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

42nd ANNUAL GENERAL MEETING

of the

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

at the

SACRED HEART SCHOOL AUDITORIUM,

MAIN STREET, CHRISTIANA
MANCHESTER

On Saturday, May 12, 2018

Commencing at 11:00 a.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. Any Other Business

7. Announcements

8. Vote of Thanks

9. Prizes

10. Closure

MINUTES OF THE 41ST ANNUAL GENERAL MEETING HELD ON THURSDAY, MAY 11, 2017, AT 4:00 PM AT GOLF VIEW HOTEL AUDITORIUM, 5½ CALEDONIA ROAD, MANDEVILLE, MANCHESTER

CALL TO ORDER

The meeting was called to order by the Chairman, Rev. Charles Danvers, at 4:00 p.m.

The Secretary, Mr. Claude Rattray ascertained that the meeting was duly constituted with 461 members present. The notice of the 41st 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 cordial welcome to all. He said that the Annual General Meeting is an important event in the life of the Credit Union and as members we should take this event seriously.

Special welcome was extended to the following:

Mr. Yale Henry	–	Jamaica Co-operative Insurance Agency
Mr. Stanley Black	–	" " " "
Ms. Jorgette Lewis	–	Senior Co-op. Officer – Department of Co-operatives & Friendly Societies
Ms. Stephanie Johnson	–	CONEC Mobile
Ms. Shawna Bailey	–	" "
Ms. Kerry-Ann Ainsworth	–	" "
Mrs. Phueona Reynolds	–	Jamaica Co-op. Credit Union League Ltd.
Mr. Ivan Green	–	Past President of Manchester Co-operative Credit Union (1977) Limited

Formal welcome was extended to members of the Board of Directors and other volunteers, the General Manager and staff members of Manchester Co-operative Credit Union (1977) Limited.

APOLOGIES

Apologies were tendered on behalf of the following persons:

Major Clifton Lumsden	–	NUCS
Mr. Wentworth Gabbidon	–	NUCS (would be late)

CORRECTIONS TO BOOKLET

- Page 6: at the top of the page – change the time of the meeting from "11:00 p.m." to '11:00 a.m.'
- Page 100: under Supervisory Committee – move the second Mrs. Dahlia Brown-Dawson to the third column.

MINUTES OF THE 40th ANNUAL GENERAL MEETING

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

CONFIRMATION

The amended minutes were confirmed on a motion moved by Ms. Charmaine Smith and seconded by Ms. Coleen Hyatt.

The Chairman paused to welcome Mrs. Tanya Brown-Granstan from the Jamaica Co-operative Credit Union League.

Apologies were tendered on behalf of the following volunteers:

- *Mr. Churton Douglas – Credit Committee*
- *Mrs. Althia Scott-Jones – Board of Directors (would be late)*

CONDOLENCES

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

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 stated that Board of Directors report demonstrated an obligation on their 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.

He noted that the Credit Union's targets for the year showed mixed results. Some targets achieved included New Members, Delinquency Control and Surplus. The Board wished to specially commend the staff members who have worked creatively and tirelessly to contain the Delinquency Rate at 5.69% at the end of year. Our members were also recognized for continuously honouring their obligations in a timely manner. Some of the targets not met included Loan Interest, Interest Income and increase in Youth Savers.

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 were on-going.

PERFORMANCE OVERVIEW

The following provides insights of the Credit Union's operations for the financial year ended December 31, 2016:

Performance Overview

Key Areas	2016 Millions	2015 Millions	% Change	Target for 2017
Savings	3,371	3003	12	3,758
Net Loans	2,571	2228	14	2,819
Total Assets	4,540	4088	11	5,028
Institutional Capital	789	719	10	849
Surplus	77	67	14	89

The Chairman paused to welcome the following persons:

- **Miss Shakera Lee** - *Credit Union Fund Management Company Limited*
- **Mr. Fitzgerald Rowe** - *General Manager, St. Elizabeth Co-op. Credit Union*
- **Ms. Norma Neil** - *Chairman, St. Elizabeth Co-op. Credit Union*

ADMINISTRATION & HUMAN RESOURCES

Training

Staff members participated in a number of training/workshops during the year to include the following:

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

65th Anniversary Celebrations

The 65th Anniversary Celebrations got under way on May 29 with a Church Service at the St. Augustine's Anglican Church in Porus. An Anniversary feature also appeared in the Sunday Gleaner's Outlook Magazine on May 29, 2016.

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 to Holmwood Technical High School

65th Anniversary Product Specials

There were special offers on both a saving and a loan product. The Saving Special focused on the Wealth Accelerator Product, while the Loan Special was designed as an unsecured loan being offered at an affordable interest rate.

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. 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. Similarly, a loans campaign dubbed "Live your Dream in 2016" ran concurrently with the main focus being on Motor Vehicle and Property Loans.

Outdoor Advertising

The project to refurbish the Credit Union's Bus Shed located on the New Green Road was completed in the first quarter of 2016.

PUBLIC RELATIONS

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

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.

Town Hall Meetings

The first Town Hall Meeting for 2016 was held in the town of Mandeville in April and 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.

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

GSAT Bursaries valued at $15,000.00 each were awarded to fifteen (15) students at the primary level 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 Celebration

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. These included the following:

- ❖ Church Service at Church of God of Prophecy, Levy Lane, Mandeville
- ❖ Soup & Soap Outreach at the Manchester Infirmary
- ❖ Member Appreciation Day Treat and Expo at both branches and
- ❖ Movie Evening at 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.

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.

The Chairman paused to welcome the external auditors, Mrs. Lisa Cousins and Miss Simone Powell from the auditing firm, Crowe Horwath.

Representation at Affiliated Organization

The League's Annual General Meeting was rescheduled from May and was held in August. Manchester was represented by the delegates and alternate delegates. 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.

Social and Community Outreach

A total of $620,300.00 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.

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 would ensure that the Credit Union fulfills its Vision and Mission were 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

Short Term Goals for 2017: The financial and operational targets for 2017 are outlined 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%

CONCLUSION

In closing, the President noted that in order to shore-up the sustainability of the Credit Union, all members are called on, not only to make use of the loan facilities, but to live up to their loan obligations as well. Being part of a member-owned financial institution is not merely a privilege but a serious responsibility. He again reminded the entire membership that our Credit Union will be as strong as we together allow it to be and that we continue to demonstrate a high level of social responsibility and make our communities and interest groups in Manchester feel our presence.

The Board expressed 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 provided measured advice and guidance. Recognition and expression of thanks were extended to all volunteers for their time, effort and energy in helping to steady the affairs of our Credit Union. The Chairman expressed thanks also to all other partners in the Co-operative family for their 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.

QUESTIONS AND COMMENTS

Mr. Berresford South said that he was heartened to see that the matter of merger was being discussed.

He also commended the Credit Union for its donation to the Red Cross towards the purchase of a wheelchair accessible vehicle as part of its social outreach.

On a motion moved by Ms. Karen Miller and seconded by Mr. Shirley Johnson, the report of the Board of Directors was adopted.

Rev. Danvers paused to welcome Director Mr. Astley Scott.

TREASURER'S REPORT:

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

INTRODUCTION

Gross Domestic Product (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 remained at record low level 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. Also, the effort to tame the crime monster had 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 the report

Profitability

Total income of $506 million was earned during the 2016 financial year. 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 loss. 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

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.

Asset Growth

Total assets ended the year at $4.5 billion. This represented an increase of 11% over the amount for 2015. 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.

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.

Savings

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

Key Financial Indicators

Our Organization exceeded the League's standards in most of the key financial indicators. The loan to asset ratio rose from 54.5% in 2015 to 55.9% in 2016. The Credit Union aims to achieve the minimum standard of 60% over the short term.

Institutional Capital Reserve

The 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 the League and surpassed the capital ratio requirement set by the Bank of Jamaica.

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.

Conclusion

In closing, the Treasurer noted that the financial performance for the year 2016 was evidence that the Credit Union remains a viable Organization amidst the current economic challenges and the fierce competition. He commended the team of hardworking staff and volunteers for a job well done, and also applauded the contribution that the members have made to the success of the Credit Union.

Mr. Daley said that, while we pause to reflect on our past achievements, let us be mindful of the challenges ahead. He noted that he was confident; however, once we all continue to work together as a united force, our Credit Union would rise above the challenges and experience further success in 2017 and the ensuing years.

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, 2016, 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 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.

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

- Mr. Steve Nugent commended Mr. Daley on the presentation of the Treasurer's report. He also extended commendations to the staff of the Credit Union and thinks that they are a very good staff based on his experience. However, he had a concern about the profitability as reported and asked if the Credit Union only invest in the interest-bearing instruments. Mr. Daley responded affirmatively. Mr. Nugent further asked if we ever considered investing in the local stock market and global and local bonds. Mr. Daley said we have not done so; however, that is something we could think of.

- Mr. Kenneth Henry also commended Mr. Daley for a good and thorough report. He said that he was also happy that the AGM was being held on a Thursday because he had not been able to attend when it is held on Saturday. Mr. Henry further commented that, while commending the staff on doing their job well, he was wondering if we could find a quicker way to deal with member services as when he goes to member services he has to plan to spend the entire day; therefore, he would like this matter to be addressed. Mr. Daley responded that this is a matter that consideration has been given to at all times; how to improve our service delivery. He said that some changes were made in both branches to ensure that we can speed up the process.

- Mrs. Panzie Taylor-Wilson asked if funds in the Credit Union were covered by the Jamaica Depositor Insurance Company (JDIC). Mr. Daley informed her that members funds are not covered by JDIC but by the CUNA Caribbean.

- Mr. David Sharpe commended the Credit Union for the work it has been doing over the years, as it has been a source of 'up-liftment' for him and he gives thanks for that. He further stated that he went to the Credit Union to apply for a loan and discovered that things have changed as a lot more documents are required in order to get a loan. Mr. Sharpe asked why there has to be so much red tape, especially for members who have salary deductions. The Treasurer said that as a sound

financial institution we have to make sure that the loan is repayable. He said that in recent times we have cut down on the number of documents that members are asked to take in, especially for multiple borrowers. He asked that Mr. Sharpe visits one of the branches to get further clarification.

On a motion moved by Mr. Jeremaine McKenzie and seconded by Mr. Stanley Skeene, 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	**$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**

Mr. Renford Douglas recommended that an additional One Million Dollars be distributed to the Disaster Relief Fund. Mr. Daley said that he appreciated Mr. Douglas' recommendation; however, this money that is put aside each year is hardly ever used, therefore we are not overly anxious to add a large amount to it.

Mr. Harris Senior said he was in support of the proposal as this money could be put where it can earn interest, especially given the fact that we are prone to disasters these days. He further said that even if it is not used it is good to have it for the benefit of our members if a disaster should strike.

Mr. Lenroy Allen rose to further discuss the motion to increase the Disaster Relief Fund by One Million Dollars. He said that while it was a noteworthy proposal, based on the fact that we would be carrying forward almost $20 million, we should note that it is very important for us to always have a strong undistributed surplus carrying forward. One of the main reasons is that we were quickly approaching the Bank of Jamaica Regulations and they have certain demands. One such demand is the amount of capital that the Credit Union must have; however, we are not certain of the extent of the demand from BOJ; therefore, we need to have a strong reserve outside of the 'bonafide' institutional capital.

Mr. Allen further explained that the Disaster Relief Fund was set up primarily to assist members in cases where they might face a natural disaster. Over the many years we have not been called upon to pay out much from that Fund. Outside of the Disaster Relief Fund, there is the Social Outreach Fund that is also used to assist members.

Mr. Allen noted that on top of the $2.6 million that was already there, $100,000.00 would be sufficient to add to the Disaster Relief Fund.

Mrs. Betisha Chambers asked if it is that persons do not know about the Fund why it was not being used, because she has known of persons who have faced disasters and it was the first she was knowing that this fund was available and wanted to know how to access it. Mr. Daley informed her that every year at the A.G.M. it is made known that an amount is being put aside for this purpose.

Mr. Daley moved for the acceptance of the Appropriation of Surplus as outlined earlier which was seconded by Mrs. Sharon Peart and carried.

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.

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

CREDIT COMMITTEE REPORT:

Highlights of the report were read by Mr. Raymond Harper – Assistant Chairman of the Credit Committee as follows:

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 measures 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.

Comparison of Loans Disbursed for 2016 and 2015

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%.

Profile of Loans Disbursed by Purpose

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 others in the top five category to record increases for the years in comparison, of $41 million (18.86%) and $21 million (18.81%) respectively.

Profile of Loans Disbursed by Security

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 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.

Waivers Granted

Waivers were granted for three (3) loans during the year. Reasons for the waivers were to: use 95% of market value of property instead of 90% for two (2) loans and extend loan term and reduce share requirement for one (1) loan.

Conclusion

In closing, Mr. Harper said that the members of the Credit Committee were 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. He also expressed on behalf of the Committee, their sincere appreciation to our members, for choosing Manchester Co-operative Credit Union (1977) Limited to be their financial partner.

Questions & Comments

There were no questions and/or comments.

On a motion moved by Mrs. Yvonne Dwyer-Smith and seconded by Ms. Shanika McIntosh, the report of the Credit Committee was adopted.

SUPERVISORY COMMITTEE:

Highlights of this report were read by the Chairman, Mrs. Claudette Gayle-Foster as follows:

Introduction

In her opening remarks, the Chairman said that, Manchester Co-operative Credit Union (1977) Limited continued 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 was against that background that the Organization had during the year in review continued to focus on the myriad of challenges in an effort to minimize the possible threats and capitalize on the opportunities to maintain the viability of this noble Institution.

