolio by 12%
- To grow assets by 11.5% to $5 billion
- To attain surplus of $89 million
- To attain average loan yield of 14.5%
- To attain an average investment yield of 5.65%
- To attain an institutional capital ratio of 18.6%

Board of Directors

During the period under review your Board of Directors being mindful of its responsibility met at least once per month to review all aspects of the Credit Union's operations. The table below reflects the attendance record of each member.

MEETING ATTENDANCE

NAMES	POSSIBLE MEETINGS	ATTENDED	EXCUSED	ABSENT
*Charles Danvers	18	18	0	0
*Claude Rattray	18	17	1	0
*Alfred Daley	18	17	1	0
*Paul Gardner	18	13	5	0
*Joan Smith	18	17	1	0
Dianna Tomlinson	17	15	2	0
Darcia Roache	17	16	1	0
Sharon Peart	6	4	2	0
Stallyn Insang	17	17	0	0
Althia Scott-Jones	17	12	5	0
Nicholas Spence	17	15	2	0
Alexander Bourne	11	10	1	0

*Executive Members

CONCLUSION

Our Credit Union continues to face the realities of a tough social and economic atmosphere while members are demanding, and rightly so, greater efficiencies and high quality service from their financial institution. The life-blood of the Credit Union has traditionally been Loan Income. In order to shore-up the sustainability of the Credit Union, all of us as members are called on, not only to make use of the loan facilities, but to live up to our loan obligations as well. Being part of a member-owned financial institution is not merely a privilege but a serious responsibility. We again remind our entire membership that our Credit Union will be as strong as we together allow it to be. We continue to demonstrate a high level of social responsibility and make our communities and interest groups in Manchester feel our presence.

As we close another reporting chapter, the Board expresses thanks to the Management team and staff members, of every rank, for the continued commitment to the success of the Credit Union. The work of the Board has been supported very well, especially by the General Manager, who provides measured advice and guidance. We recognize and express thanks to all Volunteers for their time, effort and energy in helping to steady the affairs of our Credit Union. To all other partners in the Co-operative family we register our thanks for your help along the journey: the League, The Department of Co-operatives and Friendly Societies, our Auditors, our bankers, the many providers of goods and services, heartfelt thanks to you all.

Given the very fragile and fractious social and economic fabric of our nation, it is imperative that co-operative entities like the Manchester Co-operative Credit Union (1977) Limited stay strong and relevant, for the benefit of all among us. As a people of faith we recognize the providential goodness of our God, who does all things well. Let us then do our part as we allow God to work in and through us to bring relief, social and economic wellness to our members and the communities we serve.



Rev. Charles Danvers
President

Treasurer's Report

FOR FINANCIAL YEAR ENDED DECEMBER 31, 2016



ALFRED DALEY
Treasurer

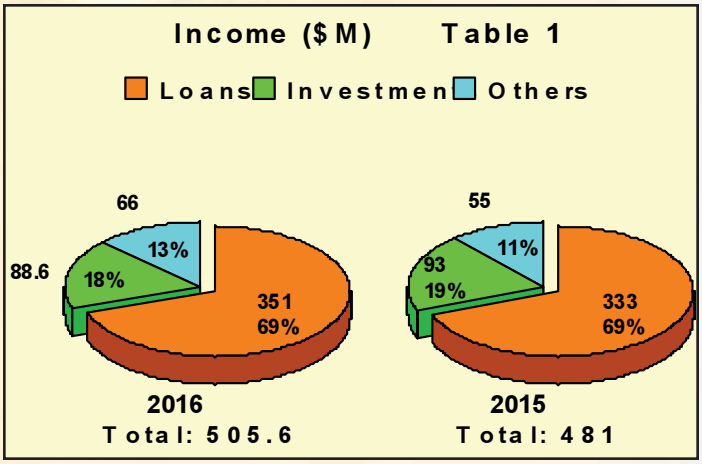
Our country's economy, with the backing of the International Monetary Fund (IMF), made steady progress towards full recovery during the year. GDP, supported by noticeable growth in both the agriculture and manufacturing sectors was set to end the 2016/17 fiscal year at 1.7%. Inflation, in the meantime, remained at record low levels and there was further strengthening of the net international reserves which hit the $3 billion mark during the year. Additionally, the Debt to GDP ratio continued to trend in the right direction given the Government's curtailed appetite for borrowing.

During the year, the Government was able to successfully implement certain tax reform measures that resulted in an improvement in the disposable income of a number of employees. These measures also brought about a welcomed increase in tax revenues. This took the country closer towards achieving a balanced budget and ensured that interest rates remained at the desired low levels. On the flip side, the rate of unemployment was at an uncomfortably high 13.7% due in part to an expansion of the labour force. Also, the effort to tame the monster of crime has placed further burden on the country's scarce financial resources during the year.

The low interest rates, coupled with the quest by especially larger institutions to preserve market share, triggered a fresh round of aggressive competition within the financial sector. The Manchester Co-operative Credit Union, amidst the fierce competition, was once again able to produce creditable results in the key areas of operations during the financial year, as outlined in this report.

Profitability

Total income of $506 million was earned during the 2016 financial year as shown in **Table 1.** This was 5% above the amount earned in 2015. It cost a total of $429 million to carry out the operations of the Organization in 2016. This was 3.5% more than what was spent during the previous year.



The surplus for the year was $77 million. This was 14.5% above the amount earned in 2015. The growth in surplus was due mainly to the 42% reduction in provisions for loan losses. Interest from loans contributed $351 million or 69% of total income. Income generated from investments was $89 million. This was $4 million or 4% below the amount earned in 2015. The decrease in investment income was as a result of the fall in interest rates during the year.

Income from fees and commissions contributed $66 million or 13% of total revenues for the year. This was an increase over the $55 million earned in the previous year. There were no adjustments to fees and service charges during the year.

Key Profitability Trends

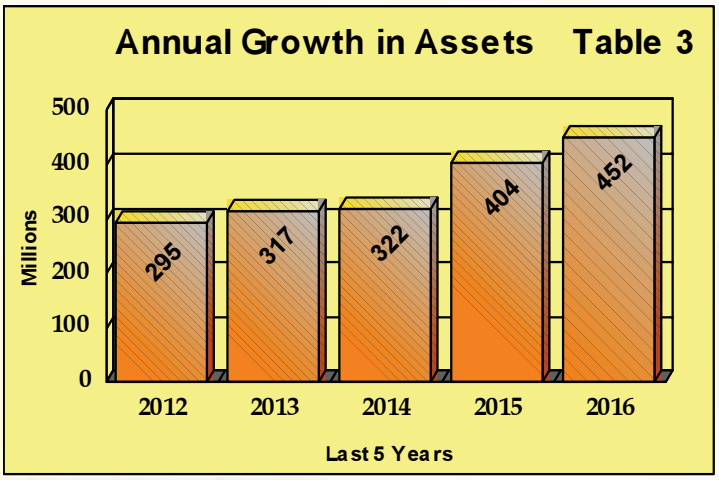
Table 2 shows the trends in key profitability ratios over the past five (5) years. The Credit Union achieved an income to asset ratio of 11.1% in 2016. This was a decline from the 11.8% in the 2015. The decline in the income to asset ratio was as a result of the reduction in the interest rate on loans and investments during the year. The return on assets ratio was 1.7% at the end of the financial year. This was a slight increase over the 1.6% achieved in 2015.

Table 2

Profitability Indicators	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016
Total Income to Assets	12.7%	12.8%	12.6%	11.8%	11.1%
Operating Exp. to Assets	7.5%	7.3%	7.2%	7.0%	6.8%
Return on Assets	2.6%	2.7%	2.5%	1.6%	1.7%

Asset Growth

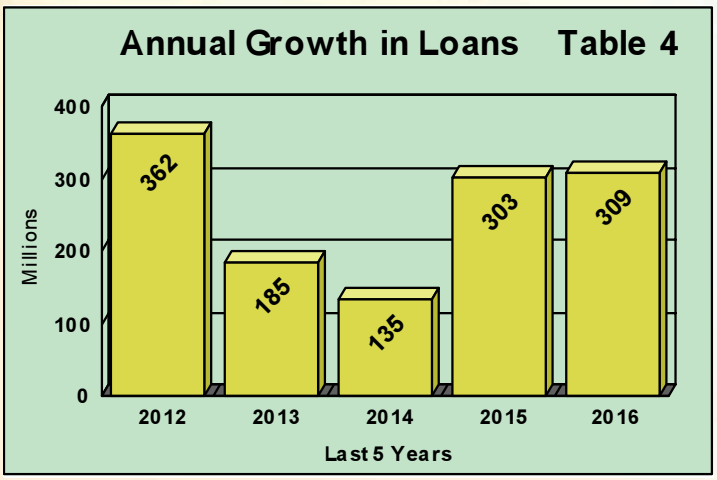
Total assets ended the year at $4.5 billion. This represented an increase of 11% over the amount for 2015. **Table 3** indicates the movement in our Credit Union's asset base over the last five (5) years. The accumulated increase over the period was $1.8 billion or 65%.



Loans

The growth in total assets was aided by a 14% or $309 million increase in loans after provisions were accounted for. This increase was supported by robust growth in motor vehicle and unsecured loans which rose by 22% and 18% respectively. Real estate loans also went up by 12% during the year.

Table 4 shows the extent of the growth in net loans over the last five (5) years. The growth in 2016 was only surpassed by the record $362 million increase in 2012. The average annual loans growth over the five year period was 22%.

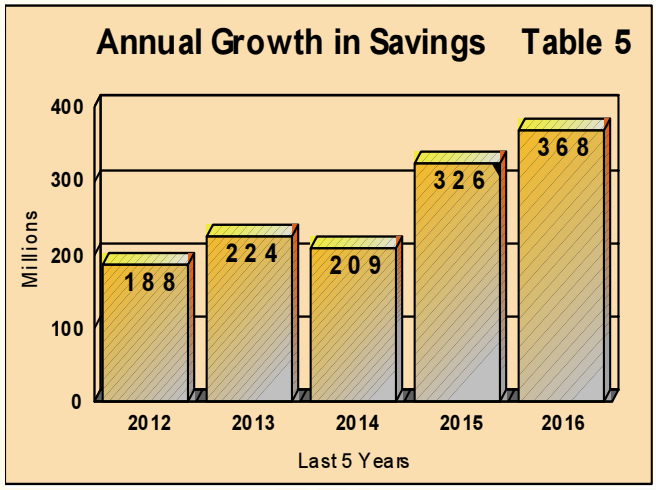


Our Organization faced stiff competition during the year and had to make a valiant effort to achieve the aforementioned loans growth. We will continue to review our loan products to ensure that we remain competitive. We continue to encourage you the members to make the Credit Union your first choice for loans as you partner with us to ensure that our Organization achieve the desired growth in this key area.

Investments and Cash Reserves

The cash and investment portfolio closed the year at $1.8 billion. This represented an increase of 7% over 2015 and accounted for 39% of total assets. The Credit Union earned an average of 5.8% on investments during the year. This was below the 6.5% achieved in 2015.

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



Savings

Total savings grew by $368 million or by 12% during the year. This was noticeably the highest annual growth over the past five years as shown in **Table 5.** Total savings was just under $3.4 billion at the end of 2016. 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.

Key Financial Indicators

Our Organization exceeded the League's standards in most of the key financial indicators. Some of these indicators are outlined in **Table 6.** The loan to asset ratio rose from 54.5% in 2015 to 55.9% in 2016. The Credit Union, with your support, aims to achieve the minimum standard of 60% over the short term.

Table 6

Key Financial Indicators	Target Standard	2016 Actual	2015 Actual
Provision for Loan Loss	100.0%	131%	133%
Institutional Capital : Total Assets	8.0%	17.4%	17.6%
Net Loans: Total Assets	60% -80%	55.9%	54.5%
Delinquent Loans: Total Loans	< or = 5%	5.7%	6.0%
Non-Earning Asstes: Total Assets	7.0%	6.1%	5.9%
Operating Expense : Total Assets	8.0%	6.8%	7.0%
Membership Growth	5.0%	5.4%	5.4%
Asset Growth	11.0%	11.1%	11.0%
Institutional Capital Growth	9.7%	9.8%	9.5%

Institutional Capital Reserve

Our Credit Union was able to strengthen its capital base during the year. Total institutional capital stood at $789 million at the end of the period. This represented a $70 million or 10% growth. The institutional capital to asset ratio fell slightly from 17.6% in 2015 to 17.4% at the end of the 2016 financial year. However, this ratio was well above the minimum 8% standard prescribed by our League and surpassed the capital ratio requirement set by the Bank of Jamaica. This crucial reserve will be further strengthened with an additional allocation from the surplus of the 2016 financial year.