Additionally, she said that the imminent implementation of the BOJ Credit Union Regulations would impact on reporting responsibilities, requiring more stringent and more rigorous corporate governance. The 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 its 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. To satisfy the requirements of this mandate the Committee provided 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.

The activities conducted during the year are summarized below:

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:

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

Compliance Audits

The Committee conducted Compliance Audits in the areas of 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.

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 Saver and Term Deposit Accounts. The differences in the interest paid were miniscule or immaterial. The objective for this audit was achieved.

Delinquent Unsecured Loans

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.

Fixed Assets

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.

Acknowledgement

The Chairman, in her closing remarks, on behalf of the Supervisory Committee along with the Audit Team expressed her sincere gratitude to the Board of Directors, the Credit Committee, Management and Staff for their support and co-operation. She said their continued dedication and camaraderie had help to make 2016 another successful year. To the fellow members, the Committee expressed their profound gratitude for having allowed them the opportunity to be stewards of their investments.

QUESTIONS & COMMENTS

- Mr. Berresford South said that, based on his observations and comments at previous meetings, he was happy to observe that corrective measures were taken to have the aim and objectives of the Supervisory Committee spelt out in the report. The report stated whether they were accomplished or not and that management was communicated with and their response.

On a motion moved by Mrs. Joyce Skeene and seconded by Ms. Joyce Walcott, the report of the Supervisory Committee was adopted.

NOMINATING COMMITTEE REPORT

Mr. Alfred Daley, Chairman of the Nominating Committee, referred to the Rules governing the nomination. The other members of the Committee were:

- Mr. George Sloley – *Member*
- Mrs. Margarita Barrett – *Member*
- Miss Neleasia Lambert – *Staff Liaison*

Election of the Board of Directors and Committees

The election proceedings were handed over to Miss Jorgette Lewis, representative from the Department of Co-operatives & Friendly Societies. She commended the outgoing Board for the work that they had been doing. Miss Lewis proceeded to read the profiles of the persons who were nominated to serve as volunteers and introduced them to the membership as follows:

- Mr. Cleveland Robinson - *Board of Directors*
- Mrs. Helen Campbell-Wint - *Credit Committee*

There were no nominations from the floor; therefore, the following persons were elected to serve on the Board of Directors, Credit Committee and Supervisory Committee for the year 2017 to 2018:

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	2Years
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 Griffiths-McKenzie	Continuing	1 Year
Mrs. Barbara Chamberlain	Continuing	1 Year

Miss Lewis acknowledged Mr. Astley Scott on completing the year for Rev. Dr. Paul Gardner who resigned.

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. Shirley Johnson, seconded by Mr. Owen Reid 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.

ANY OTHER BUSINESS

1. **Merger Talks:** Rev. Danvers gave an update on the merger talks. He informed the membership that Manchester Credit Union and St. Elizabeth Credit Union separately selected members from their Boards to represent each of the credit union on the Merger Committee. There had been five (5) such meetings up to that time and two (2) meetings with the entire boards of Manchester and St. Elizabeth were represented; therefore, they have been fully engaged in the process so far and both boards had sent their agreements to these talks going forward. Contact had been made with the Credit Union League and the Department of Co-operatives and Friendly Societies and they have been giving advice and technical support. A memorandum of Understanding was drafted as part of the way forward. Also going forward, two (2) things need to be done. Firstly, a Due Diligent Agreement will have to be in place. This document will allow the credit unions to have access to documents containing details for each other. This would facilitate assessing the records of the institutions. This assessment would be done by an independent body. Secondly, when the credit unions decide on a merger, the matter would have to be treated as a project and a Project Manager would have to be hired.

Questions/Comments

- Mr. South asked if the radius/bond in which we operate would be extended if the merger should come into effect and how would it be extended. Rev. Danvers responded that the two (2) entities have established bonds so if there is a merger of the two credit unions the entire area that is encompassed by both would be the new bond and we could look at widen it a bit more.

  Mr. South said that he believes that the Credit Union League should revisit the rules governing bonds and the same courtesies that they extend to other credit unions they should look at Manchester Credit Union with a view of extending its bond beyond St. Elizabeth and beyond Manchester's current boundaries. Rev. Danvers informed Mr. South that it is the Department of Co-operatives and Friendly Societies that set bonds and not the Credit Union League. He further said that we were in the dialogue mode and a number of things were possible.

- Mr. Renford Douglas commended the Board for the progress made so far. He said he was happy and satisfied that progress was being made. He said he applaud the Board and they should keep on pursuing the merger and hopefully by 2018 we would have one of the biggest credit unions in Jamaica.

2. **Transportation for New Forest Members:** Mr. Stafford Banton asked why transportation was no longer provided for the members in New Forest to attend the Annual General Meeting. The Chairman informed Mr. Banton that the response from members in New Forest was very limited as not many persons had expressed an interest in attending the meeting. Mr. Banton said that this was not so as he had visited the Mandeville office the week before the meeting to find out if a bus would be going to New Forest to transport members to the meeting. He said that he was told that he would receive a call; however, he did not receive a call as promised. Rev. Danvers responded that we were accepting that something went wrong, but the matter will be corrected next time around.

3. **Permanent Shares:** A member asked what it means to have Permanent Shares. The Chairman explained that, having Permanent Shares with the issuance of a Certificate are what make one a member of the Credit Union. He further explained that if one does not have Permanent Shares, then they are not officially a member. He also informed the member that dividends are paid annually.

SPECIAL PRESENTATION

A token of appreciation in the form of a plaque, in recognition for her dedicated and invaluable service to Manchester Credit Union, was presented to the General Manager, Mrs. Cynthia Briscoe who would be going on early retirement at the end of May 2017. Mrs. Briscoe started working with the Credit Union in 1985 in the capacity of a Teller and has work her way up through the ranks to the position of General Manager in 2004. Under her leadership, the Credit Union has achieved the following:

- Growth in membership to over 41,000
- Growth is assets from $1.1 billion to $4.5 billion
- Under her stewardship the Credit Union was recognized as the Number One Parish Credit Union for five (5) consecutive years (2011 to 2016) and Runner-up Mega Credit Union for the years 2012 to 2014.

Mrs. Briscoe, in her response, said that she was thankful to God for keeping her in the Organisation for over 31 years. She said that she contributed as much as she could and so she was leaving it for someone else to take up the mantle. Mrs. Briscoe said that she was just leaving her nine-to-five job as she would still be a member and she would be available to offer whatever assistance or consultation that might be needed.

VOTE OF THANKS

Mr. Alexander Bourne, Director, moved the vote of thanks.

He expressed thanks to the following individuals and organizations:

- The management team, led by Mrs. Briscoe, her staff members, in particular, the Marketing team who had a very big hand in organizing a very successful A.G.M.
- Rev. Joan Smith, Chairman for the Convention
- Rev. Charles Danvers, President/Chairman
- Mrs. Vasiana and Leighanna Hewitt - the mother and daughter dance team
- Mr. Alfred Daley and the Auditors from UHY Dawgen
- Mr. Raymond Harper and the members of the Credit Committee
- Mrs. Claudette Gayle-Foster and the members of the Supervisory Committee
- Miss Jorgette Lewis for the Department of Co-operatives and Friendly Societies
- Representatives from CONEC Mobile Wallet
- Representatives from the Credit Union League
- Representatives from NUCS
- Representatives from JCIA
- Representatives from St. Elizabeth Co-operative Credit Union
- All other specially invited guests
- Past and present volunteers
- The members in attendance

EARLY BIRD PRIZE PRESENTATIONS

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

CLOSURE

There being no other business, the National Anthem was sung and the Chairman closed the meeting at 7:45 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 of Manchester Co-operative Credit Union (1977) Limited uses this medium to account to the membership on the performance during the year 2017. The year was characterized by a continuing high crime rate, particularly murders, and the scourge of cyber-related crimes, including 'scamming'. On the financial scene, the low interest-rate regime continued, and some of our targets were somewhat affected.

The discussions and preparations for credit unions to be regulated by the Bank of Jamaica (BOJ) continued in earnest, as well as readiness for the New International Accounting Standard IFRS 9. The formal discussions with St. Elizabeth Co-operative Credit Union Limited continued until the latter part of the year when the focus shifted to preparations for the BOJ Regulations and IFRS 9 readiness. To this end a company, eCM Global, was selected to provide technical and software support to the Credit Union.

One major change that happened during the year was the retirement of the former General Manager, Mrs. Cynthia Briscoe. The Board of Directors and the entire volunteer core offer our best wishes to Mrs. Briscoe on her retirement and convey our thanks to her for the sterling service she gave, especially as General Manager for approximately thirteen (13) years.

Condolence:

The Board of Directors, Supervisory and Credit Committee members offer our condolences to the families of members who died during 2017 as well as members of staff and those from the volunteer core who had family deaths.

Below are more details on the Credit Union's performance and activities for the period ending December 31, 2017.

Performance Overview

Key Areas	2017 Millions	2016 Millions	% Change	Target for 2018
Savings	3,697	3,371	10	4,147
Net Loans	2,832	2,571	10	3,077
Total Assets	4,963	4,540	9	5,408
Institutional Capital	886	789	12	896
Surplus	82	77	6	71

ADMINISTRATION & HUMAN RESOURCES

PERSONNEL

Training

Staff and volunteers participated in a number of training/workshops throughout the year. Some of these sessions are listed below:

Teller Training, Corporate Governance, Credit Risk Management, Occupational Safety and Health, New Staff Orientation, Management Skills for New Managers, Audit Techniques, Succession Planning, IFRS 9 and POCA/AML/CFT.

Key Stakeholders Seminar

A key Stakeholders Seminar was successfully held in September 2017. Representatives from St. Elizabeth Co-operative Credit Union also participated in the seminar. Presentations were made on a range of topics including The Banking Services Code of Conduct, JDIC, IFRS 9, Bank of Jamaica Fit & Proper Requirements, The Role of Capital in the New Regulatory Environment, Occupational Health and Safety and Health & Wellness, among other topics.

Promotions/Recruitment & Separation

Changes were made to our staff compliment during the year. A total of six (6) employees were promoted and two (2) were transferred. Also, there were eleven (11) new hires. We had one separation due to the early retirement of our Former General Manager who served the Organization for over 31 years.

Merger Talks with St. Elizabeth Co-operative Credit Union Limited:

The St. Elizabeth Co-operative Credit Union Limited wrote to the Manchester Co-operative Credit Union (1977) Limited stating that they are withdrawing from the Memorandum of Understanding re the merger discussions. The letter stated that at a later date the merger discussions could be resumed if both parties were still inclined to pursue the same objectives. Manchester agreed to the withdrawal from the Memorandum of Understanding.

Emergency Exit:

The construction of an emergency exit on the ground floor of the Mandeville Branch was done during the year.

Marketing

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

1. Rotary Roast
2. Men Who Cook
3. JCDC Festival Queen
4. Alston High School Career Day
5. High Mountain Coffee Road Races
6. Christiana High School Career Day
7. Frankfield Primary School Career Day
8. Knox Community College's College Day Expo
9. Manchester Parish Library Reggae on the Lawn Expo
10. Northern Caribbean University Orientation Exercise
11. Social Development Commission's Town Hall Meetings

PRODUCTS & SERVICES

Special Promotions

A special savings campaign dubbed **"Become a Better Saver in 2017"** was launched at the start of the year to collectively promote the Partner Plan, Golden Harvest and Wealth Accelerator products. These products were geared towards meeting short, medium and long term saving goals.

In November, special revisions were done to a number of our loan products to boost growth in these critical areas. The revised products were as follows:

Dream Wheels Auto Loan Special

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

- 100% Financing for New Vehicles
- Interest rates reduced to as low as 7.99%
- Repayment term extended to a maximum of 8 years

These offers were scheduled to expire on January 31, 2018.

Property Loan

The Property loan was comprised of the following features:

- Maximum loan amount of $25 Million
- Up to 20 years to repay
- Interest rates as low as 7.99%

Cash Secured Loan

- Interest rates as low as 7.99%

Unsecured Loans

- Maximum loan amount of $2 Million

PUBLIC RELATIONS

LABOUR DAY

The Credit Union's Labour Day Project was conducted on May 23, 2017 at the Christiana Police Station. The project involved repainting the interior sections of the officers' living quarters. This was achieved through the participation of nine (9) members of staff, four (4) volunteers and a member from the Mandeville branch. The day was a success the objective was met and the excess paint was handed over to the officers for future use.

Financial Fitness Month

For a third year, the month of April was declared as Financial Literacy Month by the Jamaica Co-operative Credit Union League. As such, Manchester supported this initiative by way of the following activities:

- April 12 - A one day session to educate students on Financial Planning at the Holmwood Technical High School
- April 20 - A Town Hall Meeting in the Craighead Community
- April 21 - Participation in the JCCUL Reality Fair at the Golf View Hotel
- April 28 - Financial tips for members using Text Messaging/ SMS Blast

Town Hall Meetings

Our series of Town Hall Meetings continued in 2017 with the first one being held in the month of April in the Craighead community. The second meeting was held in Porus in month of August. The third meeting which was planned for the Newport Community in October was affected by inclement weather. We continue to invite strategic partners onboard such as the HEART Trust NTA, Rural Agricultural Development Authority, Social Development Commission, CUNA Caribbean Insurance and the Jamaica Constabulary Force. The hosting of Town Hall Meetings forms part of the Credit Union's commitment to ongoing member education.

Sydney Carter Scholarship & Bursaries

A total of five tertiary level students received financial assistance to commence the 2017/2018 Academic Year. Mr. Zanor Bell, a 2nd year Social Science student of the University of West Indies was awarded the Sydney Carter Scholarship valued at $300,000.00 per annum while the other students received bursaries totaling $700,000.00 as follows:

NAME	INSTITUTION	AMOUNT $
Janoi Reid		200,000.00
Jobie Ann Powell	NCU	200,000.00
Kimela Burnett		150,000.00
Jaleel Blake		150,000.00

GSAT Bursaries

Twenty (20) students received GSAT Bursaries from the Credit Union valued at $15,000.00 each to assist with the start of their secondary level education. Two (2) additional students also received GSAT bursaries; One from the Staff Welfare Fund and the other from the Jamaica Co-operative Credit Union League for the parish of Manchester. These students who are active youth savers were all selected based on their savings pattern and academic performance.

Board Of Directors



(L-R): *Diana Tomlinson, Stallyn Insang, Alfred Daley, Charles Danvers, Michelle Ambersley (General Manager), Claude Rattray, Nicholas Spence, Alexander Bourne*
Missing From Photo: *Darcia Roache, Althia Scott-Jones, Cleveland Robinson, Joan Smith*

Youth Activities

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

- The Essay & Poster Competitions at the primary level which were won by students from Knox Junior School and Grove Town Primary School, respectively.
- The Debating Competition at the secondary level was won by Knox College, which has won the competition for four (4) consecutive years.

International Credit Union Week 2017

International Credit Union Week (ICU) was celebrated from October 15- 21, 2017 under the theme, "Credit Unions: Dreams Thrive Here" A number of activities were carried out to mark the occasion. They were as follows:

Date	Event	Location
October 15	Church Service	Assembly of God Tabernacle Church, Christiana
October 17	Soup & Soap Outreach	Grove Mount Basic School
October 18	Member Appreciation Day	Christiana Branch
October 19	Member Appreciation Day	Mandeville Branch
October 20	Movie Evening	Cecil Charlton Hall

For the Soap & Soup outreach, the students of Grove Mount Basic School were treated with cooked lunches and care packages that included a book, a pencil, toothpaste and a tooth brush. The Member Appreciation Days were supported by an Outside Broadcast on Love 101 FM and booth displays courtesy of a number of organizations that included Hawkeye Electronics, CUNA Caribbean Insurance, Professional Eye Care, Heart Trust NTA, Can Care Pharmacy and the National College of Professional Studies. Nurses from the Public Health Department were also on hand to provide free health checks. The week of activities was well supported by our members, staff and volunteers.

Mid Island Chapter Awards Banquet

The Mid Island Chapter of Credit Unions Awards Banquet was hosted by Manchester on October 28, 2017. The awards for Member and Employee of the Year 2016 were presented to Miss Pauline Mitchell and Miss Neleasia Lambert, respectively.

Awards & Recognition

During 2017 the following awards were received by the Credit Union for its 2016 performance:

1. **Jamaica Co-operative Credit Union League:** Award for the Highest Net Loans Growth

2. **Jamaica Co-operative Credit Union League:** The O J Thorbourne Award for the Runner up Mega Credit Union of the Year

3. **CUNA:** 2nd Runner up Credit Union : Number of new accounts/Membership of 12,001-79,000 Golden Harvest Savings Plan

4. **Manchester Chamber of Commerce:** Customer Service Award for offering outstanding customer service

League AGM and Convention:

The League AGM was held on May 25 – 28, 2017. Manchester Credit Union was represented by its delegates, alternate delegates, committee members and staff.

Caribbean Confederation of Credit Unions (CCCU) 60th Annual General Meeting & Convention:
Our Credit Union was represented at the Caribbean Confederation of Credit Unions (CCCU) Annual Conference, which was held in Cuba in June 2017.

SOCIAL AND COMMUNITY OUTREACH

The following table highlights the various persons and organizations that benefited from the Social outreach provisions during the year under review:

NAME	AMOUNT ($)	NAME	AMOUNT ($)
CHRISTIANA HIGH SCHOOL	5,000.00	CHANTILLY NEW TESTAMENT	5,000.00
CHRISTIANA MORAVIAN PRIMARY & INFANT SCHOOL	2,500.00	CHRISTIANA CITIZENS COMMITTEE	5,000.00
CHRISTIANA PHARMACY & BOOK CENTRE LTD	5,000.00	FUNERAL ASSISTANCE	10,000.00
DECARTERET COLLEGE SPONSOR	10,000.00	EBENEZER HOME	5,000.00
MT. OLIVET BOYS HOME	20,000.00	FIRST ASSEMBLY OF GOD	7,500.00
HAMPTON SCHOOL	10,000.00	PERCY JUNOR HOSPITAL	30,000.00
HOLMWOOD TECHNICAL HIGH SCHOOL	5,000.00	JAGCE MANCHESTER CHAPTER	20,000.00
LIONS CLUB OF PORUS	7,500.00	MANDEVILLE PARISH CHURCH	25,000.00
MANCHESTER HIGH SCHOOL	5,000.00	MANCHESTER CHAMBER OF COMMERCE	50,000.00
FRANKFIELD PRIMARY SCHOOL	20,000.00	MANCHESTER PARISH LIBRARY	5,000.00
RICHMOND PRIMARY SCHOOL	5,000.00	MANDEVILLE BAPTIST BROTHERHOOD	4,000.00
SACRED HEART ACADEMY	2,750.00	ASSISTANCE FOR FIRE VICTIM	20,000.00
SPALDING PRIMARY SCHOOL	20,373.28	NAT'L UNION OF CO-OP. SOCIETIES	8,000.00
SILENT HILL EARLY CHILDHOOD INST'N	10,000.00	MANCHESTER HEALTH DEPARTMENT	50,000.00
THE MAVIS FRASER-DAVIS TRUST SPONSORSHIP	10,000.00	RED FLAME SPORTS CLUB	11,000.00
UNIVERSITY OF THE WEST INDIES	40,000.00	ROYAL AIR FORCES ASSOCIATION	10,000.00
WOODLAWN SCHOOL OF SPECIAL EDUCATION	10,000.00	RUSSELLS SHILOH APOSTOLIC CHURCH	5,000.00
YABNEL CARE CENTRE	7,000.00	ST MARK - MANDEVILLE PARISH CHURCH	8,000.00
MEDICAL ASSISTANCE	104,703.10	THE JAMAICA LEGION	3,000.00
MANDEVILLE NEW TESTAMENT CHURCH OF GOD	5,000.00	THE LAY MAGISTRATES ASSN. OF JA.	9,000.00
S.R.H.A	10,000.00	WESLEY METHODIST CHURCH	7,000.00
THE LIONS CLUB OF MANDEVILLE	10,000.00		
GRAND TOTAL			**622,326.38**

BOARD OF DIRECTORS MEETINGS – 2017

The table below outlines the attendance of the Board of Directors at the Thirty-One (31) meetings that were held during the year:

NAMES	POSSIBLE MEETINGS	ATTENDED	EXCUSED	ABSENT
*Charles Danvers	31	31	0	0
*Claude Rattray	31	30	1	0
*Alfred Daley	31	31	0	0
*Joan Smith	31	27	4	0
*Alexander Bourne	31	30	1	0
Dianna Tomlinson	17	16	1	0
Darcia Roache	17	12	5	0
Althia Scott-Jones	17	13	4	0
Nicholas Spence	17	15	2	0
Stallyn Insang	17	13	4	0
Astley Scott	3	2	1	0
Cleveland Robinson	12	9	2	1

*Members of the Executive

Management Retreat:

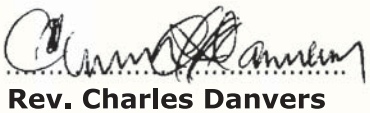
The Management Retreat for 2017 was held in December. The focus of that year's retreat was the development of the Credit Union's Five-Year Business Plan.

CONCLUSION

The highly competitive financial landscape and a more informed and demanding membership, make it imperative that the structures, policies and general operations of the Manchester Co-operative Credit Union (1977) Limited keep apace of the social and economic realities of Jamaica and the world. The Board of Directors recognizes the challenging, yet necessary sacrifices that are needed by all, in order for the Institution to continue its forward thrust. This is yet another call to all our members to be as supportive and responsive to our individual responsibilities, as needs be.

In closing, the Board expresses sincere thanks to the entire Management Team and all categories of staff members. We especially recognize the work of Mrs. Cynthia Briscoe who lead the Institution during the first half of the year and Mr. Lenroy Allen who provided leadership for the second half. Our appreciation to all volunteers whose individual and collective inputs were highly valued. To all other supporters of our work, we express our gratitude: The League, The Department of Co-operatives and Friendly Societies, other Co-operatives, our Auditors, Bankers and the many suppliers of goods and services.

With the expectation of changes to the regulatory environment and greater demands for account-ability, the Manchester Co-operative Credit Union (1977) Limited has been positioning itself to 'face the music'. Being the people of faith we are, let us allow the working of God's almighty hands to continue to direct us as we chart the course of success with confidence, knowing that we are victors through Him, from whom all good gifts do come. Let us all continue to strive for the improvements in the affairs of each member and the Institution itself, which helps to sustain us.



Rev. Charles Danvers
President

TREASURER'S REPORT

for Financial Year ended December 31, 2017



ALFRED DALEY
Treasurer

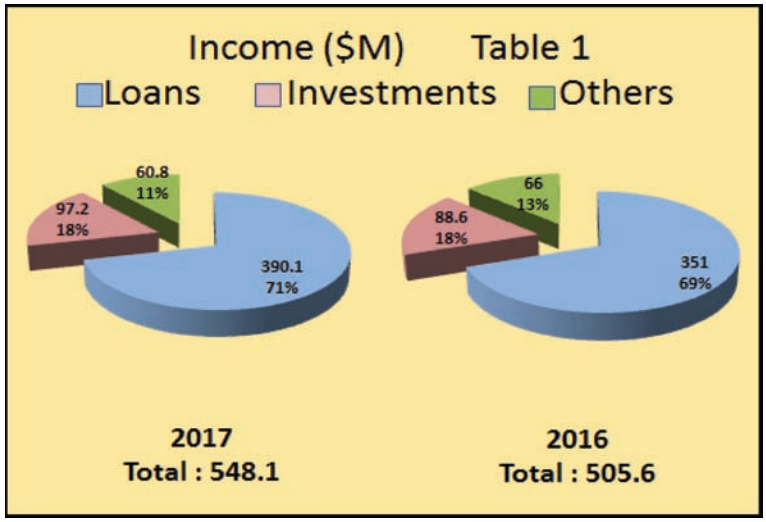
The Jamaican economy's GDP grew by 1.7% for the year 2017. While there was improvement in consumers' confidence, the business confidence slipped as there was growing impatience with the slow pace of implementation of the government's plans to grow the economy. On a positive note, the unemployment rate was trending down and was 10.4% as at October 2017.

Other macroeconomic variables such as interest rates, foreign exchange rate and inflation showed positive trends when compared to 2016. Interest rates trended downwards and the Jamaican dollar showed signs of appreciation in the last quarter of 2017, although being positive economic indicators they adversely affected our revenue streams.

The imminent Bank of Jamaica regulations along with changes to the International Financial Reporting Standard for the measurement and classification of financial instruments (IFRS 9) will have a significant impact on the credit union's operations and financial position beginning in 2018. Measures are already in place to enable the adoption of these requirements and their impact on the financial statements will result in greater provision requirements and likely a lower net surplus for 2018.

Profitability

Total income of $548 million was earned during the 2017 financial year as shown in **Table 1.** This was 8.4% above the amount earned in 2016.It cost a total of $465 million to carry out the operations of the Organization in 2017. This was 8.6% more than what was spent during the previous year.



The surplus for the year was $82 million. This was 7.2% above the amount earned in 2016.

The growth in surplus was due mainly to Interest from loans contributed $390 million or 71% of total income. Income generated from investments was $97 million. This was $8 million above the amount earned in 2016.

Income from fees and commissions contributed $61 million or 11% of total revenues for the year. This was a decrease over the $66 million earned in the previous 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% in 2017. This was a slight decline from the 11.1% in the 2016. The return on assets ratio was 1.8% at the end of the financial year. This was a slight increase from the 1.7% achieved in 2016.

Table 2

Profitability Indicators	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017
Total Income to Assets	12.8%	12.6%	11.8%	11.1%	11.0%
Operating Exp. to Assets	7.3%	7.2%	7.0%	6.8%	7.7%
Return on Assets	2.7%	2.5%	1.6%	1.7%	1.8%

Asset Growth

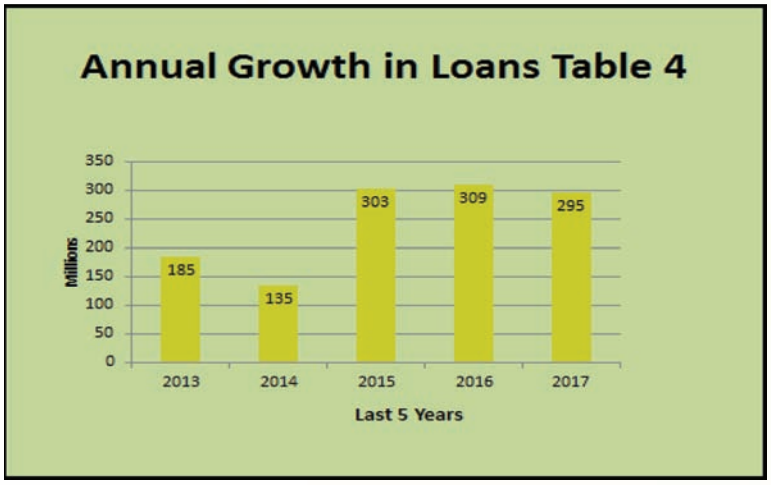
Total assets ended the year at $4.9 billion. This represented an increase of 9.3% over the amount for 2016. Table 3 indicates the movement in our Credit Union's asset base over the last five (5) years. The accumulated increase over the period was $2 billion or 64%.