Delinquency

The delinquency rate fell from 6% in 2015 to 5.7% at the end of the 2016 financial year. This welcomed decline was as a result of the implementation of effective delinquency control measures during the year. Our Credit Union will continue to take the necessary steps to further reduce the level of delinquency and look forward to your co-operation in this regard.

Summary of Income & Expenses

Table 7

Income & Expenditure	Year 2016	Year 2015	Increase/ Decrease	% Change
Total Income	505,661,783	481,244,643	24,417,140	5.1%
Total Expenses	-428,690,128	-414,016,462	-14,673,666	3.5%
Surplus	*76,971,655*	*67,228,181*	*9,743,474*	*14.5%*
Add Undistributed Surplus	88,387,736	102,892,914	-14,505,178	-14.1%
Less Transfers	-72,044,030	-81,733,359	9,689,329	-11.9%
Available for Appropriation	*93,315,361*	*88,387,736*	*4,927,625*	*5.6%*

Summary of Balance Sheet

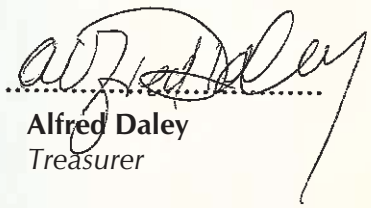
Table 8

Assets, Liabilities & Reserves	Year 2016	Year 2015	Increase/ Decrease	% Change
We The Members Own:				
Institutional Capital	684,085,184	623,298,853	60,786,331	9.8%
Permanent Shares	104,430,560	95,452,550	8,978,010	9.4%
Other Reserves	234,189,378	224,319,413	9,869,965	4.4%
Undistributed Surplus	93,315,361	88,387,736	4,927,625	5.6%
Total	*1,116,020,483*	*1,031,458,552*	*84,561,931*	*8.2%*
The Money Was Used For:				
Net Loans to Members	2,537,194,352	2,228,073,886	309,120,466	13.9%
Cash & Investments	1,793,305,361	1,680,710,249	112,595,112	6.7%
Fixed Assets	89,918,303	73,451,490	16,466,813	22.4%
Other Assets	119,955,708	105,926,413	14,029,295	13.2%
Total Assets	*4,540,373,724*	*4,088,162,038*	*452,211,686*	*11.1%*
Less Savings & Other Liabilities	3,424,353,241	3,056,703,486	367,649,755	12.0%
Our Credit Union's Net Worth	*1,116,020,483*	*1,031,458,552*	*84,561,931*	*8.2%*

Conclusion

The financial performance for the year 2016 is evidence that our Credit Union remains a viable organization amidst the current economic challenges and the fierce 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. I urge you to remain faithful, active members of this noble institution, as your participation keeps our Credit Union strong, safe and secure.

While we pause to reflect on our past achievements, let us be mindful of the challenges ahead. I am confident, however, that once we all continue to work together as a united force, our Credit Union will rise above the challenges and will experience further success in year 2017 and beyond.



Alfred Daley
Treasurer

DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

(Agency of the Ministry of Industry, Commerce, Agriculture and Fisheries)

2 MUSGRAVE AVENUE
KINGSTON 10

TEL: 927-4912/927-6572
or 978-1946
Fax: 927-5832

E-mail: dcfs@cwjamaica.com

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

S1
R 459/-100/03/17

March 31, 2017

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, 2016.

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

LGE/kd

c. The Secretary
Jamaica Co-operative Credit Union League

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LTD.

Financial Statements

&

Notes to the Financial Statements

YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

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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)**

Opinion

We have audited the financial statements of Manchester Co-operative Credit Union (1977) Limited, which comprise the statement of financial position as at 31st December 2016, the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Credit Union's financial statements give a true and fair view of the financial position of the Credit Union as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union, in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code)and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

LOCATIONS:

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UHY Dawgen Chartered Accountants

Incorporating Paul Goldson & Co.

**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)**

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

UHY Dawgen
Chartered Accountants

Incorporating Paul Goldson & Co.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE REGISTRAR OF CO-OPERATIVES
AND FRIENDLY SOCIETIES
(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)**

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also (cont'd):

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

UHY DAWGEN CHARTERED ACCOUNTANTS
Signature

Unit 34, Winchester Business Centre
15 Hope Road
Kingston 10

16th March 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2016 $	2015 $
ASSETS:			
EARNING ASSETS:			
Liquid Assets	4	1,256,018,719	911,594,267
Loans to Members after Provision for Impairment	5	2,537,194,352	2,228,073,886
Financial Investments	7	469,071,721	708,823,124
Total Earning Assets		4,262,284,792	3,848,491,277
NON-EARNING ASSETS:			
Liquid Assets	8	68,214,921	60,292,858
Other Assets	9	47,437,708	39,128,413
Property, Plant and Equipment	10	89,918,303	73,451,490
Retirement Benefit Asset	11	72,518,000	66,798,000
Total Non-Earning Assets		278,088,932	239,670,761
TOTAL ASSETS		4,540,373,724	4,088,162,038
LIABILITIES:			
INTEREST BEARING LIABILITIES:			
Members' Voluntary Share Capital	12	1,722,235,390	1,532,122,921
Savings Deposits	13	1,648,743,458	1,471,370,935
Total Interest Bearing Liabilities		3,370,978,848	3,003,493,856
NON-INTEREST BEARING LIABILITIES:			
Accruals	14	21,106,398	17,155,582
Payables	15	19,077,725	26,441,438
Others	16	13,190,270	9,612,610
Total Non-Interest Bearing Liabilities		53,374,393	53,209,630
TOTAL LIABILITIES		3,424,353,241	3,056,703,486
EQUITY:			
Members' Permanent Share Capital	17	104,430,560	95,452,550
Non-Institutional Capital	18	327,504,739	312,707,149
Institutional Capital	19	684,085,184	623,298,853
Total Capital		1,116,020,483	1,031,458,552
TOTAL LIABILITIES AND EQUITY		4,540,373,724	4,088,162,038

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

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON MARCH 16, 2017 AND SIGNED ON ITS BEHALF BY:

REV. CHARLES DANVERS
PRESIDENT

MR. ALFRED DALEY
TREASURER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2016 $	2015 $
INTEREST INCOME:			
Liquid Assets		63,905,941	43,280,502
Loans to Members		351,008,997	332,802,720
Financial Investments		24,695,950	50,251,251
		439,610,888	426,334,473
INTEREST EXPENSE:			
Interest Expense on Members' Voluntary Shares		29,762,743	25,239,664
Savings Deposits		45,124,822	47,533,299
Other Financial Costs	20	13,606,217	12,556,472
		88,493,782	85,329,435
NET INTEREST INCOME		351,117,106	341,005,038
Less Provision for Loan Impairment	6	28,644,857	41,302,121
NET INTEREST INCOME AFTER PROVISION		322,472,249	299,702,917
NON - INTEREST INCOME			
Other Income	21	66,050,895	54,910,170
		66,050,895	54,910,170
GROSS INCOME		388,523,144	354,613,087
Less Operating Expenses	22	309,591,489	285,424,906
NET INCOME BEFORE HONORARIA		78,931,655	69,188,181
Honoraria Payment		(1,900,000)	(1,900,000)
NET INCOME AFTER HONORARIA		77,031,655	67,288,181
OTHER COMPREHENSIVE INCOME			
Items that will or may be reclassified to profit or loss:			
Revaluation- Available for Sale Investments		1,109,605	(1,869,981)
Items that will not be reclassified to profit or loss:			
Pension Income	11	5,720,000	386,000
Minimum Business Tax		(60,000)	(60,000)
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA		83,801,260	65,744,200

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

SUMMARY

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
Balance at 31st December 2014 brought forward	85,621,044	310,744,910	569,461,217	965,827,171
Total Surplus for the Year	-	67,288,181	-	90,717,401
Other Comprehensive Income				
Revaluation - Available for Sale Investments	-	(1,869,981)	-	(1,869,981)
Pension Income	-	386,000	-	386,000
Minimum Business Tax	-	(60,000)	-	(60,000)
	-	(1,543,981)	-	(1,543,981)
Total Comprehensive Income for the Year after Honoraria	-	65,744,200	-	65,744,200
Transactions with Owners				
Permanent Share Capital Subscribed	9,831,506	-	-	9,831,506
Appropriations of Net Surplus for 2014				
Dividends on Permanent Shares		(8,345,891)	-	(8,345,891)
Institutional Capital		(40,000,000)	40,000,000	-
Capital Development Reserves		(5,000,000)	-	(5,000,000)
Small Business Development		(7,500,000)	-	(7,500,000)
Social Outreach Programme		(1,000,000)	-	(1,000,000)
Sydney Carter Scholarship		(1,000,000)	-	(1,000,000)
Disaster Relief Fund		(100,000)	-	(100,000)
Unsecured Loan Reserve		(5,000,000)	-	(5,000,000)
Transfer to Capital Development Programme		5,000,000	-	5,000,000
Transfer to Small Business Development		7,500,000	-	7,500,000
Transfer to Social Outreach Programme		1,000,000	-	1,000,000
Transfer to Sydney Carter Scholarship		1,000,000	-	1,000,000
Transfer to Disaster Relief Fund		100,000	-	100,000
Transfer to Unsecured Loan Reserve		5,000,000	-	5,000,000
Redemption of Permanent Shares	-	251,971	-	251,971
Payments made from Other Non-Qualifying Reserves	-	(1,900,573)	-	(1,900,573)
Retained Undistributed Earnings	-	50,168	-	50,168
Transfer to Statutory Reserve	-	(13,837,636)	13,837,636	-
	9,831,506	(63,781,961)	53,837,636	(112,819)
Balance at 31st December 2015 carried forward	95,452,550	312,707,149	623,298,853	1,031,458,552

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

SUMMARY (CONT'D)

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
Balance at 31st December 2015 brought forward	95,452,550	312,707,149	623,298,853	1,031,458,552
Total Surplus for the Year	-	77,031,655	-	77,031,655
Other Comprehensive Income				
Revaluation - Available for Sale Investments	-	1,109,605	-	1,109,605
Pension Income	-	5,720,000	-	5,720,000
Minimum Business Tax	-	(60,000)	-	(60,000)
	-	6,769,605	-	6,769,605
Total Comprehensive Income for the Year after Honoraria	-	83,801,260	-	83,801,260
Transactions with Owners				
Permanent Share Capital Subscribed	8,978,010	-	-	8,978,010
Appropriations of Net Surplus for 2015				
Dividends on Permanent Shares	-	(6,757,699)	-	(6,757,699)
Institutional Capital	-	(45,000,000)	45,000,000	-
Social Outreach Programme	-	(1,000,000)	-	(1,000,000)
Sydney Carter Scholarship	-	(1,000,000)	-	(1,000,000)
Unsecured Loan Reserve	-	(5,000,000)	-	(5,000,000)
Transfer to Social Outreach Programme	-	1,000,000	-	1,000,000
Transfer to Sydney Carter Scholarship	-	1,000,000	-	1,000,000
Transfer to Unsecured Loan Reserve	-	5,000,000	-	5,000,000
Redemption of Permanent Shares	-	78,667	-	78,667
Payments made from Other Non-Qualifying Reserves	-	(1,538,307)	-	(1,538,307)
Transfer to Statutory Reserve	-	(15,786,331)	15,786,331	-
	8,978,010	(69,003,670)	60,786,331	760,671
Balance at 31st December 2016	104,430,560	327,504,739	684,085,184	1,116,020,483