Loans

The growth in total assets was aided by a 12% or $295 million increase in loans after provisions were accounted for. This increase was supported by robust growth in Unsecured loans and Real estate loans which rose by 22% and 12% respectively. Motor Vehicle loans also went up by 3.2% during the year.

Table 4 shows the extent of the growth in net loans over the last five (5) years. The average annual loans growth over the five year period was 24%.



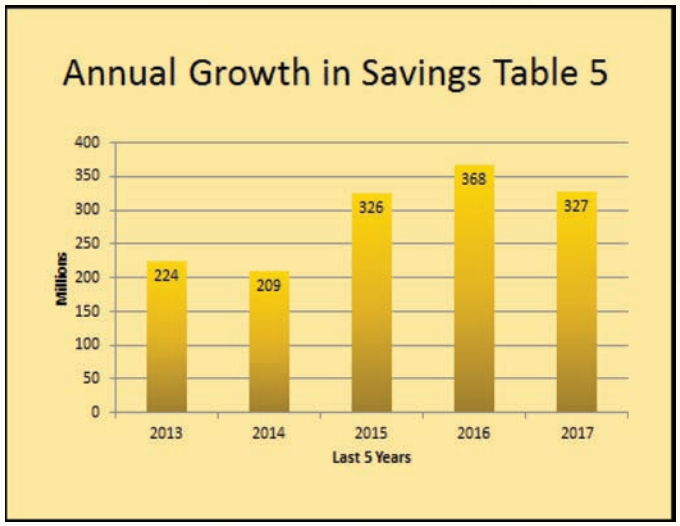
Amidst the stiff competition faced during the year our Organization managed to achieve the aforementioned loans growth. We will continue to review our loan products to ensure that we remain competitive.

Meanwhile, we urge you the members to make the Credit Union your lending institution of choice.

Investments and Cash Reserves

The cash and investment portfolio closed the year at $1.85 billion. This represented an increase of 7% over 2016 and accounted for 37% of total assets. The Credit Union earned an average of 5.6% on investments during the year. This was below the 5.8% achieved in 2016.

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 $327 million or by 10% during the year as shown in Table 5. Total savings was just under $3.7 billion at the end of 2017. 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 55.9% in 2016 to 57.1% in 2017. 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	2017 Actual	2016 Actual
Provision for Loan Loss	100.0%	144%	131%
Institutional Capital : Total Assets	8.0%	17.7%	17.4%
Net Loans: Total Assets	60% -80%	57.1%	55.9%
Delinquent Loans: Total Loans	< or = 5%	5.3%	5.7%
Non-Earning Asstes: Total Assets	7.0%	5.8%	6.1%
Operating Expense : Total Assets	8.0%	7.1%	6.8%
Membership Growth	5.0%	5.0%	5.4%
Asset Growth	11.5%	9.3%	11.1%
Institutional Capital Growth	10.0%	11.2%	9.8%

Institutional Capital Reserve

Our Credit Union was able to strengthen its capital base during the year. Total institutional capital stood at $885 million at the end of the period. This represented $97 million or 12.3% growth. The institutional capital to asset ratio grew slightly from 17.4% in 2016 to 17.7% at the end of the 2017 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 2017 financial year.

Delinquency

The delinquency rate fell from 5.7% in 2016 to 5.3% at the end of the 2017 financial year. We continue along the path of effective delinquency control and will take further measures to reduce the level of delinquency. We anticipate your co-operation in this regard.

Summary of Income & Expenses

Table 7

Income & Expenditure	Year 2017	Year 2016	Increase/ Decrease	% Change
Total Income	548,159,799	505,661,783	42,498,016	8.4%
Total Expenses	-465,576,207	-428,690,128	-36,886,079	8.6%
Surplus	*82,583,592*	*76,971,655*	*5,611,937*	*7.3%*
Add Undistributed Surplus	93,315,361	88,387,736	4,927,625	5.6%
Less Transfers	-96,454,820	-72,044,030	-24,410,790	33.9%
Available for Appropriation	*79,384,133*	*93,315,361*	*16,483,592*	*-14.9%*

Table 8

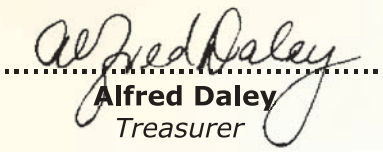
Assets, Liabilities & Reserves	Year 2017	Year 2016	Increase/ Decrease	% Change
We The Members Own:				
Institutional Capital	769,460,262	684,085,184	85,375,078	12.5%
Permanent Shares	116,423,581	104,430,560	11,993,021	11.5%
Other Reserves	203,315,459	234,189,378	-30,873,919	-13.2%
Undistributed Surplus	109,798,953	93,315,361	16,483,592	17.7%
Total	*1,198,998,255*	*1,116,020,483*	*82,977,772*	*7.4%*
The Money Was Used For:				
Net Loans to Members	2,832,583,268	2,537,194,352	295,388,916	11.6%
Cash & Investments	1,914,156,912	1,793,305,361	120,851,551	6.7%
Fixed Assets	85,476,766	89,918,303	-4,441,537	-4.9%
Other Assets	131,344,477	119,955,708	11,388,769	9.5%
Total Assets	*4,963,561,423*	*4,540,373,724*	*423,187,699*	*9.3%*
Less Savings & Other Liabilities	3,764,563,168	3,424,353,241	340,209,927	9.9%
Our Credit Union's Net Worth	*1,198,998,255*	*1,116,020,483*	*82,977,772*	*7.4%*

Conclusion

Although the credit union has performed reasonably well it is not being complacent in its operations as we the Board and Management recognize the impact that competition can have on its viability. Therefore, we constantly seek methods to increase earnings and improve the member-experience that will continue to transform the credit union to meet the needs of its captive market.

I take this opportunity to commend the team of hardworking staff and volunteers for the efforts you have made in realizing these goals and to you our members for your continued support.

While we are mindful of the challenges that lie ahead, let us continue to work together to make our Credit Union stronger and better able to serve you our members.



Alfred Daley
Treasurer

MANCHESTER CO-OPERATIVE
CREDIT UNION (1977) LTD.

DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

(An 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/-395/04/18

April 20, 2018

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, 2017.

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

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Notes to the Financial Statements

YEAR ENDED 31ST DECEMBER 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

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Crowe Horwath™

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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 2017, 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 2017, 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. The Annual Report is expected to be made available to us after the date of this auditor's report.

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.

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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)

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.

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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.

The engagement partner on the audit resulting in this independent auditors' report is Mr Dawkins Brown.

Crowe Horwath Jamaica

Crowe Horwath Jamaica

April 17, 218

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2017 $	2016 $
ASSETS:			
EARNING ASSETS:			
Liquid Assets	4	1,490,626,303	1,256,018,719
Loans to Members after Provision	5	2,832,583,268	2,537,194,352
Financial Investments	7	354,779,753	469,071,721
Total Earning Assets		4,677,989,324	4,262,284,792
NON-EARNING ASSETS:			
Liquid Assets	8	68,750,856	68,214,921
Other Assets	9	61,050,477	47,437,708
Property, Plant and Equipment	10	85,476,766	89,918,303
Retirement Benefit Asset	11	70,294,000	72,518,000
Total Non-Earning Assets		285,572,099	278,088,932
TOTAL ASSETS		4,963,561,423	4,540,373,724
LIABILITIES:			
INTEREST BEARING LIABILITIES:			
Members' Voluntary Share Capital	12	1,902,626,518	1,722,235,390
Savings Deposits	13	1,795,300,721	1,648,743,458
Total Interest Bearing Liabilities		3,697,927,239	3,370,978,848
NON-INTEREST BEARING LIABILITIES:			
Accruals	14	18,746,119	21,106,398
Payables	15	31,316,922	19,077,725
Others	16	16,572,888	13,190,270
Total Non-Interest Bearing Liabilities		66,635,929	53,374,393
TOTAL LIABILITIES		3,764,563,168	3,424,353,241
EQUITY:			
Members' Permanent Share Capital	17	116,423,581	104,430,560
Non-Institutional Capital	18	313,114,412	327,504,739
Institutional Capital	19	769,460,262	684,085,184
Total Capital		1,198,998,255	1,116,020,483
TOTAL LIABILITIES AND EQUITY		4,963,561,423	4,540,373,724

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

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON APRIL 17, 2018 **AND SIGNED ON ITS BEHALF BY:**

REV. CHARLES DANVERS
PRESIDENT

MR. ALFRED DALEY
TREASURER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2017 $	2016 $
INTEREST INCOME:			
Liquid Assets		71,227,798	63,905,941
Loans to Members		390,113,592	351,008,997
Financial Investments		25,988,080	24,695,950
		487,329,470	439,610,888
INTEREST EXPENSE:			
Interest Expense on Members' Voluntary Shares		34,242,446	29,762,743
Savings Deposits		42,712,268	45,124,822
Other Financial Costs	20	11,824,965	13,606,217
		88,779,679	88,493,782
NET INTEREST INCOME		398,549,791	351,117,106
Less Provision for Loan Impairment	6	20,748,221	28,644,857
Less Reimbursement to Members for ATM Fraud		1,595,074	-
NET INTEREST INCOME AFTER PROVISION		376,206,496	322,472,249
NON - INTEREST INCOME			
Other Income	21	60,830,329	66,050,895
		60,830,329	66,050,895
GROSS INCOME		437,036,825	388,523,144
Less Operating Expenses	22	352,453,233	309,591,489
NET INCOME BEFORE HONORARIA		84,583,592	78,931,655
Honoraria Payment		(2,000,000)	(1,900,000)
NET INCOME AFTER HONORARIA		82,583,592	77,031,655
OTHER COMPREHENSIVE INCOME			
Items that will or may be reclassified to profit or loss:			
Revaluation- Available for Sale Investments		45,039	1,109,605
Items that will not be reclassified to profit or loss:			
Pension (Expense)/Income	11	(2,224,000)	5,720,000
Minimum Business Tax		(60,000)	(60,000)
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA		80,344,631	83,801,260

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

SUMMARY

	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	-	(2,500,000)	-	(2,500,000)
Transfer to Social Outreach Programme	-	1,000,000	-	1,000,000
Transfer to Sydney Carter Scholarship	-	1,000,000	-	1,000,000
Transfer to Unsecured Loan Reserve	-	2,500,000	-	2,500,000
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 carried forward	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 2017

(Expressed in Jamaican Dollars unless otherwise indicated)

SUMMARY (CONT'D)

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
Balance at 31st December 2016 brought forward	104,430,560	327,504,739	684,085,184	1,116,020,483
Total Surplus for the Year	-	82,583,592	-	82,583,592
Other Comprehensive Income				
Revaluation - Available for Sale Investments	-	45,039	-	45,039
Pension Income	-	(2,224,000)	-	(2,224,000)
Minimum Business Tax	-	(60,000)	-	(60,000)
	-	(2,238,961)	-	(2,238,961)
Total Comprehensive Income for the Year after Honoraria	-	80,344,631	-	80,344,631
Transactions with Owners				
Permanent Share Capital Subscribed	11,993,021	-	-	11,993,021
Appropriations of Net Surplus for 2016				
Dividends on Permanent Shares	-	(7,478,991)	-	(7,478,991)
Institutional Capital	-	(60,000,000)	60,000,000	-
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	-	(1,500,000)	-	(1,500,000)
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	-	1,500,000	-	1,500,000
Redemption of Permanent Shares	-	23,171	-	23,171
Payments made from Other Non-Qualifying Reserves	-	(1,903,309)	-	(1,903,309)
Adjustment to Retained Undistributed Earnings	-	(751)	-	(751)
Transfer to Statutory Reserve	-	(25,375,078)	25,375,078	-
	11,993,021	(94,734,958)	85,375,078	2,633,141
Balance at 31st December 2017	116,423,581	313,114,412	769,460,262	1,198,998,255

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2017
(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 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 carried forward	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 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

NON-INSTITUTIONAL CAPITAL (CONT'D)

	(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 2016 brought forward	8,725,445	48,876,324	80,000,000	72,518,000	19,046,679	5,022,930	93,315,361	327,504,739
Total Surplus for the Year	-	-	-	-	-	-	82,583,592	82,583,592
Other Comprehensive Income								
Revaluation - Available for Sale Investments	-	45,039	-	-	-	-	-	45,039
Pension Income	-	-	-	(2,224,000)	-	-	-	(2,224,000)
Minimum Business Tax	-	-	-	-	-	-	(60,000)	(60,000)
	-	45,039	-	(2,224,000)	-	-	(60,000)	(2,238,961)
Total Comprehensive Income for the Year after Honoraria	-	45,039	-	(2,224,000)	-	-	82,523,592	80,344,631
Transactions with Owners								
Appropriations of Net Surplus for 2016								
Dividends on Permanent Shares	-	-	-	-	-	-	(7,478,991)	(7,478,991)
Transfer to Institutional Capital	-	-	-	-	-	-	(60,000,000)	(60,000,000)
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	-	1,500,000	-	-	-	-	(1,500,000)	-
Transfer of 30% of Net Income for the Year before Honoraria	-	-	-	-	-	-	(25,375,078)	(25,375,078)
Transfer to Permanent Share Transfer Fund	-	-	-	-	-	23,171	-	23,171
Adjustment to Undistributed Net Earnings	-	-	-	-	-	-	(751)	(751)
Payments made from Non-Qualifying Reserve	-	-	-	-	(1,903,309)	-	-	(1,903,309)
Transactions with Owners	-	1,500,000	-	-	196,691	23,171	(96,454,820)	(94,734,958)
Balance at 31st December 2017	8,725,445	50,421,363	80,000,000	70,294,000	19,243,370	5,046,101	79,384,133	313,114,412

(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 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

Institutional Capital

	Statutory and Legal Reserves	Revenue Reserves	Total
	$	$	$
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
Transfer of 30 % of Net Income for the Year before Honoraria	25,375,078	-	25,375,078
Transfer from Undistributed Net Income to Institutional Capital	-	60,000,000	60,000,000
Balance at 31st December 2017	287,513,007	481,947,255	769,460,262

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

	2017	2016
	$	$
Cash flows from Operating Activities		
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA	80,344,631	83,801,260
Non- cash items included in income		
Depreciation - Property, Plant and Equipment	16,011,679	13,560,253
Loss on Disposal of Property, Plant and Equipment	1,515	-
Pension Income	2,224,000	(5,720,000)
Adjustment to Undistributed Net Earnings	(751)	-
Gain on Revaluation of Investments	(45,039)	(1,109,605)
Provision for Loan Impairment	20,748,221	28,644,857
	119,284,256	119,176,765
(Increase) in Operating Assets		
Other Assets	(13,612,769)	(8,309,295)
(Decrease)/Increase in Operating Liabilities		
Accruals	(2,360,279)	3,950,816
Payables	12,239,197	(7,363,713)
Others	3,382,618	3,577,660
Net Cash Provided by Operating Activities	**118,933,023**	**111,032,233**
Cash Flows from Investing Activities:		
Addition to Property, Plant & Equipment	(11,571,657)	(30,027,067)
Financial Investments	114,337,007	240,861,008
Loans advanced to Members	(1,094,046,395)	(1,249,069,427)
Repayment of Loans by Members	777,909,258	911,304,104
Net Cash Used in Investing Activities	**(213,371,787)**	**(126,931,382)**
Cash Flows from Financing Activities:		
Voluntary Share Capital	180,391,128	190,112,469
Permanent Share Capital	11,993,021	8,978,010
Savings Deposits	146,557,263	177,372,523
Social Outreach	(619,477)	(585,888)
Permanent Share Transfer Fund	23,171	78,667
Dividend on Permanent Shares	(7,478,991)	(6,757,699)
Share Building Reserves	25,224	76,456
Special Reserve	-	(28,875)
Disaster Relief Fund	(309,056)	-
Sydney Carter Scholarship Fund	(1,000,000)	(1,000,000)
Net Cash Provided by Financing Activities	**329,582,283**	**368,245,663**
Increase in Liquid Assets	235,143,519	352,346,515
Liquid Assets at Beginning of Year	1,324,233,640	971,887,125
Liquid Assets at End of Year	**1,559,377,159**	**1,324,233,640**
Liquid Assets - Earning	1,490,626,303	1,256,018,719
Liquid Assets - Non - Earning	68,750,856	68,214,921
	1,559,377,159	**1,324,233,640**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2017

(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:

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.

Improvements to IFRS 2014–2016 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2017 and 2018. The main relevant amendment is as follows:

Makes amendments to the following standard:

- **IFRS 12: Disclosure of Interests in Other Entities (Effective January 2017)**

  Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*

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 2017
(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.

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.

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 2018)

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.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2017
(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:

Amendments to IFRS 9: Financial Instruments Prepayment Features with Negative Compensation (Effective January 1, 2019)

Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.

The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration (Effective January 2018)

The interpretation addresses foreign currency transactions or parts of transactions where:

- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

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 2017

(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 2017

(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 2017

(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 2017
(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 2017

(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 2017
(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% (2016 - 0.20%) of total assets. Stabilisation dues are fixed at a rate of 0.15% (2016 - 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 17.85% (2016 - 17.37%) 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 2017
(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 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Earning Assets - Liquid Assets:

	2017 $	2016 $
Savings Account Balances	165,134	170,646
Foreign Currency Savings Accounts	42,068,603	30,722,721
Placement with JCCUL	641,600,240	348,707,579
Held to Maturity		
Placement with Other Financial Institutions	806,792,326	876,417,773
	1,490,626,303	1,256,018,719

5. Loans To Members:

	2017 $	2016 $
Balance at Beginning of Year	2,634,144,111	2,320,322,810
Loans Granted	1,063,837,747	1,225,125,405
	3,697,981,858	3,545,448,215
Less Repayments and Transfers	777,909,258	911,304,104
	2,920,072,600	2,634,144,111
Less Provision for Loan Impairment	(87,489,332)	(96,949,759)
Balance at End of Year	2,832,583,268	2,537,194,352

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2017
(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:

	2017 $	2016 $
Total Non-Performing Loans	532	606
Balance, 1st January	96,949,759	92,248,924
Provision for the Year	20,748,221	28,644,857
	117,697,980	120,893,781
Recoveries during the Year	3,502,734	3,190,623
Charged off during the year	(33,711,382)	(27,134,645)
Balance, 31st December	87,489,332	96,949,759
Regulatory loan loss provision	60,872,136	73,886,824
Less: Provision based on IAS 39	(87,489,332)	(96,949,759)
Excess of IFRS Loan Impairment over JCCUL regulatory requirement.	(26,617,196)	(23,062,935)

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 %	2017 PROVISION FOR LOAN LOSSES $	2016 PROVISION FOR LOAN LOSSES $
1 Month	52,137,926	-	-	-
2 - 3 Months	14,601,376	10	1,460,138	1,163,233
3 - 6 Months	23,107,510	30	6,932,253	8,751,975
6 - 12 Months	33,981,903	60	20,389,142	20,413,276
Over 12 Months	32,090,603	100	32,090,603	43,558,339
	155,919,319		60,872,136	73,886,824

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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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	158	52,137,926	6,891,500	45,246,426
2 to 3 months	52	14,601,376	5,430,775	9,170,601
3 to 6 months	93	23,107,510	7,750,814	15,356,696
6 to 12 months	117	33,981,903	10,736,525	23,245,378
Over 12 months	112	32,090,603	12,862,475	19,228,128
	532	155,919,319	43,672,089	112,247,230

(d) The Directors estimate the value of the chattels held as security against the outstanding loans to be $61,646,712 (2016 - $50,921,603). At 31st December 2017 there were 532 delinquent loans (2016 - 606).

7. Earning Assets - Financial Investments:

	2017	2016
	$	$
Available for Sale		
Placement with JCCUL	11,827,357	11,503,919
Placement with Other Financial Institutions	301,999,215	414,430,260
	313,826,572	425,934,179
Un-quoted Equity Securities	42,703,181	44,887,542
Provision for losses on unquoted shares	(1,750,000)	(1,750,000)
	40,953,181	43,137,542
	354,779,753	469,071,721

8. Non Earning - Liquid Assets:

	2017	2016
	$	$
Cash and Bank	68,750,856	68,214,921

9. Non Earning - Other Assets:

	2017	2016
	$	$
Accrued Income	43,637,196	38,044,072
Receivables	17,413,281	9,393,636
	61,050,477	47,437,708

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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 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
Additions	-	1,810,248	3,990,244	-	-	5,771,165	11,571,657
Disposals	-	-	(683,898)	-	-	(339,832)	(1,023,730)
31st December 2017	11,109,483	44,573,697	58,596,356	1,100,000	8,103,151	57,755,774	181,238,461
Depreciation:							
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
Charge for year	-	902,661	4,196,848	-	2,192,291	8,719,879	16,011,679
Released on Disposal	-	-	(682,383)	-	-	(339,832)	(1,022,215)
31st December 2017	-	14,461,816	41,093,530	-	7,464,889	32,741,460	95,761,695
Net Book Values:							
31st December 2017	11,109,483	30,111,881	17,502,826	1,100,000	638,262	25,014,314	85,476,766
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	73,451,489

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)
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11. Retirement Benefit Asset :

The Credit Union participates in a multi-employer pension scheme. The pension scheme is a defined benefit plan and is funded. The assets of the funded plan are held independently of the Credit Union's assets in separate trustee administered funds. Independent actuaries value the scheme annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31st December 2017.

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

	2017 $	2016 $
Present Value of funded obligations	211,820,000	179,960,000
Fair Value of Plan Assets	(282,114,000)	(253,823,000)
	(70,294,000)	(73,863,000)
Effect of Asset Ceiling	-	1,345,000
Asset in the Statement of Financial Position	(70,294,000)	(72,518,000)

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

	2017 $	2016 $
Current service cost	6,031,000	5,126,000
Interest cost on Obligation	15,958,000	14,118,000
Interest Income on Plan assets	(22,937,000)	(20,098,000)
Interest on Effect of Asset Ceiling	121,000	-
Past Service Cost	36,000	-
Administrative Expenses	1,792,000	1,179,000
Pension Expense	1,001,000	325,000

The actual return on plan assets was $28,290,000 (2016 - $19,537,000)

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

	2017 $	2016 $
Net Asset at beginning of year	(72,518,000)	(66,798,000)
Pension Expense	1,001,000	325,000
Remeasurement	8,582,000	1,061,000
Contributions Paid	(7,360,000)	(7,106,000)
Closing Net Asset at End of Year	(70,294,000)	(72,518,000)

11. Retirement Benefit Asset (cont'd):

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

	2017	2016
Discount Rate	8.00%	9.00%
Expected rate of return on plan assets	N/A	N/A
Future salary increases	6.00%	7.00%

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:

	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000
Fair Value of plan assets	170,154	190,180	234,287	253,824	282,114
Defined benefit obligation	116,318	123,768	167,488	179,960	211,820
Surplus	53,836	66,412	66,799	73,864	70,294
Experience adjustments-					
Fair value of plan assets	(10,956)	(3,058)	15,095	(3,700)	5,077
Defined benefit obligation	(3,850)	(588)	3,873	(12,416)	3,981

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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12. Members' Voluntary Share Capital:

	2017	2016
	$	$
Balance at Beginning of Year	1,722,235,390	1,532,122,921
Add Amount Subscribed	1,241,334,224	1,493,293,888
	2,963,569,614	3,025,416,809
Less Withdrawals & Transfers	1,060,943,096	1,303,181,419
Balance at End of Year	1,902,626,518	1,722,235,390

13. Savings Deposits:

		2017	2016
		$	$
i.	Term Deposits	550,466,666	574,912,262
ii.	Members' Regular Deposits	640,395,071	533,348,932
iii.	Golden Harvest Deposits	64,509,456	65,901,884
iv.	Insurance Savings Club	6,940,024	5,992,235
v.	Youth Savings	70,866,363	56,682,343
vi.	Partner Plan Plus Deposits	61,515,568	47,741,686
vii.	Solid Saver Deposits	157,762,128	131,384,301
viii.	Horizon 55	368,644	359,426
ix.	Wealth Accelerator Savings	242,476,801	232,413,189
x.	Christmas Club Saving	-	7,200
		1,795,300,721	1,648,743,458

i. Term Deposits

Term Deposits are for varying periods up to 365 days on which interest was paid at rates of between 2.25% and 3.60% 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 2.00% 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 2.75% to 3.40% per annum.

iv. Insurance Savings Club

Insurance Club Deposits are savings accounts on which interest was paid at rates ranging from 1.10% to 2.10% per annum.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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13. Savings Deposits (cont'd):

v. Youth Savings

Youth Savings are accounts on which interest was paid at rates of between 1.00% to 2.00% 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 2.10% per annum.

viii. Horizon 55

This represents long-term savings accounts on which interest was paid at rates of between 2.25% and 3.00% per annum.

ix. Wealth Accelerator Savings

This represents deposits for periods between 6 and 36 months on which interest was paid at 2.45% to 3.80% per annum.