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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 2014 brought forward	8,725,445	42,136,700	75,000,000	66,412,000	10,885,559	4,692,292	102,892,914	310,744,910
Total Surplus for the Year	-	-	-	-	-	-	67,288,181	67,288,181
Other Comprehensive Income								
Revaluation - Available for Sale Investments	-	(1,869,981)	-	-	-	-	-	(1,869,981)
Pension Income	-	-	-	386,000	-	-	-	386,000
Minimum Business Tax	-	-	-	-	-	-	(60,000)	(60,000)
	-	(1,869,981)	-	386,000	-	-	(60,000)	(1,543,981)
Total Comprehensive Income for the Year after Honoraria	-	(1,869,981)	-	386,000	-	-	67,228,181	65,744,200
Transactions with Owners								
Appropriations of Net Surplus for 2014								
Dividends on Permanent Shares	-	-	-	-	-	-	(8,345,891)	(8,345,891)
Transfer to Institutional Capital	-	-	-	-	-	-	(40,000,000)	(40,000,000)
Capital Development Reserves	-	-	5,000,000	-	-	-	(5,000,000)	-
Small Business Development	-	-	-	-	7,500,000		(7,500,000)	-
Social Outreach Programme	-	-	-	-	1,000,000	-	(1,000,000)	-
Sydney Carter Scholarship	-	-	-	-	1,000,000	-	(1,000,000)	-
Disaster Relief Fund	-	-	-	-	100,000	-	(100,000)	-
Unsecured Loan Reserve	-	5,000,000	-	-	-	-	(5,000,000)	-
Transfer of 20 % of Net Income for the Year before Honoraria	-	-	-	-	-	-	(13,837,636)	(13,837,636)
Transfer from Permanent Share Transfer Fund	-	-	-	-	-	251,971	-	251,971
Retained Undistributed Earnings	-	-	-	-	-	-	50,168	50,168
Payments made from Non-Qualifying Reserve	-	-	-	-	(1,900,573)	-	-	(1,900,573)
Transactions with Owners	-	5,000,000	5,000,000	-	7,699,427	251,971	(81,733,359)	(63,781,961)
Balance at 31st December 2015 carried forward	8,725,445	45,266,719	80,000,000	66,798,000	18,584,986	4,944,263	88,387,736	312,707,149

(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

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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 2015 brought forward	8,725,445	45,266,719	80,000,000	66,798,000	18,584,986	4,944,263	88,387,736	312,707,149
Total Surplus for the Year	-	-	-	-	-	-	77,031,655	77,031,655
Other Comprehensive Income								
Revaluation - Available for Sale Investments	-	1,109,605	-	-	-	-	-	1,109,605
Pension Income	-	-	-	5,720,000	-	-	-	5,720,000
Minimum Business Tax	-	-	-	-	-	-	(60,000)	(60,000)
	-	1,109,605	-	5,720,000	-	-	(60,000)	6,769,605
Total Comprehensive Income for the Year after Honoraria	-	1,109,605	-	5,720,000	-	-	76,971,655	83,801,260
Transactions with Owners								
Appropriations of Net Surplus for 2015								
Dividends on Permanent Shares	-	-	-	-	-	-	(6,757,699)	(6,757,699)
Transfer to Institutional Capital	-	-	-	-	-	-	(45,000,000)	(45,000,000)
Social Outreach Programme	-	-	-	-	1,000,000	-	(1,000,000)	-
Sydney Carter Scholarship	-	-	-	-	1,000,000	-	(1,000,000)	-
Unsecured Loan Reserve	-	2,500,000	-	-	-	-	(2,500,000)	-
Transfer of 20% of Net Income for the Year before Honoraria	-	-	-	-	-	-	(15,786,331)	(15,786,331)
Transfer from Permanent Share Transfer Fund	-	-	-	-	-	78,667	-	78,667
Payments made from Non-Qualifying Reserve	-	-	-	-	(1,538,307)	-	-	(1,538,307)
Transactions with Owners	-	2,500,000	-	-	461,693	78,667	(72,044,030)	(69,003,670)
Balance at 31st December 2016	8,725,445	48,876,324	80,000,000	72,518,000	19,046,679	5,022,930	93,315,361	327,504,739

(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
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

Institutional Capital

	Statutory and Legal Reserves	Revenue Reserves	Total
	$	$	$
Balance at 31st December 2014	232,513,962	336,947,255	569,461,217
Transfer of 20 % of Net Income for the Year before Honoraria	13,837,636	-	13,837,636
Transfer from Undistributed Net Income to Institutional Capital	-	40,000,000	40,000,000
Balance at 31st December 2015	246,351,598	376,947,255	623,298,853
Transfer of 20 % of Net Income for the Year before Honoraria	15,786,331	-	15,786,331
Transfer from Undistributed Net Income to Institutional Capital	-	45,000,000	45,000,000
Balance at 31st December 2016	262,137,929	421,947,255	684,085,184

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

	2016	2015
	$	$
Cash flows from Operating Activities		
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA	83,801,260	65,744,200
Non- cash items included in income		
Depreciation - Property, Plant and Equipment	13,560,253	9,363,402
Pension Income	(5,720,000)	(386,000)
Retained Undistributed Earnings	-	50,168
(Gain)/Loss on Revaluation of Investments	(1,109,605)	1,869,981
Provision for Loan Impairment	28,644,857	41,302,121
	119,176,765	117,943,872
Decrease / (Increase) in Operating Assets		
Other Assets	(8,309,295)	4,506,190
Increase / (Decrease) in Operating Liabilities		
Accruals	3,950,816	(1,310,096)
Payables	(7,363,713)	9,692,782
Others	3,577,660	3,574,613
Net Cash Provided by Operating Activities	**111,032,233**	**134,407,361**
Cash Flows from Investing Activities:		
Addition to Property, Plant & Equipment	(30,027,067)	(12,954,560)
Financial Investments	240,861,008	(26,798,583)
Loans advanced to Members	(1,249,069,427)	(1,247,101,300)
Repayment of Loans by Members	911,304,104	902,752,707
Net Cash Used in Investing Activities	**(126,931,382)**	**(384,101,736)**
Cash Flows from Financing Activities:		
Voluntary Share Capital	190,112,469	169,565,623
Permanent Share Capital	8,978,010	9,831,506
Savings Deposits	177,372,523	156,611,112
Social Outreach	(585,888)	(1,003,550)
Permanent Share Transfer Fund	78,667	251,971
Dividend on Permanent Shares	(6,757,699)	(8,345,891)
Share Building Reserves	76,456	102,977
Special Reserve	(28,875)	-
Sydney Carter Scholarship Fund	(1,000,000)	(1,000,000)
Net Cash Provided by Financing Activities	**368,245,663**	**326,013,748**
Increase in Liquid Assets	352,346,515	76,319,373
Liquid Assets at Beginning of Year	971,887,125	895,567,752
Liquid Assets at End of Year	**1,324,233,640**	**971,887,125**
Liquid Assets - Earning	1,256,018,719	911,594,267
Liquid Assets - Non - Earning	68,214,921	60,292,858
	1,324,233,640	**971,887,125**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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:

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:

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

Improvements to IFRS 2012–2014 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments are as follows:

- **IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Effective January 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 January 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 (Effective January 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.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

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

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

Amendment to IAS 1: Presentation of Financial Statements (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 Other Comprehensive Income (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.

IAS 16: Property, Plant and Equipment and IAS 38 Intangible Assets (Effective January 2016)

- 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;
- Add 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.

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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Credit Union has not early-adopted. The Credit Union has assessed the relevance of all the new standards, amendments and interpretations with respect to the Credit Union's operations and has determined that the following are likely to have an effect on the Credit Union's financial statements:

IFRS 9: Financial Instruments (2014) (Effective January 1, 2018)

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Hence, financial assets are to be classified into three measurement categories: those measured at amortised cost, those to be measured subsequently at fair value through other profit and loss (FVPL) and those to be measured subsequently at fair value through other comprehensive income (FVOCI). Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Note: Depending on the chosen approach to applying IFRS 9, the transition can involve one or more than one date of initial application for different requirements.

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



NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

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:

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.

Clarifications to IFRS 15 : Revenue from Contracts with Customers (Effective January 2018)

Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

IFRS 16 - Leases (Effective January 2019)

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IAS 7 - Statement of Cash Flows (Effective January 2017)

Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The Credit Union is assessing the impact these amendments will have on its 2017 and 2018 financial statements.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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 the Credit 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)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

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 plan. The pension plan 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 the amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service and compensation.

The amount recognised in the statement of financial position as 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. 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 discounting the estimated future cash outflows using interest rates of Government securities which have terms to maturity approximating the terms of the related pension obligation.

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 as part of staff costs, 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) and the fair value of plan assets.

Actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity, through other comprehensive income, in the period in which they arise.

(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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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

(i) **Permanent Shares -**

Under International Financial Reporting Standards(IFRS), 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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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 0.20% (2015 - 0.20%) of total assets. Stabilisation dues are fixed at a rate of 0.15% (2015 - 0.15%) 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 17.37% (2015 - 17.58%) 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)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting 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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

4. Earning Assets - Liquid Assets:

	2016 $	2015 $
Savings Account Balances	170,646	171,022
Foreign Currency Savings Accounts	30,722,721	41,732,093
Placement with JCCUL	348,707,579	323,598,921
Held to Maturity		
Placement with Other Financial Institutions	876,417,773	546,092,231
	1,256,018,719	911,594,267

5. Loans To Members:

	2016 $	2015 $
Balance at Beginning of Year	2,320,322,810	1,981,671,298
Loans Granted	1,225,125,405	1,241,404,219
	3,545,448,215	3,223,075,517
Less Repayments and Transfers	911,304,104	902,752,707
	2,634,144,111	2,320,322,810
Less Provision for Loan Impairment	(96,949,759)	(92,248,924)
Balance at End of Year	2,537,194,352	2,228,073,886

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

6. Provision for Loan Impairment:

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

	2016 $	2015 $
Total Non-Performing Loans	606	636
Balance, 1st January	92,248,924	56,643,884
Provision for the Year	28,644,857	41,302,121
	120,893,781	97,946,005
Recoveries during the Year	3,190,623	2,512,035
Charged off during the year	(27,134,645)	(8,209,116)
Balance, 31st December	96,949,759	92,248,924
Regulatory loan loss provision	73,886,823	69,294,924
Less: Provision based on IAS 39	(96,949,759)	(92,248,924)
Excess of IFRS Loan Impairment over JCCUL regulatory requirement.	(23,062,936)	(22,954,000)

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 %	2016 PROVISION FOR LOAN LOSSES $	2015 PROVISION FOR LOAN LOSSES $
1 Month	31,386,330	-	-	-
2 - 3 Months	11,632,325	10	1,163,233	1,216,383
3 - 6 Months	29,173,250	30	8,751,975	6,778,770
6 - 12 Months	34,022,127	60	20,413,276	12,238,948
Over 12 Months	43,558,339	100	43,558,339	49,060,822
	149,772,371		73,886,823	69,294,924

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

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

(c) Delinquent Loans:

MONTHS IN ARREARS	NO. OF LOANS IN ARREARS	DELINQUENT LOANS	PORTION NOT SAVINGS HELD AGAINST LOANS	COVERED BY / (IN EXCESS OF) SAVINGS
	#	$	$	$
1 month	135	31,386,330	5,928,181	25,458,149
2 to 3 months	52	11,632,325	2,432,354	9,199,971
3 to 6 months	99	29,173,250	7,679,304	21,493,946
6 to 12 months	153	34,022,127	10,114,478	23,907,649
Over 12 months	167	43,558,339	11,565,818	31,992,521
	606	149,772,371	37,720,135	112,052,236

(d) The Directors estimate the value of the chattels held as security against the outstanding loans to be $50,921,603 (2015 - $37,424,765). At 31st December 2016 there were 606 delinquent loans (2015 - 636).

7. Earning Assets - Financial Investments:

	2016	2015
	$	$
Available for Sale		
Placement with JCCUL	11,503,919	11,169,351
Placement with Other Financial Institutions	414,430,260	646,362,514
	425,934,179	657,531,865
Un-quoted Equity Securities	44,887,542	53,041,259
Provision for losses on unquoted shares	(1,750,000)	(1,750,000)
	43,137,542	51,291,259
	469,071,721	708,823,124

8. Non Earning - Liquid Assets:

	2016	2015
	$	$
Cash and Bank	68,214,921	60,292,858

9. Non Earning - Other Assets:

	2016	2015
	$	$
Accrued Income	38,044,072	22,255,402
Receivables	9,393,636	16,873,011
	47,437,708	39,128,413

10. Property, Plant and Equipment:

	Land $	Buildings $	Furniture, Fixtures and Equipment $	Construction Work in Progress $	Motor Vehicle $	Computer Equipment $	Total $
At Cost or Valuation:							
31st December 2014	11,109,483	40,650,966	45,051,454	-	8,103,151	26,977,228	131,892,282
Additions	-	633,029	6,678,651	1,100,000	-	4,542,879	12,954,559
Disposals	-	-	(489,779)	-	-	(522,549)	(1,012,328)
31st December 2015	11,109,483	41,283,995	51,240,326	1,100,000	8,103,151	30,997,558	143,834,513
Additions	-	1,479,454	4,278,516	-	-	24,269,097	30,027,067
Disposals	-	-	(228,832)	-	-	(2,942,214)	(3,171,046)
31st December 2016	11,109,483	42,763,449	55,290,010	1,100,000	8,103,151	52,324,441	170,690,534
Depreciation:							
31st December 2014	-	11,776,619	30,896,946	-	1,215,473	18,142,912	62,031,950
Charge for year	-	883,782	3,754,215	-	2,025,788	2,699,617	9,363,402
Released on Disposal	-	-	(489,779)	-	-	(522,549)	(1,012,328)
31st December 2015	-	12,660,401	34,161,382	-	3,241,261	20,319,980	70,383,024
Charge for year	-	898,754	3,646,515	-	2,031,337	6,983,647	13,560,253
Released on Disposal	-	-	(228,832)	-	-	(2,942,214)	(3,171,046)
31st December 2016	-	13,559,155	37,579,065	-	5,272,598	24,361,413	80,772,231
Net Book Values:							
31st December 2016	11,109,483	29,204,294	17,710,945	1,100,000	2,830,553	27,963,028	89,918,303
31st December 2015	11,109,483	28,623,594	17,078,944	1,100,000	4,861,890	10,677,578	73,451,490
31st December 2014	11,109,483	28,874,347	14,154,508	-	6,887,678	8,834,316	69,860,332

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)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

11. Retirement Benefit Asset:

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

	2016	2015
Discount Rate	9.00%	8.50%
Expected rate of return on plan assets	N/A	N/A
Future salary increases	7.00%	6.00%

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:

	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000
Fair Value of plan assets	155,382	170,154	190,180	234,287	253,824
Defined benefit obligation	103,114	116,318	123,768	167,488	179,960
Surplus	52,268	53,836	66,412	66,799	73,864
Experience adjustments-					
Fair value of plan assets	468	(10,956)	(3,058)	15,095	(3,700)
Defined benefit obligation	2,559	(3,850)	(588)	3,873	(12,416)

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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

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 2016.

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

	2016 $	2015 $
Present Value of funded obligations	179,960,000	167,488,000
Fair Value of Plan Assets	(253,823,000)	(234,286,000)
	(73,863,000)	(66,798,000)
Effect of Asset Ceiling	1,345,000	-
Asset in the Statement of Financial Position	(72,518,000)	(66,798,000)

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

	2016 $	2015 $
Current service cost	5,126,000	3,345,000
Interest cost on Obligation	14,118,000	11,984,000
Interest Income on Plan assets	(20,098,000)	(18,614,000)
Administrative Expenses	1,179,000	1,125,000
Pension Expense/(Income)	325,000	(2,160,000)

The actual return on plan assets was $19,537,000 (2015 - $ 44,107,000)

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

	2016 $	2015 $
Net Asset at beginning of year	179,960,000	167,488,000
Pension Expense/(Income)	325,000	(2,160,000)
Remeasurement	1,061,000	8,533,000
Contributions Paid	(7,106,000)	(6,759,000)
Closing Net Asset at End of Year	174,240,000	167,102,000
		(8,919,000)

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

12. Members' Voluntary Share Capital:

	2016	2015
	$	$
Balance at Beginning of Year	1,532,122,921	1,362,557,298
Add Amount Subscribed	1,493,293,888	1,337,838,651
	3,025,416,809	2,700,395,949
Less Withdrawals & Transfers	1,303,181,419	1,168,273,028
Balance at End of Year	1,722,235,390	1,532,122,921

13. Savings Deposits:

		2016	2015
		$	$
i.	Term Deposits	574,912,262	563,893,343
ii.	Members' Regular Deposits	533,348,932	428,107,392
iii.	Golden Harvest Deposits	65,901,884	52,193,367
iv.	Insurance Savings Club	5,992,235	5,373,960
v.	Youth Savings	56,682,343	43,190,087
vi.	Partner Plan Plus Deposits	47,741,686	41,151,217
vii.	Solid Saver Deposits	131,384,301	110,831,269
viii.	Horizon 55	359,426	815,161
ix.	Wealth Accelerator Savings	232,413,189	225,815,139
		1,648,743,458	1,471,370,935

i. Term Deposits

Term Deposits are for varying periods up to 365 days on which interest was paid at rates of between 2.50% and 4.75% 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 1.00% 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 3.00% to 4.25% per annum.

iv. Insurance Savings Club

Insurance Club Deposits are savings accounts on which interest was paid at rates ranging from 1.10% to 2.35% per annum.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

13. Savings Deposits (cont'd):

v. Youth Savings

Youth Savings are accounts on which interest was paid at rates of between 1.00% 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.

vii. Solid Saver Deposits

Solid Saver Deposits are savings accounts on which interest was paid at rates of between 1.10% and 2.35% per annum.

viii. Horizon 55

This represents long-term savings accounts on which interest was paid at rates of between 2.25% and 4.30% per annum.

ix. Wealth Accelerator Savings

This represents deposits for periods between 6 and 36 months on which interest was paid at 2.50% to 5.25% per annum.

14. Accruals:

	2016	2015
	$	$
Accrued Interest on Deposits	9,485,377	11,055,283
Other Accruals	11,621,021	6,100,299
	21,106,398	17,155,582

15. Payables:

	2016	2015
	$	$
Collector of Taxes	5,525,568	5,064,038
Salary Deductions Payable	6,785,828	15,536,108
Other Payables	6,766,329	5,841,292
	19,077,725	26,441,438

16. Non - Interest Bearing Liabilities - Others:

	2016	2015
	$	$
Estate Accounts	13,190,270	9,612,610
	13,190,270	9,612,610

This amount represents unsettled claims in respect of deceased members.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

17. Members' Permanent Share Capital:

	2016	2015
	$	$
Balance at Beginning of Year	95,452,550	85,621,044
Add Permanent Share Capital Subscribed	8,978,010	9,831,506
Balance at End of Year	104,430,560	95,452,550

Under the International Financial Reporting Standards (IFRS), 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.

18. Non-Institutional Capital:

	2016	2015
	$	$
Capital Reserves (Unrealised) (Note 23)	8,725,445	8,725,445
Other Reserves	48,876,324	45,266,719
Capital Development Reserves	80,000,000	80,000,000
Retirement Benefit Reserves (Note 11)	72,518,000	66,798,000
Other Non-qualifying Reserves (Note 25)	19,046,679	18,584,986
Permanent Share Transfer Fund	5,022,930	4,944,263
Undistributed Net Income	93,315,361	88,387,736
	327,504,739	312,707,149

19. Institutional Capital:

	2016	2015
	$	$
Retained Earnings Reserves at Beginning of Year	376,947,255	336,947,255
Appropriation of Net Surplus	45,000,000	40,000,000
Retained Earnings Reserves at End of Year	421,947,255	376,947,255
Statutory & Legal Reserves (Note 24)	262,137,929	246,351,598
	684,085,184	623,298,853

20. Other Financial Costs:

	2016	2015
	$	$
Life Savings Insurance	7,003,117	6,255,088
Loan Protection Insurance	5,318,074	5,080,617
Bank Charges and Interest	1,285,026	1,220,767
	13,606,217	12,556,472

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

21. Other Income:

	2016	2015
	$	$
Inspection & Arbitration Fees	7,660	22,100
Commitment Fees - Service Charge on Loans	32,656,788	28,914,532
Mortgage Charges	(110,628)	424,658
Miscellaneous	1,925,653	2,347,936
Gain on Foreign Exchange	11,199,629	5,257,904
FIP Administration Fee	2,337,209	2,103,578
ABM Fees	538,908	731,709
Standing Order Fees	618,294	616,896
Account User Fee	16,877,382	14,490,857
	66,050,895	54,910,170

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Operating Expenses:

Personnel Expenses:	**2016**	**2015**
	$	**$**
Employee Salaries & Allowances	174,774,867	160,118,161
Employee Benefits	13,523,139	17,923,445
Education & Training	1,379,219	1,608,364
Staff Travel & Related Expenses	3,736,997	2,943,253
Others	2,218,945	1,480,619
	195,633,167	184,073,842
Administrative Expenses:		
Rental	960,000	960,000
Utilities	5,809,687	7,143,979
Depreciation and Impairment	13,560,250	9,363,402
Audit and Supervision - Current Year	3,120,000	2,750,000
Repairs & Maintenance (Office)	13,201,889	10,311,569
Telecommunications	4,054,388	4,105,579
Printing, Stationery & Supplies	6,919,334	5,236,703
Insurance Premiums	2,924,942	2,835,929
Professional & Consulting Fees	400,528	713,019
Subscriptions & Other Administrative Expenses	21,934,869	18,415,700
	72,885,887	61,835,880
Marketing & Promotion:		
Publicity & Promotion	16,355,498	14,323,266
Public Relations	315,695	640,012
	16,671,193	14,963,278
Representation & Affiliation:		
League and Other Dues	12,530,518	11,234,561
Seminars & Meetings	3,846,450	5,317,014
Board of Directors & Committees	4,661,122	4,046,711
Annual General Meetings	3,170,967	3,677,763
Meeting/ Special Functions	192,185	275,857
	24,401,242	24,551,906
TOTAL OPERATING EXPENSES	309,591,489	285,424,906

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

23. Appropriations:

	2016	2015
	$	$
Dividend on Permanent Shares	6,757,699	8,345,891
Social Outreach Programme	1,000,000	1,000,000
Sydney Carter Scholarship	1,000,000	1,000,000
Disaster Relief Fund	-	100,000
Small Business Development	-	7,500,000
Capital Development Reserves	-	5,000,000
Unsecured Loan Reserve	2,500,000	5,000,000
Institutional Capital	45,000,000	40,000,000
	56,257,699	67,945,891

24. Capital Reserves:

	2016	2015
	$	$
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.

25. Statutory and Legal Reserves:

	2016	2015
	$	$
Balance at End of Year	246,351,598	232,513,962
20% Transfer from Net Income	15,786,331	13,837,636
Balance at End of Year	262,137,929	246,351,598

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%.

26. Other Non-Qualifying Reserves:

	2016	2015
	$	$
Special Reserve	57,587	86,462
Sydney Carter Scholarship Fund	4,191	4,191
Social Outreach Programme	634,911	220,799
Disaster Relief Fund	2,106,670	2,106,670
Share Building Fund	2,533,206	2,456,750
Stabilization Fund Reserves	1,210,114	1,210,114
Business Development Fund	12,500,000	12,500,000
	19,046,679	18,584,986

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
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26. Staff Costs:

Staff costs for the year amounted to $195,633,167 (2015: $184,073,842).

27. Comparison of Ledger Balances:

	Permanent Shares	Voluntary Shares	Deposits	Loans
	$	$	$	$
General Ledger	104,430,560	1,722,235,390	1,648,743,458	2,634,144,111
Personal Ledger Listing	104,430,560	1,722,235,437	1,648,743,439	2,634,117,383
Differences as at 31st December 2016	-	(47)	19	26,728
Differences as at 31st December 2015	-	(659)	2	1

28. Related Party Transactions:

At 31st December 2016, the eleven (11) members of the Credit Union's Board of Directors had savings totalling $11,512,336. Of these Directors, nine (9) had loans totalling $11,327,426. Fifteen (15) Committee Members had savings totalling $7,802,460. Of these fifteen (15) Committee Members, fourteen (14) had loans totalling $9,873,120.