14. Accruals:

	2017	2016
	$	$
Accrued Interest on Deposits	8,953,444	9,485,377
Other Accruals	9,792,675	11,621,021
	18,746,119	21,106,398

15. Payables:

	2017	2016
	$	$
Collector of Taxes	6,126,132	5,525,568
Salary Deductions Payable	20,415,074	6,785,828
Other Payables	4,775,716	6,766,329
	31,316,922	19,077,725

16. Non - Interest Bearing Liabilities - Others:

	2017	2016
	$	$
Estate Accounts	16,572,888	13,190,270
	16,572,888	13,190,270

This amount represents unsettled claims in respect of deceased members.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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17. Members' Permanent Share Capital:

	2017	2016
	$	$
Balance at Beginning of Year	104,430,560	95,452,550
Add Permanent Share Capital Subscribed	11,993,021	8,978,010
Balance at End of Year	116,423,581	104,430,560

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:

	2017	2016
	$	$
Capital Reserves (Unrealised) (Note 24)	8,725,445	8,725,445
Other Reserves	50,421,363	48,876,324
Capital Development Reserves	80,000,000	80,000,000
Retirement Benefit Reserves (Note 11)	70,294,000	72,518,000
Other Non-qualifying Reserves (Note 26)	19,243,370	19,046,679
Permanent Share Transfer Fund	5,046,101	5,022,930
Undistributed Net Income	79,384,133	93,315,361
	313,114,412	327,504,739

19. Institutional Capital:

	2017	2016
	$	$
Retained Earnings Reserves at Beginning of Year	421,947,255	376,947,255
Appropriation of Net Surplus	60,000,000	45,000,000
Retained Earnings Reserves at End of Year	481,947,255	421,947,255
Statutory & Legal Reserves (Note 25)	287,513,007	262,137,929
	769,460,262	684,085,184

20. Other Financial Costs:

	2017	2016
	$	$
Life Savings Insurance	4,884,174	7,003,117
Loan Protection Insurance	4,596,217	5,318,074
Bank Charges and Interest	2,344,574	1,285,026
	11,824,965	13,606,217

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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21. Other Income:

	2017	2016
	$	$
Inspection & Arbitration Fees	-	7,660
Commitment Fees - Service Charge on Loans	35,375,326	32,656,788
Mortgage Charges (Net)	(132,737)	(110,628)
Miscellaneous	2,122,653	1,925,653
Gain on Foreign Exchange	1,986,785	11,199,629
FIP Administration Fee	2,212,282	2,337,209
ABM Fees	870,001	538,908
Standing Order Fees	682,279	618,294
Account User Fee	17,713,740	16,877,382
	60,830,329	66,050,895

22. Operating Expenses:

	2017	2016
	$	$
Personnel Expenses:		
Employee Salaries & Allowances	198,770,909	174,774,867
Employee Benefits	14,047,454	13,523,139
Education & Training	2,969,563	1,379,219
Staff Travel & Related Expenses	4,674,042	3,736,997
Others	4,398,448	2,218,945
	224,860,416	195,633,167

	2017	2016
	$	$
Administrative Expenses:		
Rental	920,000	960,000
Utilities	5,766,704	5,809,687
Depreciation and Impairment	16,011,676	13,560,250
Audit and Supervision - Current Year	3,180,000	3,120,000
Repairs & Maintenance (Office)	16,880,823	13,201,889
Telecommunications	4,289,087	4,054,388
Printing, Stationery & Supplies	6,190,982	6,919,334
Insurance Premiums	4,262,543	2,924,942
Professional & Consulting Fees	679,338	400,528
Subscriptions & Other Administrative Expenses	24,031,452	21,934,869
Loss on Write-off of Property, Plant and Equipment	1,515	-
	82,214,120	72,885,887

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22. Operating Expenses - (cont'd):

	2017	2016
	$	$
Marketing & Promotion:		
Publicity & Promotion	16,188,915	16,355,498
Public Relations	1,033,862	315,695
	17,222,777	16,671,193

	2017	2016
	$	$
Representation & Affiliation:		
League and Other Dues	13,969,224	12,530,518
Seminars & Meetings	4,082,596	3,846,450
Board of Directors & Committees	5,995,029	4,661,122
Annual General Meetings	3,980,664	3,170,967
Meeting/ Special Functions	128,407	192,185
	28,155,920	24,401,242
TOTAL OPERATING EXPENSES	352,453,233	309,591,489

23. Appropriations:

	2017	2016
	$	$
Dividend on Permanent Shares	7,478,991	6,757,699
Social Outreach Programme	1,000,000	1,000,000
Sydney Carter Scholarship	1,000,000	1,000,000
Disaster Relief Fund	100,000	-
Unsecured Loan Reserve	1,500,000	2,500,000
Institutional Capital	60,000,000	45,000,000
	71,078,991	56,257,699

24. Capital Reserves:

	2017	2016
	$	$
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:

	2017 $	2016 $
Balance at Beginning of Year	262,137,929	246,351,598
30% (2016- 20%) Transfer from Net Income	25,375,078	15,786,331
Balance at End of Year	287,513,007	262,137,929

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:

	2017 $	2016 $
Special Reserve	57,587	57,587
Sydney Carter Scholarship Fund	4,191	4,191
Social Outreach Programme	1,015,434	634,911
Disaster Relief Fund	1,897,614	2,106,670
Share Building Fund	2,558,430	2,533,206
Stabilization Fund Reserves	1,210,114	1,210,114
Business Development Fund	12,500,000	12,500,000
	19,243,370	19,046,679

26. Staff Costs:

Staff costs for the year amounted to $224,860,416 (2016: $195,633,167).

27. Comparison of Ledger Balances:

	Permanent Shares	Voluntary Shares	Deposits	Loans
	$	$	$	$
General Ledger	116,423,581	1,902,626,518	1,795,300,721	2,920,072,600
Personal Ledger Listing	116,423,581	1,902,617,871	1,795,300,702	2,920,072,799
Differences as at 31st December 2017	-	8,647	19	(199)
Differences as at 31st December 2016	-	(47)	19	26,728

28. Related Party Transactions:

At 31st December 2017, the eleven (11) members of the Credit Union's Board of Directors had savings totalling $11,041,533. Of these Directors, seven (7) had loans totalling $11,104,142. Seventeen (17) Committee Members had savings totalling $10,190,171. Of these sixteen (16) Committee Members, eleven (11) had loans totalling $9,821,874.

Of the sixty-nine (69) Credit Union Staff, all had savings of $59,401,004 and forty-nine (49) had loans including interest totalling $215,165,396. During the year, one (1) staff member received a loan which necessitated a waiver of the loan policy. None of the Volunteers received loans which necessitated a waiver of the loan policy. At 31st December 2017, loans owing by all Committee Members and Staff were being repaid in accordance with their loan agreements.

29. Life Savings and Loan Protection Insurance:

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

30. Fidelity Insurance:

Fidelity Insurance Coverage was adequately maintained during the year.

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)
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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:

	2017 $	2016 $
Loans to members (net)	2,832,583,268	2,537,194,352
Liquid assets - earning	1,490,626,303	1,256,018,719
Financial investments	354,779,753	469,071,721
Liquid assets - non-earning	68,750,856	68,214,921
Non earning assets - other	61,050,477	47,437,708
	4,807,790,657	4,377,937,421

(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)
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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, 2017, an estimate of the fair values of collateral held against loans to members are as follows:

	2017	2016
Type of Collateral	$	$
Motor Vehicles	462,578,976	459,555,849
Real Estate	973,281,893	787,501,718
	1,435,860,869	1,247,057,567

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 2017
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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.

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 42% (2016: 39%) 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 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

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	1,357,192,840	133,433,463	-	-	-	1,490,626,303
Loans	12,844,997	58,537,779	1,706,374,051	1,054,826,441	-	2,832,583,268
Financial Investments	-	-	301,999,215	-	52,780,538	354,779,753
NON-EARNING ASSETS:						
Liquid Assets	68,750,856	-	-	-	-	68,750,856
Other Assets	-	-	-	-	61,050,477	61,050,477
Property, Plant & Equipment	-	-	-	-	85,476,766	85,476,766
Retirement Benefit Asset	-	-	-	-	70,294,000	70,294,000
Total Assets	1,438,788,693	191,971,242	2,008,373,266	1,054,826,441	269,601,781	4,963,561,423

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

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	1,902,626,518	-	-	-	-	1,902,626,518
Savings Deposits	1,397,343,890	318,997,849	78,958,981	-	-	1,795,300,721
NON-INTEREST BEARING LIABILITIES & CAPITAL:						
Accruals	18,746,119	-	-	-	-	18,746,119
Payables	31,316,922	-	-	-	-	31,316,922
Others	16,572,888	-	-	-	-	16,572,888
Capital and Reserves	-	-	-	-	1,198,998,255	1,198,998,255
Total Liabilities & Capital	3,366,606,337	318,997,849	78,958,981	-	1,198,998,255	4,963,561,423
Net Liquidity Gap	(1,927,817,644)	(127,026,608)	1,929,414,284	1,054,826,441	(929,396,474)	-
Cumulative Liquidity Gap	(1,927,817,644)	(2,054,844,251)	(125,429,967)	929,396,474	-	-
	<----------2016---------->					
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	-	-

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

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:

	2017	2016
Liquid Assets - Earning		
United States dollar	$ 193,881	$ 191,079
Canadian dollar	$ 135,430	$ 39,236
Pound Sterling	£ 27,799	£ 16,937
Financial Investments		
United States dollar	$ 323,140	$ 676,050

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 2018	125.39	100.73	176.58
31st December 2017	125.00	97.39	167.03
31st December 2016	128.44	95.88	157.42

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 2016 to December 2017. Over the twelve months ended 31st December 2017, the exchange rate movement for the United Sates Dollar have shown a decrease of 2.68% and while the Canadian dollar and the Pound Sterling have shown an increase of 1.58% and 6.10% respectively. The Credit Union's assets held in these currencies are minimal in comparison to total assets and therefore consequential adjustments would not be considered significant.

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

	Movement			
	2017	2016	2017	2016
	%	%	J$	J$
Liquid Assets - earning				
United States dollar	-3	6	(727,055)	1,472,536
Canadian dollar	2	13	263,804	489,042
Pound Sterling	6	-11	278,594	(293,286)
Financial Investments				
United States dollar	-3	6	(1,211,779)	5,209,928

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2016.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2017
(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 - (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	1,449,598,073	41,028,230	-	-	-	1,490,626,303
Loans to Members	116,122,627	52,859,726	1,550,154,106	1,113,446,808	-	2,832,583,268
Financial Investments	-	-	474,305,851	183,226,014	51,291,259	354,779,753
	1,565,720,700	93,887,956	2,024,459,957	1,296,672,822	51,291,259	4,677,989,324
Non-Earning Assets						
Liquid Assets	-	-	-	-	68,750,856	68,750,856
Other Assets	-	-	-	-	61,050,477	61,050,477
Property, Plant & Equipment	-	-	-	-	85,476,766	85,476,766
Retirement Benefit Asset	-	-	-	-	70,294,000	70,294,000
	-	-	-	-	285,572,099	285,572,099
	1,565,720,700	93,887,956	2,024,459,957	1,296,672,822	336,863,358	4,963,561,423

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2017
(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 - (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	1,902,626,518	-	-	-	-	1,902,626,518
Savings Deposits	385,467,759	613,182,226	744,701,393	51,949,343	-	1,795,300,721
	2,288,094,277	613,182,226	744,701,393	51,949,343	-	3,697,927,239
Non Interest-Bearing Liabilities						
Accruals	-	-	-	-	18,746,119	18,746,119
Payables	-	-	-	-	31,316,922	31,316,922
Others	-	-	-	-	16,572,888	16,572,888
	-	-	-	-	66,635,929	66,635,929
Equity						
Members' Permanent Share Capital	-	-	-	-	116,423,581	116,423,581
Non-Institutional Capital	-	-	-	-	313,114,412	313,114,412
Institutional Capital	-	-	-	-	769,460,262	769,460,262
	-	-	-	-	1,198,998,255	1,198,998,255
	2,288,094,277	613,182,226	744,701,393	51,949,343	1,265,634,184	4,963,561,423
Net Interest Rate Gap	(722,373,577)	(519,294,270)	1,279,758,564	1,244,723,479	(928,770,826)	-
Cumulative Interest Rate Gap	(722,373,577)	(1,241,667,847)	38,090,717	1,282,814,196	354,043,370	-

<----------2016---------->

	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-rate Sensitive	Total
	$	$	$	$	$	$
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	-

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2017
(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:

	2017		2016	
	Interest Rate		Interest Rate	
	%	$	%	$
Financial Assets				
Liquid Assets				
Local Savings Accounts	0.10	165,134	0.10	170,646
Foreign Savings Accounts	0.05 - 0.10	42,068,603	0.05 - 0.15	30,722,721
Foreign Currency Investments	1.75 - 2.65	41,028,230	1.75 - 2.65	40,424,633
Held-to-Maturity Investments	4.60 - 6.70	765,764,096	2.00 - 7.50	835,993,140
Loans to Members	4.00 - 29.00	2,832,583,268	4.00 - 29.5	2,537,194,352
Financial Investments	6.00 - 7.45	313,826,572	5.25 - 8.25	424,184,179
		3,995,435,903		3,868,689,671
Financial Liabilities				
Members' Voluntary Share Capital	1.00 - 2.00	1,902,626,518	1.00 - 2.25	1,722,235,390
Savings Deposits	1.10 - 3.80	1,795,300,721	1.10 - 5.25	1,648,743,458
		3,697,927,239		3,370,978,848
		297,508,664		497,710,823

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 January 2017 to December 2017, interest rates have moved downwards, with the BOJ 3-6 months deposit rates moving by approximately 33 basis points from 4.9% to 4.57%. This trend is expected to continue as the Government of Jamaica (GOJ) continues its policies of lowering of interest rates.

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

	2017		2016	
	Interest Rate		Interest Rate	
	%	$	%	$
Financial Assets				
Liquid Assets				
Local Savings Accounts	-	-	-0.45	(768)
Foreign Savings Accounts	-0.025	(10,517)	-0.9	(276,504)
Held-to-Maturity Investments	0.9	6,891,877	1.0	8,359,931
Loans to Members	-0.25	(7,081,458)	0.125	3,171,493
Financial Investments	-0.025	(78,457)	0.45	1,908,829
		(278,555)		13,162,981
Financial Liabilities				
Members' Voluntary Share Capital	0.05	951,313	0.05	861,118
Savings Deposits	-0.725	(13,015,930)	0.6	9,892,461
		(12,064,617)		10,753,578
		11,786,062		2,409,403

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 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

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
- 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 2017
(Expressed in Jamaican Dollars unless otherwise indicated)

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 2017 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.