Of the sixty (60) Credit Union Staff, all had savings of $51,950,585 and fifty-three (53) had loans including interest totalling $215,165,396. During the year no staff members received loans which necessitated waiver of the loan policy. During the year, one (1) staff member received a loan which necessitated a waiver of the loan policy. At 31st December 2016, loans owing by all Committee Members and Staff were being repaid in accordance with their loan

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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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:

	2016 $	2015 $
Loans to members (net)	2,537,194,352	2,228,073,886
Liquid assets - earning	1,256,018,719	911,594,267
Financial investments	469,071,721	708,823,124
Liquid assets - non-earning	68,214,921	60,292,858
Non earning assets - other	47,437,708	39,128,413
	4,377,937,421	3,947,912,548

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)
FOR THE YEAR ENDED 31ST DECEMBER 2016
(Expressed in Jamaican Dollars unless otherwise indicated)

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, 2016, an estimate of the fair values of collateral held against loans to members are as follows:

	2016	2015
Type of Collateral	$	$
Motor Vehicles	459,555,849	367,173,091
Real Estate	787,501,718	767,893,488
	1,247,057,567	914,711,239

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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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 39% (2015: 32%) 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.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
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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	1,171,034,345	84,984,374	-	-	-	1,256,018,719
Loans	17,944,638	48,830,658	1,462,624,302	1,007,794,754	-	2,537,194,352
Financial Investments	-	-	328,247,000	86,183,260	54,641,461	469,071,721
NON-EARNING ASSETS:						
Liquid Assets	68,214,921	-	-	-	-	68,214,921
Other Assets	-	-	-	-	47,437,708	47,437,708
Property, Plant & Equipment	-	-	-	-	89,918,303	89,918,303
Retirement Benefit Asset	-	-	-	-	72,518,000	72,518,000
Total Assets	1,257,193,904	133,815,032	1,790,871,302	1,093,978,014	264,515,472	4,540,373,724

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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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	1,722,235,390	-	-	-	-	1,722,235,390
Savings Deposits	1,158,438,449	406,284,771	84,020,238	-	-	1,648,743,458
NON-INTEREST BEARING LIABILITIES & CAPITAL:						
Accruals	21,106,398	-	-	-	-	21,106,398
Payables	19,077,725	-	-	-	-	19,077,725
Others	13,190,270	-	-	-	-	13,190,270
Capital and Reserves	-	-	-	-	1,116,020,483	1,116,020,483
Total Liabilities & Capital	2,934,048,232	406,284,771	84,020,238	-	1,116,020,483	4,540,373,724
Net Liquidity Gap	(1,676,854,328)	(272,469,739)	1,706,851,064	1,093,978,014	(851,505,011)	-
Cumulative Liquidity Gap	(1,676,854,328)	(1,949,324,067)	(242,473,003)	851,505,011	-	-
	<----------2015---------->					
Net Liquidity Gap	(147,997,006)	185,123,411	1,559,765,376	724,851,179	(2,321,742,960)	-
Cumulative Liquidity Gap	(147,997,006)	37,126,405	1,596,891,781	2,321,742,960	-	-

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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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:

		2016		2015
Liquid Assets - earning				
United States dollar	$	191,079	$	215,701
Canadian dollar	$	39,236	$	141,657
Pound Sterling	£	16,937	£	23,463
Financial Investments				
United States dollar	$	676,050	$	985,183

Sensitivity analysis

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

	US $	CAD $	UK £
31st January 2017	128.26	97.53	160.05
31st December 2016	128.44	95.88	157.42
31st December 2015	120.42	84.91	177.12

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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, Canadian Dollar and Pound Sterling rates during the period December 2015 to December 2016. Over the twelve months ended 31st December 2016, the exchange rate movement for the United Sates Dollar and the Canadian dollar have shown an increase of 6.66% and 12.92% respectively while the Pound Sterling have shown a decrease of 11.12%. 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			
	2016	2015	2016	2015
	%	%	J$	J$
Liquid Assets - earning				
United States dollar	6	8	1,472,536	2,077,891
Canadian dollar	13	-1	489,042	(120,276)
Pound Sterling	-11	3	(293,286)	124,672
Financial Investments				
United States dollar	6	8	5,209,928	9,490,465

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2015.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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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	1,215,594,086	40,424,633	-	-	-	1,256,018,719
Loans to Members	104,013,067	47,347,381	1,388,500,132	997,333,771	-	2,537,194,352
Financial Investments	-	-	474,305,851	183,226,014	51,291,259	469,071,721
	1,319,607,153	87,772,014	1,862,805,983	1,180,559,785	51,291,259	4,262,284,792
Non-Earning Assets						
Liquid Assets	-	-	-	-	68,214,921	68,214,921
Other Assets	-	-	-	-	47,437,708	47,437,708
Property, Plant & Equipment	-	-	-	-	89,918,303	89,918,303
Retirement Benefit Asset	-	-	-	-	72,518,000	72,518,000
	-	-	-	-	278,088,932	278,088,932
	1,319,607,153	87,772,014	1,862,805,983	1,180,559,785	329,380,191	4,540,373,724

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	1,722,235,390	-	-	-	-	1,722,235,390
Savings Deposits	354,000,552	563,125,816	683,908,570	47,708,520	-	1,648,743,458
	2,076,235,942	563,125,816	683,908,570	47,708,520	-	3,370,978,848
Non Interest-Bearing Liabilities						
Accruals	-	-	-	-	21,106,398	21,106,398
Payables	-	-	-	-	19,077,725	19,077,725
Others	-	-	-	-	13,190,270	13,190,270
	-	-	-	-	53,374,393	53,374,393
Equity						
Members' Permanent Share Capital	-	-	-	-	104,430,560	104,430,560
Non-Institutional Capital	-	-	-	-	327,504,739	327,504,739
Institutional Capital	-	-	-	-	684,085,184	684,085,184
	-	-	-	-	1,116,020,483	1,116,020,483
	2,076,235,942	563,125,816	683,908,570	47,708,520	1,169,394,876	4,540,373,724
Net Interest Rate Gap	(756,628,789)	(475,353,802)	1,178,897,413	1,132,851,265	(840,014,685)	-
Cumulative Interest Rate Gap	(756,628,789)	(1,231,982,591)	(53,085,178)	1,079,766,087	239,751,402	-

2015

	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-rate Sensitive	Total
	$	$	$	$	$	$
Net Interest Rate Gap	(882,099,068)	(423,996,695)	1,083,285,306	1,016,471,763	(793,661,306)	-
Cumulative Interest Rate Gap	(882,099,068)	(1,306,095,763)	(222,810,457)	793,661,306	-	-

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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:

	2016		2015	
	Interest Rate		Interest Rate	
	%	$	%	$
Financial Assets				
Liquid Assets				
Local Savings Accounts	0.10	170,646	0.10	171,022
Foreign Savings Accounts	0.05 - 0.15	30,722,721	1.0	41,732,093
Foreign Currency Investments	1.75 - 2.65	40,424,633	2.35	36,984,340
Held-to-Maturity Investments	2.0 - 7.50	835,993,140	5.25 - 8.25	509,107,891
Loans to Members	4 - 29.5	2,537,194,352	1 - 29.75	2,228,073,886
Financial Investments	5.25 - 8.25	424,184,179	5.0 - 7.50	655,781,865
		3,868,689,671		3,471,851,097
Financial Liabilities				
Members' Voluntary Share Capital	1 - 2.25	1,722,235,390	2.0 - 3.0	1,532,122,921
Savings Deposits	1.10 - 5.25	1,648,743,458	1.25 - 7.0	1,471,370,935
		3,370,978,848		3,003,493,856
		497,710,823		468,357,241

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2016
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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 2015 to December 2016, the BOJ 3-6 months deposit rates have moved by approximately 23 basis points from 4.11% to 4.34%. This rate of movement is not expected to continue in the foreseeable future as the Government continues to require that interest rates are contained at low single digit levels. Increases are expected to be marginal and sustainable only over the short term.

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

	2016		2015	
	Interest Rate		Interest Rate	
	%	$	%	$
Financial Assets				
Liquid Assets				
Local Savings Accounts	-0.45	(768)	-0.45	(770)
Foreign Savings Accounts	-0.9	(276,504)	-0.9	(375,589)
Held-to-Maturity Investments	1.0	8,359,931	1.0	5,091,079
Loans to Members	0.125	3,171,493	0.125	2,785,092
Financial Investments	0.45	1,908,829	0.45	2,951,018
		13,162,981		10,450,830
Financial Liabilities				
Members' Voluntary Share Capital	0.05	861,118	0.05	766,061
Savings Deposits	0.6	9,892,461	0.6	8,828,226
		10,753,578		9,594,287
		2,409,402		856,543

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



NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

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31. 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)

FOR THE YEAR ENDED 31ST DECEMBER 2016
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31. 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 2016 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
- 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.

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Available-for-sale Investments -				
Unquoted Investments at Fair Value	-	-	469,071,721	469,071,721
	-	-	469,071,721	469,071,721

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Available-for-sale Investments -				
Unquoted Investments at Fair Value	-	-	708,823,124	708,823,124
	-	-	708,823,124	708,823,124

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



NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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

e) Fair Value (cont'd)

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.

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;

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2016

(Expressed in Jamaican Dollars unless otherwise indicated)

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

e) Fair Value (cont'd)

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
	2016 $	2016 $	2015 $	2015 $
Assets				
Earning Assets				
Liquid Assets	1,256,018,719	1,256,018,719	911,594,267	911,594,267
Loans to Members (net)	2,537,194,352	2,537,194,352	2,228,073,886	2,228,073,886
Financial Investments	469,071,721	469,071,721	708,823,124	708,823,124
Non Earning Assets				
Liquid Assets	68,214,921	68,214,921	60,292,858	60,292,858
Other Assets	47,437,708	47,437,708	39,128,413	39,128,413
Liabilities				
Interest Bearing Liabilities				
Members' Vol. Share Capital	1,722,235,390	1,722,235,390	1,532,122,921	1,532,122,921
Savings Deposits	1,648,743,458	1,648,743,458	1,471,415,791	1,471,415,791
Non-Interest Bearing Liabilities				
Accruals	21,106,398	21,106,398	17,155,582	17,155,582
Payables	19,077,725	19,077,725	26,396,582	26,396,582
Others	13,190,270	13,190,270	9,612,610	9,612,610

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, 2016.

UNDISTRIBUTED NET SURPLUS		**$93,315,361.00**
APPROPRIATIONS:		
INSTITUTIONAL CAPITAL	**$60,000,000.00**	
SOCIAL OUTREACH	**$ 1,000,000.00**	
DIVIDEND (7.5%)	**$ 7,800,000.00**	
GENERAL LOAN LOSS RESERVES	**$ 1,500,000.00**	
DISASTER RELIEF FUND	**$ 100,000.00**	
SYDNEY CARTER SCHOLARSHIP	**$ 1,000,000.00**	
HONORARIUM	**$ 2,000,000.00**	
TOTAL		**($73,400,000.00)**
BALANCE C/F TO NEXT YEAR		**$19,915,361.00**

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 2017, shall not exceed a ratio of twelve (12) times the Capital and Reserve Fund.

Credit Committee Report



CHURTON DOUGLAS
Chairman

Introduction

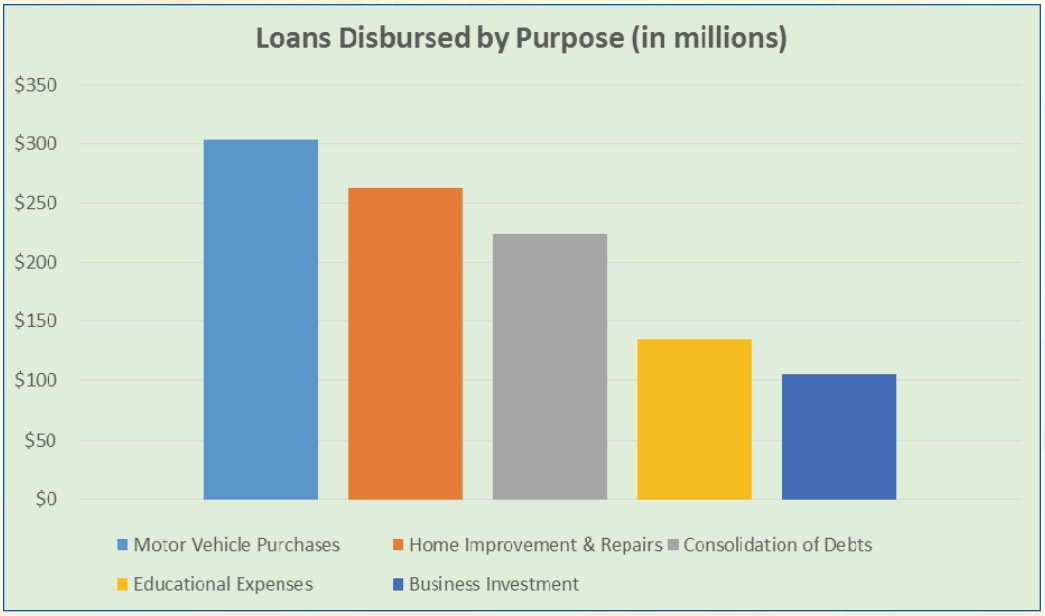
Aggressive competition, decreasing disposable income and low interest rates were some of the recurring challenges that faced the Credit Union during 2016. Financial institutions continued to face pressure from both regulators and their customers to provide effective solutions that contributed to the growth of the economy and their overall well-being.

The Manchester Co-operative Credit Union (1977) Limited, in an effort to maintain a competitive edge reviewed our policies and procedures and developed new products. These measure were welcomed by our members; as they were able to utilize these loan products towards home improvement, debt consolidation, wealth creation and personal development.

The Credit Union was able to achieve a growth in the loan portfolio of 13.59%; while managing to control the delinquency rate with the combined efforts of the committed staff and members.

Profile of Loans Disbursed by Purpose

The following chart displays the top five categories of loans disbursed (by purpose) during the year. Motor Vehicle Purchases accounted for the largest category disbursed during the year; compared to 2015 there was an increase of 14.49% from $265 million to $304 million.



Home Improvement and Educational Expenses were the other categories in the top five category to record increases for the years in comparison, of $41 million (18.86%) and $21 million (18.81%) respectively.

Comparison of Loans Disbursed (Purpose) for 2016 and 2015

Purpose	Number of Borrowers			Amount Disbursed		
	2016	2015	Variance	2016	2015	Variance
Consolidation of Debts	615	757	(142)	$224,186,666.46	$263,499,634.69	($39,312,968.23)
Purchases of Land & Building	43	44	(1)	$37,108,477.39	$33,564,069.58	$3,544,407.81
Home Improvement	916	904	12	$263,370,156.52	$221,574,635.69	$41,795,520.83
Agriculture	190	175	15	$24,546,285.63	$20,110,607.61	$4,435,678.02
Medical Expenses	172	148	24	$21,925,348.20	$17,127,177.17	$4,798,171.03
Motor Vehicle Repairs	278	300	(22)	$39,473,620.86	$34,197,071.24	$5,276,549.62
Motor Vehicle Purchases	330	293	37	$304,066,632.06	$265,594,176.05	$38,472,456.01
Educational Expenses	839	892	(53)	$135,725,238.73	$114,239,926.78	$21,485,311.95
Vacation and Travel	73	85	(12)	$9,586,733.57	$8,834,171.11	$752,562.46
Household Appliance Purchase & Repairs	222	240	(18)	$32,498,530.06	$25,620,903.61	$6,877,626.45
Business Investment	490	535	(45)	$105,518,894.90	$131,196,725.62	($25,677,830.72)
Miscellaneous Expenses	173	216	(43)	$17,514,831.31	$23,603,347.58	($6,088,516.27)
Wedding Expenses	12	9	3	$1,758,058.77	$829,896.29	$928,162.48
Funeral Expenses	40	39	1	$6,612,808.83	$5,861,672.98	$751,135.85
Legal Expenses	31	28	3	$5,469,000.33	$4,829,547.74	$639,452.59
Special Education Loan	3	3	0	$481,013.49	$304,029.21	$176,984.28
Moni-Tree Line of Credit	819	3,119	(2,300)	$18,218,424.66	$70,416,626.28	($52,198,201.62)
Totals	**5,246**	**7,787**	(2,541)	**$1,248,060,721.77**	**$1,241,404,219.23**	**$6,656,502.54**

When compared with 2015; loans disbursed decreased in numbers by 2,541 or 32.63% from 7,787 to 5,246; however there was an increase in the dollar value disbursed by $6.65 million or 0.54% from $1.241 billion to $1.248 billion. The overall loan portfolio increased by $315 million from $2,318 billion in 2015 to $2.634 billion in 2016 representing a growth of 13.59%.

CREDIT COMMITTEE MEMBERS



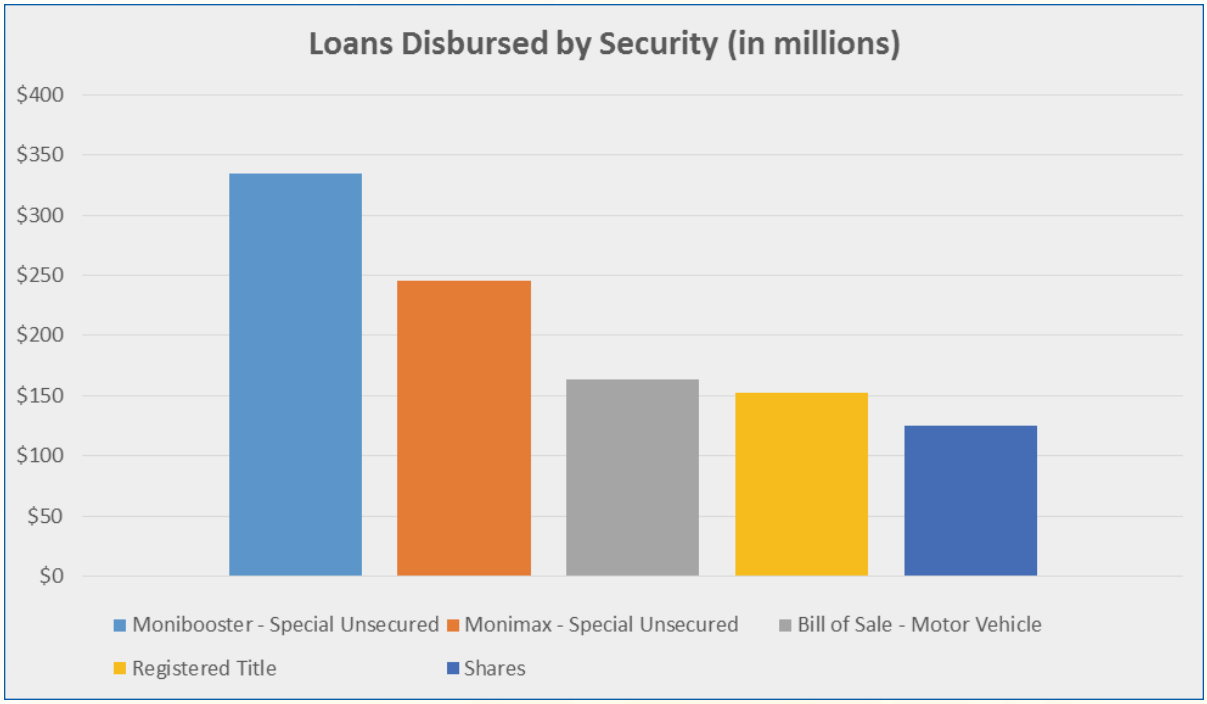
(L-R): Clive Dunkley (Inset), Churton Douglas (Inset), Thelma Vassell, Viviene Grant, Raymond Harper

Comparison of Loans Disbursed by Security for 2016 and 2015

Types of Security	Number of Borrowers			Amount Disbursed		
	2016	2015	Variance	2016	2015	Variance
Hypothecation	133	111	22	$23,468,781.42	$27,465,171.84	($3,996,390.42)
Registered Title	72	82	(10)	$152,052,732.38	$177,273,593.91	($25,220,861.53)
Comaker	27	51	(24)	$3,619,129.59	$6,044,813.83	($2,425,684.24)
Insurance Policy	3	7	(4)	$10,912,023.96	$3,366,482.15	$7,545,541.81
Shares	858	824	34	$125,431,306.10	$118,647,280.08	$6,784,026.02
Character/Unsecured	290	543	(253)	$48,695,580.23	$75,399,419.53	($26,703,839.30)
Fixed Deposits	174	259	(85)	$36,534,439.47	$63,872,450.50	($27,338,011.03)
Special M/Vehicle - CABS	46	74	(28)	$68,099,500.00	$101,753,000.01	($33,653,500.01)
Bill of Sale - Motor Vehicle	128	93	35	$163,007,981.87	$102,889,379.13	$60,118,602.74
Golden Harvest	30	40	(10)	$5,806,563.60	$3,184,370.31	$2,622,193.29
Solid Saver	24	43	(19)	$2,556,172.31	$4,713,880.56	($2,157,708.25)
Hypothecation - Other Financial Institution	10	9	1	$8,534,541.16	$1,756,909.51	$6,777,631.65
Fixed Deposit - Other Financial Institution	2	4	(2)	$118,000.00	$1,909,000.00	($1,791,000.00)
Unsecured – Line of Credit	133	606	(473)	$1,450,775.10	$4,899,523.36	($3,448,748.26)
Secured - Line of Credit	686	2,513	(1,827)	$16,767,649.56	$65,517,102.92	($48,749,453.36)
Monimax - Special Unsecured	1689	2,171	(482)	$245,985,673.83	$299,804,235.51	($53,818,561.68)
Monibooster – Unsecured	940	343	597	$334,771,470.20	$172,395,064.00	$162,376,406.20
Monibooster – M/Vehicle	1	14	(13)	$248,400.99	$10,512,542.08	($10,264,141.09)
Totals	**5,246**	**7,787**	**(2,541)**	**$1,248,060,721**	**$1,241,404,219**	**$6,656,502**

Profile of Loans Disbursed by Security

The following chart displays the top five categories of loans disbursed (by security) during the year. The MoniBooster Special Unsecured Loan Product was the largest category disbursing $334 million during the year to register an increase of $162 million or 94.19% compared to 2015. Bill of Sale – Motor Vehicle and Shares were the other categories in the top five category to record increases for the years in comparison, of $60 million (58.43%) and $6 million (5.72%) respectively.



New Loan Product

In celebration of the Credit Union's 65th anniversary, a Special Unsecured Loan Product was developed. Members were able to access amounts ranging from a minimum of $50,000 up to a maximum of $500,000 with a maximum of 3 years to repay. The share requirement was 10%; with an attractive interest rate of 19% and the service charge was 2%. A Motor Vehicle Loan Combo was introduced to provide members with the required liquidity for the share requirement for processing motor vehicle loans.

Amendments

The share requirement, interest rate and maximum repayment periods for the Motor Vehicle Loan Product were adjusted so that members could have access to more affordable loans. The MoniBooster Unsecured Loan Product was amended allowing members to access amounts varying from $100,000 up to $1,500,000. This product was welcomed by you our members and was an overwhelming success.

Loan Administration

The loan administration process was redesigned in order to ensure that we continued to provide efficient service in an effective manner. Constant supervision of this area will be ongoing to ensure that quality service is always maintained.

SUB-CREDIT COMMITTEE MEMBERS



(L-R): Christopher Tyme, Everard Harriott, Paul Grant

Waivers

The following waivers were granted for three (3) loans during 2016:

Reason for waiver	Number of loans	Dollar Value
Use 95% of Market Value of Property instead of 90%	2	$10,153,200.00
Extend Loan Term & Reduce Share Requirement	1	$ 1,800,000.00
Totals	**3**	**$11,953,200.00**

Credit Committee Members attendance for 2016

The Credit Committee and Sub-Credit Committee held **Twenty-two (22)** and **Fifteen (15)** 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	22	18	4	–
Mr. Raymond Harper	22	21	–	–
Mr. Clive Dunkley	15	9	6	–
Mrs. Vivinne Grant	22	15	7	–
Mrs. Thelma Vassell	22	16	6	–
Ms. Lilieth Sutherland	7	7	–	–
Sub-Credit Committee	**Possible Meetings**	**Attended**	**Excused**	**Absent**
Mr. Everard Harriott	15	15	–	–
Mr. Christopher Tyme	15	14	1*	–
Mr. Paul Grant	15	15	–	–

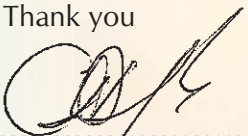
Note: A member of the Credit Committee was a part of the meeting.

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 membership 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.