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Available-for-sale Investments -				
Unquoted Investments at Fair Value	-	-	354,779,753	354,779,753
	-	-	354,779,753	354,779,753

	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

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

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;

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
	2017 $	2017 $	2016 $	2016 $
Assets				
Earning Assets				
Liquid	1,490,626,303	1,490,626,303	1,256,018,719	1,256,018,719
Loans to	2,832,583,268	2,832,583,268	2,537,194,352	2,537,194,352
Financial	354,779,753	354,779,753	469,071,721	469,071,721
Non Earning Assets				
Liquid Assets	68,750,856	68,750,856	68,214,921	68,214,921
Other Assets	61,050,477	61,050,477	47,437,708	47,437,708
Liabilities				
Interest Bearing Liabilities				
Members' Vol. Share Capital	1,902,626,518	1,902,626,518	1,722,235,390	1,722,235,390
Savings Deposits	1,795,300,721	1,795,300,721	1,648,788,314	1,648,788,314
Non-Interest Bearing Liabilities				
Accruals	18,746,119	18,746,119	21,106,398	21,106,398
Payables	31,316,922	31,316,922	19,032,869	19,032,869
Others	16,572,888	16,572,888	13,190,270	13,190,270

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, 2017.

UNDISTRIBUTED NET SURPLUS		**$79,384,133.00**
APPROPRIATIONS:		
INSTITUTIONAL CAPITAL	$15,000,000.00	
SOCIAL OUTREACH	$ 1,000,000.00	
CAPITAL EXPENDITURE RESERVES	$ 5,000,000.00	
DIVIDEND (6%)	$ 7,000,000.00	
GENERAL LOAN LOSS RESERVES	$35,000,000.00	
DISASTER RELIEF FUND	$ 100,000.00	
SYDNEY CARTER SCHOLARSHIP	$ 1,000,000.00	
HONORARIUM	$ 2,000,000.00	
TOTAL		**($66,100,000.00)**
BALANCE C/F TO NEXT YEAR		**$13,284,133.00**

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 2018, shall not exceed a ratio of twelve (12) times the Capital and Reserve Fund.

CREDIT COMMITTEE REPORT



RAYMOND HARPER
Chairman

Introduction

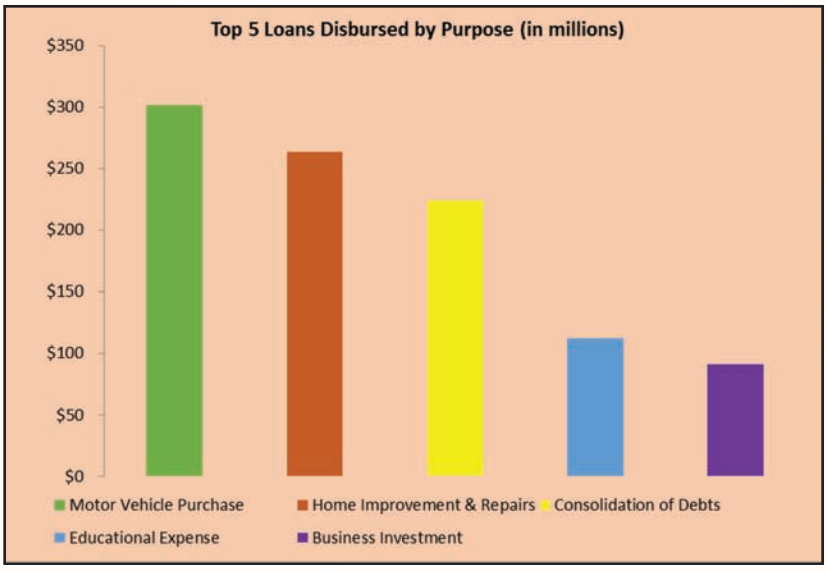
With the continuous reduction in interest rates, all financial institutions were forced to increase the number and dollar value of loans to maintain sustainability. This resulted in institutions, such as the commercial banks, aggressively seeking to gain new borrowers at the expense of other institutions inclusive of Credit Unions. This has added to other challenges namely, the impending implementation of the Bank of Jamaica regulations, the Banking Act and IFRS9 accounting governance.

In an effort to satisfy our members needs while maintaining a competitive edge, Manchester Co-operative Credit Union (1977) Limited reviewed our policies and procedures. Our staff compliment was also increased in the Credit department to improve our service delivery and efficiency. These measures allowed our members to have greater access to loans while improving their personal development.

The Credit Union was able to achieve a growth in the loan portfolio of 10.86% while simultaneously reducing the delinquency rate. This was made possible with the combined efforts of committed staff and loyal members.

Profile of Loans Disbursed by Purpose

The following chart displays the top five categories of loans disbursed by purpose during the year in review. Motor Vehicle purchases accounted for the largest category disbursed in 2017 at $301 million and 24% of the dollar value disbursed for 2017. Home Improvement, Debt Consolidation, Educational Expense and Business Investment complete the top 5 list of purposes for loans disbursed.



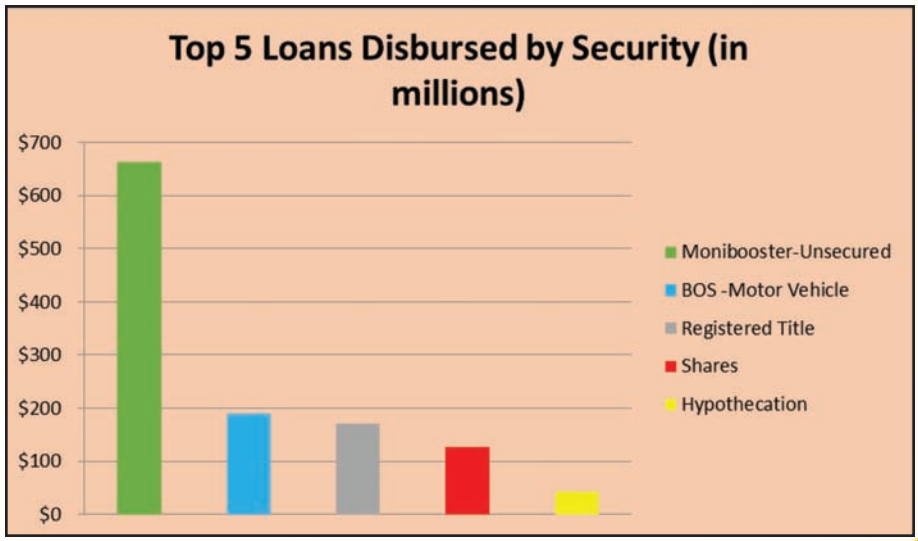
Comparison of Loans Disbursed (Purpose) for 2017 and 2016

Purpose	Number of Borrowers			Amount Disbursed		
	2017	2016	Variance	2017	2016	Variance
Consolidation of Debts	456	615	(159)	$244,285,982.19	$224,186,666.46	$20,099,315.73
Purchases of Land & Building	60	43	17	$50,088,419.86	$37,108,477.39	$12,979,942.47
Home Improvement & Repairs	870	916	(46)	$254,909,604.89	$263,370,156.52	($8,460,551.63)
Agriculture	177	190	(13)	$21,701,273.41	$24,546,285.63	($2,845,012.22)
Medical Expenses	128	172	(44)	$21,483,573.34	$21,925,348.20	($441,774.86)
Motor Vehicle Repairs	244	278	(34)	$46,096,737.38	$39,473,620.86	$6,623,116.52
Motor Vehicle Purchases	326	330	(4)	$301,835,728.29	$304,066,632.06	($2,230,903.77)
Educational Expenses	567	839	(272)	$112,520,056.17	$135,725,238.73	($23,205,182.56)
Vacation and Travel	56	73	(17)	$9,747,615.07	$9,586,733.57	$160,881.50
Household Appliance Purchase & Repairs	217	222	(5)	$42,895,880.53	$32,498,530.06	$10,397,350.47
Business Investment	379	490	(111)	$90,830,651.18	$105,518,894.90	($14,688,243.72)
Miscellaneous Expenses	149	173	(24)	$16,213,769.94	$17,514,831.31	($1,301,061.37)
Wedding Expenses	7	12	(5)	$1,844,557.97	$1,758,058.77	$86,499.20
Funeral Expenses	43	40	3	$6,758,312.66	$6,612,808.83	$145,503.83
Legal Expenses	38	31	7	$8,897,042.13	$5,469,000.33	$3,428,041.80
Special Education Loan	0	3	(3)	$0.00	$481,013.49	($481,013.49)
Moni-Tree Line of Credit	414	819	(405)	$22,622,347.48	$18,218,424.66	$4,403,922.82
Totals	**4,131**	**5,246**	-1,115	**$1,252,731,552.49**	**$1,248,060,721.77**	**$4,670,830.72**

When compared with 2017 the loans disbursed decreased in number by 1,115 or 26.99% from 5,246 to 4,131. However there was an increase in the dollar value disbursed by $4.67 million or 0.37% from $1.248 billion to $1.253 billion. The overall loan portfolio increased by $286 million from $2.63 billion in 2016 to $2.92 billion in 2017 representing a growth of 10.86%.

Profile of Loans Disbursed by Security

The following chart displays the top five categories of loans disbursed by security during the year. The MoniBooster Unsecured Loan Product was the largest category disbursing $662 million in 2017.



Comparison of Loans Disbursed by Security for 2017 and 2016

Types of Security	Number of Borrowers			Amount Disbursed		
	2017	2016	Variance	2017	2016	Variance
Hypothecation	184	133	51	$43,399,202.84	$23,468,781.42	$19,930,421.42
Registered Title	62	72	-10	$169,950,952.27	$152,052,732.38	$17,898,219.89
Comaker	13	27	-14	$1,917,646.37	$3,619,129.59	($1,701,483.22)
Insurance Policy	0	3	-3	$0.00	$10,912,023.96	($10,912,023.96)
Shares	822	858	-36	$127,406,756.58	$125,431,306.10	$1,975,450.48
Character/Unsecured	30	290	-260	$3,712,908.33	$48,695,580.23	($44,982,671.90)
Fixed Deposits	113	174	-61	$21,661,094.63	$36,534,439.47	($14,873,344.84)
Special M/Vehicle - CABS	0	46	-46	$0.00	$68,099,500.00	($68,099,500.00)
Bill of Sale - Motor Vehicle	119	128	-9	$189,066,009.79	$163,007,981.87	$26,058,027.92
Golden Harvest	24	30	-6	$3,832,593.93	$5,806,563.60	($1,973,969.67)
Solid Saver	17	24	-7	$2,349,831.71	$2,556,172.31	($206,340.60)
Hypothecation - Other Financial Institution	5	10	-5	$3,198,629.56	$8,534,541.16	($5,335,911.60)
Fixed Deposit - Other Financial Institution	0	2	-2	$0.00	$118,000.00	($118,000.00)
Unsecured – Line of Credit	15	133	-118	$928,000.00	$1,450,775.10	($522,775.10)
Secured - Line of Credit	399	686	-287	$21,694,347.48	$16,767,649.56	$4,926,697.92
Monimax - Special Unsecured	0	1689	-1689	$0.00	$245,985,673.83	($245,985,673.83)
Monibooster – Unsecured	2316	940	1376	$662,430,266.88	$334,771,470.20	$327,658,796.68
Monibooster – M/Vehicle	0	1	-1	$0.00	$248,400.99	($248,400.99)
Wealth Accelerator	12	0	12	$1,183,312.12	$0.00	$1,183,312.12
Totals	**4,131**	**5,246**	**-1,115**	**$1,252,731,552.49**	**$1,248,060,721.77**	**$4,670,830.72**

There was an increase in dollar value in loans disbursed secured by Internal Hypothecated Funds, Bill of Sale on Motor Vehicles and Registered Titles. This increase was welcomed as it helped to balance the Unsecured Loans portfolio.

Loan Growth Initiatives

The MoniBooster Unsecured Loan limit was increased from $1,500,000.00 to $2,000,000.00 to meet the needs of our members. Special interest rates as low as 7.99% was offered on Cash Secured, Property and Motor Vehicle Loans. Adjustments were also made on share requirements for Motor Vehicle and Property loans.

Loan Administration

The loan administration process was redesigned in order to ensure that that we continued to provide efficient service in an effective manner. The manpower in the department was increased at both locations to improve the overall member service experience.

Waivers

The following waivers were granted for three (3) loans during 2017:

Reason for waiver	Number of loans	Dollar Value
• Use 95% of Market Value of Property instead of 90%	1	$4,775,000.00
• Use 84% of Market Value of Property instead of 80% (2nd Mortgage)	1	$6,221,500.00
• Use 95% of Market Value of Property instead of 90% • Allow for DSR to be 95% instead of 90%	1	$4,100,000.00

CREDIT & SUB-CREDIT COMMITTEE MEMBERS



(L-R): *Raymond Harper, Christopher Tyme, Churton Douglas, Clive Dunkley*

Missing from Photo:
Vivinne Grant, Paul Grant, Everald Harriott, Helen Campbell-Wint

Credit Committee Members Attendance for 2017

The Credit Committee and Sub-Credit Committee held Twenty-seven (27) and Eighteen (18) 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	27	20	7	-
Mr. Raymond Harper	27	26	1	-
Mr. Clive Dunkley	27	21	6	-
Mrs. Vivinne Grant	27	23	4	-
Mr. Paul Grant	17	9	8	-
Mrs. Thelma Vassell	10	5	5	-
Sub-Credit Committee	**Possible Meetings**	**Attended**	**Excused**	**Absent**
Mr. Everard Harriott	18	15	3*	-
Mr. Christopher Tyme	18	14	4*	-
Mr. Paul Grant	8	7	1*	-
Mrs. Helen Campbell-Wint	10	7	3*	

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

We look forward to serving you in 2018 and beyond with God's guiding wisdom and strength while we continue to give of our best service as true co-operators.