Thank you



Churton Douglas
Chairman

Supervisory Committee Report



CLAUDETTE GAYLE-FOSTER
Chairman

Manchester Co-operative Credit Union (1977) Limited continues to operate in a fiercely competitive environment, thus requiring greater accountability by stakeholders. This has created the need to focus on satisfying the needs of both our internal and external constituents. It is against this background that the Manchester Co-operative Credit Union has during the year in review continue to focus on the myriad of challenges in an effort to minimise the possible threats and capitalize on the opportunities to maintain the viability of this noble Institution.

Additionally, the imminent implementation of the BOJ Credit Union Regulations will impact on reporting responsibilities requiring more stringent and more rigorous corporate governance. Manchester Co-operative Credit Union remains true to its commitment to exceed expectation of its stakeholders through the provision of captivating, innovative and competitive offerings with the aim of improving the welfare of our members.

The Supervisory Committee's mandate is to ensure that the Credit Union complies with applicable policies/procedures as well as external regulations in order to bolster the Organisation as the financial institution of choice. The Committee accepts this responsibility with humility as it coordinates efforts with the audit staff to achieve its objectives. To satisfy the requirements of this mandate the Committee provides monthly report to the Board of Directors highlighting the observations from audits conducted and making recommendations for consideration to strengthen the Credit Union's internal control systems.

SUPERVISORY COMMITTEE MEMBERS



(L-R): Ann Julette Rowe, Elaine Bailey, Barbara Chamberlain, Dahlia Brown-Dawson, Claudette Gayle-Foster, Ruthan Smile-Smikle, Claudette Griffiths-McKenzie, Michelle Douse

During the period, January to December 2016, fourteen (14) Regular Committee meetings were held. The table below outlines the attendance of the members.

MEMBERS	MEETINGS HELD	MEETINGS ATTENDED	EXCUSED	ABSENT
Kingsley Andrews	5	5	0	0
Junior Isaacs	5	5	0	0
Calvin Palmer	5	5	0	0
Ann Julette Rowe	14	14	0	0
Claudette Griffiths-Mckenzie	14	13	1	0
Ruthan Smile-smikle	14	10	3	1
Claudette Gayle-Foster	14	12	2	0
Barbara Chamberlain	14	8	6	0
Michelle Douse	9	8	1	0
Elaine Bailey	9	8	1	0
Dahlia Brown-Dawson	9	7	2	0

AREAS OF FOCUS

The activities conducted during the year are summarized below as follows:

CASH COUNTS

Regular cash counts were conducted at both the Christiana and Mandeville branches. The objective of these counts was to ascertain whether cash were properly accounted for and that there were adequate controls for cash management:

1. **ATM Cash Counts**
   No material exceptions were revealed from these audit activities.

2. **Treasury Cash Counts**
   No exceptions were observed from the cash counts conducted in this area during the review period. There were adequate safeguards over cash and the funds were properly accounted for.

3. **Teller Cash Counts**
   The tellers' cash on hand was counted and reconciled with the Teller's Closing Listings. The process included examination of transaction slips and other documentation that supported the transactions. The differences observed were within the prescribed limit of the Institution.

From the audits conducted, it was observed that the daily activities conformed to the required policies and procedures of the Credit Union and other regulatory bodies.

COMPLIANCE AUDITS

The Committee conducted Compliance Audits in the following areas: Know-Your-Customers (KYC) Policy, Operations Policy and Deceased Members Policy. These audits were carried out to assess compliance with the Credit Union's Policies and Procedures in key areas as well as adherence to Law/Regulatory requirements of external bodies.

KYC POLICY-NEW MEMBERS ACCOUNTS

An audit of New Members' Accounts was conducted. There was general compliance with the Credit Union's Anti Money Laundering, Know –Your- Customer (KYC) and other applicable policy/procedures.

OPERATIONS POLICY – DORMANT AND INACTIVE MEMBERS' ACCOUNT

Examination of transactions on the Daily Securities Log Reports with special emphasis on Dormant and Inactive Accounts was done to ascertain whether there were any unauthorized transactions. The procedures included examination of transaction

vouchers, system's adjustment forms and other supporting documentations. There was general compliance with the Policy and Procedures. There were however a few exceptions, for which corrective actions have been recommended and management have since taken steps to address the concerns raised.

DECEASED MEMBERS POLICY

An audit of Estate Accounts was conducted during the review period. It revealed general compliance with the established procedures of the Credit Union.

INTEREST PAID ON DEPOSIT/SAVINGS ACCOUNTS.

This exercise included the testing of interest paid and withholding tax charged for various savings type including Sure Gain, Youth Savers, Voluntary Shares, Solid Savers and Term Deposit Accounts. The differences in the interest paid were miniscule or immaterial, ranging from a low of $0.25 to a high of $286.92. The interest payments and withholding tax were posted to the Ledger Accounts. The objective for this audit was achieved.

DELINQUENT UNSECURED LOANS OVER $100,000

The audit in this area was conducted to ascertain the reason (s) for delinquency and whether the necessary steps were taken by the Credit Union to prevent delinquency, as well as to establish whether the loans were properly assessed and granted in accordance with the credit policy. The audit revealed general compliance with the Credit Policy and Procedures and appropriate actions for recovery of arrears were taken. The audit revealed that the main cause for the loans becoming delinquent was loss of employment.

Management's response to the exceptions observed was satisfactory as they were either corrected or the necessary resources were put in place to address same.

FIXED ASSETS

The objectives of this audit were to:

- Determine whether the internal controls over fixed assets were adequate
- Ascertain if there was compliance with the applicable policy and procedures in terms of acquisition, physical safeguards, accounting, record keeping and disposal.
- Verify the accuracy of fixed assets balance and to determine if transactions for assets were valid, properly classified and are in existence.

It was observed that there was a systematic approach in the management of fixed assets and that there were appropriate safeguards over the assets. The assets register provided adequate details which made it easy to identify the items, particularly when tracing from source documents. Documentations to support items procured and discarded were maintained in an organised manner. It was revealed that inventory counts to verify existence are done on a continuous basis. It was also observed that there has been improvement to the control system as the supervision of the inventory process has been separated from the record keeping function. The use of a Fixed Asset Transfer form that records details of the items transferred between branches and the requisite authorization has been implemented. The exceptions observed were well received by management and appropriately addressed.

RECORDS DISPOSAL

An audit was undertaken to ascertain:

- Whether there were appropriate policies/ procedures in place to ensure proper accountability for business records
- The effective management of the these records
- Whether there was effective management of these records' life cycle
- Whether records were disposed of in accordance with established policies/procedures

There was compliance with most aspects of the policy. The exceptions observed were communicated to management with the necessary recommendations for improvement Management's response has been satisfactory as appropriate steps have been taken to improve the exceptions observed.

STAFF AND VOLUNTEERS LOANS

The objective of this audit was to establish whether Staff and Volunteers loans were granted in accordance with the stipulations of the Credit Policy and whether the payments on these accounts were up-to-date. The audit revealed general compliance with the Credit Policy and established procedures for the granting of loans. Recalculations of the loan balances revealed that payments were up-to-date. The exceptions observed were satisfactorily corrected.

PEARLS RATIO

The PEARLS Ratios is a Management Tool designed to monitor the performance of credit unions and help management find meaningful solutions to serious institutional deficiencies. PEARLS also facilitate Supervisory Controls as its analysis is invaluable for spotting trends and detecting areas of concerns. Each letter of PEARLS measures key areas of the Credit Union's Operations: Protection, Effective Financial Structure, Asset Quality, Rates of Return and Cost, Liquidity and Signs of Growth. The audit was carried out to assess the performance of the Credit Union against the set Standards. The process included recalculating the various ratios and comparing them with the set PEARLS Standards. The audit revealed that the Credit Union surpassed the set standards. For instance in the area of Protection which includes Provision for Loan Loss over 12 Months, the Standard for this area is 100% and the Credit Union achieved 135%. This implies the Credit Union has exceeded its requirements.

ACKNOWLEDGEMENT

The Supervisory Committee along with the Audit Team wishes to express our sincere gratitude to the Board of Directors, the Credit Committee, Management and Staff for their support and co-operation. Your continued dedication and camaraderie has help to make this another successful year. To you, our fellow members, we would like to express our profound gratitude to you for having allowed us the opportunity to be stewards of our investments. We are committed to ensuring that the goals you have set for us will be achieved.



CLAUDETTE GAYLE–FOSTER (MRS.)
Chairman

Nominating Committee Report

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 – *Director/Chairman*
Mr. George Sloley – *Member*
Mrs. Margarita Barrett – *Member*
Miss Neleasia Lambert – *Staff Liaison*



ALFRED DALEY
Chairman

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

BOARD OF DIRECTORS

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Rev. Charles Danvers		
Mr. Astley Scott	Resigned *(completed year for Paul Gardner)*	Mr. Cleveland Robinson
Rev. Joan Smith		
Mr. Nicholas Spence	Retiring	Mr. Nicholas Spence
Mr. Stallyn Insang	Retiring	Mr. Stallyn Insang
Mrs. Althia Scott-Jones	Retiring	Mrs. Althia Scott-Jones
Mr. Alfred Daley		
Mr. Claude Rattray	Retiring	Mr. Claude Rattray
Mrs. Darcia Roache	Retiring	Mrs. Darcia Roache
Mrs. Dianna Tomlinson	Retiring	Mrs. Dianna Tomlinson
Mr. Alexander Bourne		

CREDIT COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mr. Churton Douglas		
Mr. Clive Dunkley		
Mrs. Thelma Vassall	Resigned	Mr. Paul Grant
Mr. Raymond Harper	Retiring	Mr. Raymond Harper
Mrs. Vivinne Grant	Retiring	Mrs. Vivinne Grant

SUB-CREDIT COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mr. Christopher Tyme	Retiring	Mr. Christopher Tyme
Mr. Everard Harriott		
Mr. Paul Grant	Retiring	Mrs. Helen Campbell-Wint

SUPERVISORY COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mrs. Ann Julette Rowe	Retiring	Mrs. Ann Julette Rowe
Mrs. Claudette Gayle-Foster	Retiring	Mrs. Claudette Gayle-Foster
Mrs. Dahlia Brown-Dawson	Retiring	
Mrs. Dahlia Brown-Dawson		
Miss Michelle Douse	Retiring	Miss Michelle Douse
Miss Elaine Bailey	Retiring	Miss Elaine Bailey

SUB-SUPERVISORY COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mrs. Ruthan Smile-Smikle	Retiring	Mrs. Ruthan Smile-Smikle
Mrs. Barbara Chamberlain	Retiring	Mrs. Barbara Chamberlain
Mrs. Claudette Griffiths-McKenzie	Retiring	Mrs. Claudette Griffiths-Mckenzie

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	
Mr. Cleveland Robinson	New (completing term left vacant by the resignation of Paul Gardner)	1 Year
Mrs. Althia Scott-Jones	Continuing	2 Years
Mr. Stallyn Insang	Continuing	2 Years
Mr. Nicholas Spence	Continuing	2 Years
Mr. Alfred Daley	Continuing	1 Year
Mr. Claude Rattray	Continuing	2 Years
Rev. Joan Smith	Continuing	1 Year
Mrs. Dianna Tomlinson	Continuing	2 Years
Mr. Alexander Bourne	Continuing	1 Year
Mrs. Darcia Roache	Continuing	2 Years

CREDIT COMMITTEE

NAMES	STATUS	TERM
Mr. Churton Douglas	Continuing	1 Year
Mr. Clive Dunkley	Continuing	1 Year
Mr. Raymond Harper	Continuing	2 Years
Mrs. Vivinne Grant	Continuing	2 Years
Mr. Paul Grant	Continuing	2 Years

SUB-CREDIT COMMITTEE

NAMES	STATUS	TERM
Mr. Everard Harriott	Continuing	1 Year
Mr. Christopher Thyme	Continuing	2 Years
Mrs. Helen Campbell-Wint	New	2 Years

SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Mrs Claudette Gayle-Foster	Continuing	1 Year
Miss Michelle Douse	Continuing	1 Year
Mrs. Dahlia Brown-Dawson	Continuing	1 Year
Mrs. Ann Julette Rowe	Continuing	1 Year
Miss Elaine Bailey	Continuing	1 Year

SUB-SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Mrs. Ruth Smile-Smikle	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.

Mr. Alfred Daley
Chairman

Profile of Nominees

CLEVELAND ROBINSON

Mr. Cleveland Robinson is the Acting Vice Principal, Administrative Affairs, at Church Teachers' College and is pursuing a Doctoral Degree (Ed. D.) in Educational Leadership. Mr. Robinson is the former President of the Bishop Gibson High School Parent Teachers Association and is currently a member of the School Board. He is also serving as an executive member of the Manchester Horticultural Society.

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

HELEN CAMPBELL-WINT

Mrs. Helen Campbell-Wint is an educator and currently heads the Business Department at Christiana High School. Mrs. Campbell-Wint's professional training includes Human Resource Management, Credit Administration, Supervisory Management, Enterprise Risk Management as well as Audit Compliance. She currently serves as the school's Junior Achievement Club Co-ordinator.

Mrs. Campbell-Wint also served MCCU (1977) Limited as a Volunteer on the Credit and Supervisory Committees for a combined period of eleven (11) years.

Mrs. Helen Campbell-Wint has been nominated to serve on the Credit Committee.

JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE

President's 75th Anniversary Message

Fellow Co-operators:



I greet you with a firm commitment to play my part as President in continuing the pursuits of the Credit Union Movement, confident in the knowledge that over the past 75 years we have created and maintained a co-operative financial institution of which we are all very proud.

The Jamaica Co-operative Credit Union League, the national association of Credit Unions, was the off-shoot of three Credit Unions, and has since grown to become, like the great oak, protecting other trees in the forest in a storm. The celebration of this milestone is significant. Symbolically, it tells the story of the longevity of the Credit Union Movement, which is an enviable feat!

The League owes its existence to two sets of people, the founders and the keepers. The founders are the pioneers, who though challenged in many ways, refused to give up and worked tirelessly to spread credit unionism throughout Jamaica. Among them was the Patriarch of Credit Unionism in Jamaica, Father John Peter Sullivan and the Sodality Group of Young men from St. Georges College, who guided by him, gave life to the Movement. We salute them in this the 75th anniversary of the League.

The volunteers are the keepers of the League and the Movement. Their role in developing and instituting policies has resulted in the growth and development of the Movement. Without this level of governance, the Movement could not have accomplished its mandate and earned the trust and confidence that over one million members have placed in credit unions. We thank God for the wisdom that he has bestowed on these volunteers, and the volunteers for their distinguished services to the Movement over these years.

Among the keepers are you the members, who for generations have pooled your resources to help each other, characterizing the co-operative principles of Credit Unions. The commitment that you have demonstrated in your Credit Union is exemplified by your support of the institutions at which you have saved your resources, borrowed, and made future plans for yourself and your families. Your faithfulness in using the services provided by the Movement to improve the quality of your lives is commendable.

Undoubtedly, we are at that point where we must consider the future of the Movement for the next 75 years and beyond. What will it be? No one can accurately predict the future, based on current trends however we think the Movement as a Jamaican institution, is here to stay. Like a living organism, it will undergo some degree of metamorphosis. In the final analysis, we expect it to emerge as a beautiful butterfly, to be admired by all and cherished by members. It requires patience and perseverance, but as with the cocoon, it cannot be rushed, with time the results will be there for all to see.

Let us therefore with vision and purpose, dedicate ourselves to the future development of the Movement, as we embark on the journey of another 75 years. We owe it to our children, and to their children, to bequeath unto them the legacy of a Movement that is more developed and sustainable than that which was bequeathed unto us by our pioneers, more than 75 years ago. Let us endeavor to leave them with a Movement from which they too can benefit financially and socially.

Thank you all for your support and dedication to the ideals of credit unionism, as co-operatively we work to make Credit Unions great co-operative financial institutions, taking their rightful place in the financial services sector and in the lives of our members.

God bless you all.

Winston C. Fletcher
President

40th Annual General Meeting








Town Hall Meeting








65th Anniversary Funday & Back to School Fair















Sydney Carter & GSAT Bursary Luncheon









ICU WEEK





Debating Competition





65th Anniversary Banquet







Mid-Island Chapter Banquet







Staff List

ADMINISTATION DEPARTMENT

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

ACCOUNTS DEPARTMENT

14.	Mr. Lenroy Allen	–	*Finance Manager*
15.	Mr. Omar Greene	–	*Information Technology Manager*
16.	Mrs. Delrose James	–	*Senior Accounting Officer*
17.	Mrs. Jacqueline Kennedy	–	*Systems Administrator*
18.	Mr. Oliver Harrison	–	*Accounting Officer*

SALES & MARKETING DEPARTMENT

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

MANDEVILLE BRANCH

22.	Miss Shevaun Hart	–	*Branch Manager-(Mandeville)*
23.	Miss Debbie Barrett	–	*Utility Officer*
24.	Mrs. Ashieka Ebanks-Newell	–	*Member Service Officer*
25.	Mrs. Loye Richards	–	*Credit Supervisor*
26.	Miss Nadine Ricketts	–	*Credit Officer*
27.	Mr. Richard Barrett	–	*Credit Officer*
28.	Miss Neleasia Lambert	–	*Credit Officer*
29.	Mrs. Ruth Anderson-Burnett	–	*Securities Officer*

30.	Mr. Andrew Richards	–	*Field Officer*
31.	Mrs. Gail Taylor	–	*Junior Credit Officer*
32.	Miss Chantal Jamieson	–	*Junior Credit Officer*
33.	Miss Sandrene Bryan	–	*Credit Administrator*
34.	Miss Jenice Green	–	*Member Service Representative*
35.	Miss Lavene Gyles	–	*Senior Member Service Representative*
36.	Mr. Rajeve Stewart	–	*Member Service Representative*
37.	Miss Jannese Francis	–	*Member Service Representative*
38.	Mr. Kirkton Richards	–	*Driver/Member Service Representative*
39.	Miss Anna-Kay Bartley	–	*Member Service Representative*
40.	Mr. Davion Williamson	–	*Member Service Representative*
41.	Mr. Shamar Mullings	–	*Member Service Representative*
42.	Miss Princess Walters	–	*Member Service Representative*
43.	Mr. Jardane Green	–	*General Clerk*
44.	Miss Kimeisha Robinson	–	*Member Service Representative*

CHRISTIANA BRANCH

45.	Mrs. Wendy Hamm-McLean	–	*Branch Manager*
46.	Mr. Floyd McConnell	–	*Member Service Officer*
47.	Mrs. Gennevieve Minzie-Allen	-	*Credit Officer*
48.	Miss Samantha Johnson	–	*Credit Officer*
49.	Mrs. Shelly Ann Daley-Broomfield	–	*Utility Clerk*
50.	Mr. Mark Brown	–	*Field Officer*
51.	Mrs. Claudia Pitter-Lewis	–	*Junior Credit Officer*
52.	Mrs. Terry Ann Birthwright	–	*Junior Credit Officer*
53.	Mrs. Karen Christie-Riley	–	*Administrative Assistant*
54.	Miss Jholein Marshall	–	*Senior Member Service Representative*
55.	Mrs. Sharon Williams	–	*Member Service Representative*
56.	Miss Natalee Simpson	–	*Member Service Representative*
57.	Mr. Jerome Thompson	–	*Member Service Representative*
58.	Mr. Craig Williamson	–	*Member Service Representative*
59.	Mrs. Genice Robinson	–	*Credit Clerk*
60.	Mrs. Jassette Wright	–	*Office Attendant*

PART TIME WORKERS

Mrs. Rose Marie Beadle	–	*Mandeville*
Miss Hyacinth Spurgeon	–	*Mandeville*
Mr. Michael Green	–	*Mandeville*
Miss Beverly White	–	*Christiana*
Mr. Trevor Johnson	–	*Christiana*

Staff Pictures



MRS. CYNTHIA BRISCOE
General Manager

HEAD OFFICE



Seated (L-R): D. James, C. McFarquhar, L. Ffrench-Francis, V. Jack, J. Haslam, V. Miller-Hewitt
Standing: (L-R): H. Robinson, N. Bailey, O. Harrison, C. Green, L. Allen, C. Bowen, S. Duricka, D. Samuels, J. Kennedy, M. Gottshalk
Missing from Photo: W. Allen, O. Greene

MANDEVILLE BRANCH



Seated (L-R): A. Bartley, N. Ricketts, D. Barrett, S. Hart, C. Jamieson, L. Richards, K. Robinson, K. Richards
Standing: (L-R): D. Williams, R. Barrett, R. Stewart, L. Gyles, P. Walters, J. Green, G. Taylor, A. Ebanks-Newell, A. Richards, R. Anderson-Burnett, J. Green, J. Francis
Missing from Photo: M. Peterkin, N. Lambert, S. Mullings, S. Bryan

CHRISTIANA BRANCH



Seated (L-R): N. Simpson, C. Pitter-Lewis, W. Hamm-McLean, S. Johnson, T. Birthwright, K. Riley
Standing (L-R): J. Marshall, M. Brown, S. Daley-Broomfield, F. McConnell, G. Mulgrave, S. Williams, C. Williamson, G. Robinson, J. Thompson, J. Wright, T. Johnson
Missing from Photo: G. Minzie-Allen

ADMINISTRATIVE DEPARTMENT



Seated (L-R): C. McFarquhar, L. Ffrench-Francis, V. Jack, J. Haslam
Standing (L-R): H. Robinson, N. Bailey, C. Green, C. Bowen, S. Duricka, D. Samuels
Missing from Photo: W. Allen

ACCOUNTS & IT DEPARTMENT



Seated (L-R): J. Kennedy, D. James
Standing (L-R): L. Allen, D. Samuels, O. Harrison
Missing from photo: O. Greene

SALES & MARKETING DEPARTMENT



(L-R): G. Mulgrave, V. Miller-Hewitt, M. Gottshalk

Credit Department

MANDEVILLE



Seated (L-R): N. Ricketts, D. Barrett, S. Hart, L. Richards
Standing (L-R): R. Barrett, R. Anderson-Burnett, C. Jamieson, G. Taylor, A. Richards
Missing from Photo: S. Bryan, N. Lambert

CHRISTIANA



(L-R): S. Johnson, C. Pitter-Lewis, M. Brown, T. Birthwright, G. Robinson
Missing from Photo: G. Minzie-Allen

Member Services

MANDEVILLE



Seated (L-R): A. Bartley, S. Hart, A. Ebanks-Newell, K. Robinson, J. Francis
Standing (L-R): D. Williams, L. Gyles, R. Stewart, J. Green, J. Green, K. Richards
Missing from Photo: S. Mullings

CHRISTIANA



(L-R): S. Daley-Broomfield, J. Thompson, N. Simpson, F. McConnell, S. Williams, C. Williamson
Missing from Photo: J. Marshall

Condolences

Abraham Brimm
Ainsley Smith
Aliethia McLeod
Andrew Forbes
Anthony Roberts
Arnett Devenish
Audley Swaby
Audrey Salmon
Barbara Stephenson
Berkley Benneth
Bernard Williams
Beverley Denton
Calbert Pringle
Carmeta Dinnal
Charles Rose
Conrod Smith Jr.
Courtney Carnegie
Craigmore Lewis
Dawn Davidson
Derrick Dewar
Deryck Brooks
Dorian Pryce
Douglas Manning
Elfreda Gooden
Ellouis Loney
Enid Lyncook
Eucal Smith
Evelyn Thompson
Everton Mitchell
Ezekiel Campbell
Fay Francis
Gilmore Linton
Headley Johnson
Hicks Rodriques
Hubert Haughton
Hyacinth Rose
Ian Reid
Inez Robinson
Jane Clarke
Joyce McLean
Karen Bartley
Kenneth Linton
Lloyd Ellington
Lloyd Whyte
Lloyd Williams
Loretta Watson-Wint
Lynette Planter
Marshall Wright
Megan South
Michael Rose
Myrna McNamee
Nena Swab-Murray
Normalyn Davis-Johnson
Omel Green
Oniel Barnett
Othneil Martin
Pamelleta Lindsay-Roye
Paul Kennedy
Paulette Junor-Phillips
Philip Telphia
Phillistina Simpson
Rennick Drummond
Rohan Manning
Rondi Smith
Rose Beezer
Sharon Stewart-Wright
Sheldon Forbes
Sidney Jones
Suzanna Roye
Teran Milford
Thelma Robinson
Theodore Henlon
Valarie Wright
Valrie Gordon
Veline Adams
Vinroy McKenzie
Wayne Stewart
Yvonne Elliott-Smith
Yvonne Gayle

The Role 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 Standing 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