Raymond Harper
Chairman

SUPERVISORY COMMITTEE REPORT



CLAUDETTE GAYLE-FOSTER
Chairman

The Jamaican atmosphere has been one of instability, uncertainty, and we continue to operate within a hostile financial climate. Despite the demands of the Bank of Jamaica Regulation and the IFRS9 implementation Manchester Co-operative Credit Union continues to implement successful strategies to encourage membership and to ensure that our members' interests are paramount.

The Supervisory Committee is charged with responsibility to safeguard the interest of the members of Manchester Cooperative Credit Union by ensuring that the Organization is pragmatically managed. The Committee's ultimate objective is to ensure that the Board of Directors and the Management team serves the interest of the members as well as safeguard the resources entrusted to them. To achieve its mandate, the Supervisory Committee oversees the Internal Audit functions and ensures that the internal controls, policies and procedures, and applicable external regulations, are adhered to. Good corporate governance fosters stability of any organisation. In executing our responsibilities we serve in a monitoring role to ensure that the Organization's practices adhere to the applicable Laws and Regulations. The Committee facilitates the Board of Directors with monthly activity reports to aid in transparent decision making.

The Supervisory Committee along with the Internal Audit Department has been intricate in ensuring that the integrity of the Organization is maintained. In an effort to achieve the given mandate, the Committee embarked on various activities which include a series of independent and objective audits that assess the reliability and authenticity of the financial and operating functions.

During the period, January to December 2017, fifteen (15) regular Committee Meetings were held. The table below outlines the attendance of the members.

Members	Meetings Held	Meetings Attended	Excused	Absent
Claudette Gayle-Foster	15	12	3	0
Michelle Douse	15	11	4	0
Ann Julette Rowe	15	14	1	0
Elaine Bailey	15	13	2	0
Dahlia Brown-Dawson	15	14	1	0
Ruthan Smile-Smikle	15	14	1	0
Claudette Griffiths-Mckenzie	15	11	4	0
Barbara Chamberlain	15	10	4	1

SUPERVISORY COMMITTEE MEMBERS



(L-R): *Claudette Griffiths-Mckenzie, Michelle Douse, Ann-Juliet Rowe, Elaine Bailey, Dahlia Brown-Dawson*
Missing from Photo: *Barbara Chaimberlain, Claudette Gayle-Foster, Ruthan Smile-Smikle*

Audit Execution

The activities piloted during the year are summarized as follows:

Dormant and Inactive Members' Account

The objective of the Dormant and Inactive Accounts audit was to verify whether transactions on dormant and inactive accounts were authentic and done in accordance with the stipulations of the operations' policy.

The audit involved the scrutiny of transaction vouchers, supporting adjustments to the system and documented supporting records. The audit concluded that there was general conformance with the applicable policies and procedures and no unauthorised transactions were observed on these accounts, however, a few exceptions were noted. Recommendations were made to management based on the exceptions observed and were satisfactorily dealt with by management to prevent re-occurrence.

Know Your Customer (KYC) – New Members' Account

The audit of New Members Accounts was undertaken to ascertain compliance with the Credit Unions AML – KYC policy and other applicable procedures.

The audit involved the scrutiny of the member's application, adjustments to the system and any relevant documents necessary to ascertain compliance with the Credit Union KYC policy. The audit findings revealed general compliance with the Credit Union's AML KYC and POCA regulations.

Bank Reconciliation

The objectives of these reviews were to ascertain the timeliness and accuracy of Bank Reconciliations completed by the Accounting Department.

A re-performance of the Bank Reconciliations was completed spanning 2016 and 2017; this review was undertaken by verifying documents such as

encashed cheques, lodgement slips, bank statements, credit memos and other related documents. Three (3) deficiencies were observed and recommendations were advanced to include formulation of a documented policies and procedures manual for the Accounting Department. This process has been initiated by the Accounting Department and, if conformed with will eliminate/mitigate future issues of a similar nature.

Cash Counts, ATM Counts and Treasury Counts

These counts were completed for each quarter within the year to satisfy the Committee that adequate controls governing the management of cash and cash equivalents were in place and to ensure that cash was properly accounted for and adequately safeguarded.

There were no exceptions to report as the discrepancies observed were immaterial.

Members' Loan

The objectives of the Members' Loans audit were to verify that the terms and interest rates on the loans are in accordance with the Loans' Policy and applications as well as to ensure compliance with the Credit Union's general Policies and Procedures.

The audit of members' loans revealed general compliance with the Loans Policy and established procedures of the Credit Union. Recalculation of the loan balances revealed that payments were up-to-date and reasonably administered. The majority of exceptions noted were nominal and were satisfactorily corrected and adequate measures are being put in place by Management for exceptions that could not have been addressed.

Staff and Volunteers' Loan

The objectives of the audit of the Staff and Volunteers' Loans were to verify that the terms and interest rates on the loans are in accordance to the Loans' Policy and applications as well as to ensure compliance with the Credit Union's general Policies and Procedures established for Staff and Volunteers.

The audit of staff and volunteers' loans revealed general compliance with the Loans Policy and established procedures of the Credit Union for the granting of loans. Review of the loans revealed that Staff and Volunteer loans were accurately generated and adequately managed. The exceptions were brought to the attention of management, anomalies were observed and a follow-up audit is to be initiated.

Deceased Members Account

The objective of the audit was to ascertain whether proper procedures were followed in the handling of deceased member's accounts.

This examination revealed general compliance with the procedures of the Credit Union. There were however a few exceptions for which corrective measures have been recommended and management have since instituted measures to address same.

Golden Harvest

The audit of Golden Harvest was done to ascertain whether the conditions of the Golden Harvest contract and savings plan were being met, and to ensure that breached accounts were properly closed.

The review included the verification of interest rates paid and the examination of contracts to determine maturity dates. The audit revealed that most of the procedures were observed and the interest rate correctly imputed. The exceptions noted were brought to the attention of management with recommendations. These exceptions have since been addressed and preventative measures put in place by Management.

End of Day Teller Listing

The objectives of the audit was to ascertain whether transactions were authentic and the relevant documents that were generated correlated to that of the system and all documents that would have furnished by the member.

The transactions were found to be authentic and the majority of the signatures on the withdrawal slips match to the signatures that were presented on the signature cards. There were a few exceptions that were noted for which Management was made aware.

Blank Cheques Review for 2016

The Blank Cheque review was conducted to ascertain if adequate security measures were in place for the security of blank cheques.

During the review it was witnessed that security measures are in place, however, the Committee observed that there was a need to strengthen security to ensure that Blank Cheques are adequately safeguarded. Recommendations were made to management to address the downfalls in the security measures that have been observed. There were subsequent implementation of some recommendations provided with plans of additional control measures to be implemented. Management also noted that the Member Service Policy and Procedures document is presently being developed which would aid in eliminating some concerns raised.

The BOJ (CU) Regulations 2011 (Draft)

A compliance review of The BOJ(CU) Regulations 2011 (Draft) was conducted to identify the requirements necessary re: Licensing and operational readiness to become compliant with the Bank of Jamaica's Standard of Sound Business Practices, BOJ Licensing Requirements for Deposits Taking Entities. This process included the review of the applicable BOJ regulations/requirements to identify all the areas in which the Credit Union is presently non-compliant and therefore needs to be addressed.

The findings of the investigation revealed that not all the Policies and Procedures are currently in place or up-to-date. Management is working assiduously in the development and implementation of the necessary Policies and Procedures to ensure that Manchester Cooperative surpasses the compliance readiness recommendations highlighted.

Proceed of Crime Act-Regulative Reporting Requirements

The objective of the audit was to ensure that the Credit Union was in compliance with the POCA regulative reporting requirements.
The audit revealed general compliance with the established Policies and Procedures of the Proceeds of Crime Act.

PEARLS

PEARLS is a management tool that is used to monitor the performance of the Credit Union. The use of this system permits management to quickly and accurately pinpoint areas of concern and to make the necessary adjustments to resolve these issues before the Organization is impacted negatively. PEARLS also eliminate the diverse criteria used on Credit Unions to evaluate their performance and facilitates supervisory control.

The audits were carried out to ascertain if the Key Areas of the Credit Union's Operation meet the Standard set by PEARLS Monitoring System.

The audit revealed that the Credit Union met and surpassed most of the standards set by the League and even the internal projections. Management has committed to investigate and develop possible strategies that can be employed to raise the standards that fell below the standards set by the League.

Debit Service Management

The audit objective was to ensure all procedures were adhered to as it relates to management and control of Debit Card Services.

The review highlighted several areas of concerns, which management has since employed measures to ensure that the guidelines that have been established are implemented and adhered to by all the departments involved.

Payroll

The objectives for the examination of salaries were to ensure appropriate dissemination of salaries and to verify that salary rates were

approved based on the Credit Union's yearly salary authorization scheduled. The objectives also sought to verify that the relevant statutory deductions were properly computed and paid to legitimate organizations in a timely manner.

There were areas of concern as revealed by the audit findings. Recommendations were made to management to have these areas corrected. Management has implemented some recommendations that were noted, a follow up audit will also be completed to satisfy the committee that all the issues identified have been appropriately addressed.

ATM Fraud Investigation (Skimming) – Special Audit

An ATM fraud examination was conducted which included reviews of thirty two (32) accounts that were deemed to have been compromised with the utilization of skimming devices. Subsequent to the reviews completed by the Audit Team, the Company's cameras were scanned based on the days that were identified by the audit as possible days of compromise and a suspect identified.

A number of recommendations were made to management including flagging cards that were compromised. Swift action was taken by management to address the situation and to prevent additional loss to our members and by extension the Credit Union. Accounts that were affected were speedily resolved with the relevant members. Additional measures are being pursued to upgrade our facilities and improve surveillance and security whilst an alert system is being initiated for suspicious transactions both internally and externally.

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 helped 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
Chairman

NOMINATING COMMITTEE REPORT



DIANA TOMLINSON (MRS.)
Chairman

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:

Mrs. Dianna Tomlinson – *Director/Chairman*
Mr. Stanley Skeene – *Member*
Mr. Berresford South – *Member*
Mr. Oliver Harrison – *Staff Liaison*

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

BOARD OF DIRECTORS

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Rev. Charles Danvers	Retiring (End of Term)	Miss Marsha Deer
Mr. Cleveland Robinson	Retiring (Completed year for Paul Gardner)	Mr. Cleveland Robinson
Rev. Joan Smith		
Mr. Nicholas Spence		
Mr. Stallyn Insang		
Mrs. Althia Scott-Jones		
Mr. Alfred Daley	Retiring (End of Term)	Mr. Geoffrey Sharpe
Mr. Claude Rattray		
Mrs. Darcia Roache		
Mrs. Dianna Tomlinson		
Mr. Alexander Bourne	Retiring	Mr. Alexander Bourne

CREDIT COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mr. Churton Douglas	Retiring (End of Term)	Mr. George Sloley
Mr. Clive Dunkley	Retiring	Mr. Clive Dunkley
Mr. Paul Grant		
Mr. Raymond Harper		
Mrs. Vivinne Grant		

SUB-CREDIT COMMITTEE

PRESENTLY SERVING	RETIRING(Position Vacant)	NOMINATED
Mr. Christopher Tyme		
Mr. Everard Harriott	Retiring (End of Term)	Mr. Nigel Reid
Mrs. Helen Campbell-Wint		

SUPERVISORY COMMITTEE

PRESENTLY SERVING	RETIRING (PositionVacant)	NOMINATED
Mrs. Ann Julette Rowe	Retiring	Mrs. Ann Julette Rowe
Mrs. Claudette Gayle-Foster	Retiring (Not seeking re-election)	Mr. Glenroy Griffiths
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 (Not seeking re-election)	Miss Coleen Walfall
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
Mr. Geoffrey Sharpe	New	2 Years
Mr. Cleveland Robinson	Continuing	2 Years
Mrs. Althia Scott-Jones	Continuing	1 Year
Mr. Stallyn Insang	Continuing	1 Year
Mr. Nicholas Spence	Continuing	1 Year
Miss Marsha Deer	New	2 Years
Mr. Claude Rattray	Continuing	1 Year
Rev. Joan Smith	Continuing	1 Year
Mrs. Dianna Tomlinson	Continuing	1 Year
Mr. Alexander Bourne	Continuing	2 Years
Mrs. Darcia Roache	Continuing	1 Year

CREDIT COMMITTEE

NAMES	STATUS	TERM
Mr. George Sloley	New	2 Years
Mr. Clive Dunkley	Continuing	2 Years
Mr. Raymond Harper	Continuing	1 Year
Mrs. Vivinne Grant	Continuing	1 Year
Mr. Paul Grant	Continuing	1 Year

SUB-CREDIT COMMITTEE

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

SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Mr. Glenroy Griffiths	New	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. Ruthan Smile-Smikle	Continuing	1 Year
Mrs. Claudette Gayle-Foster	Continuing	1 Year
Miss Coleen Walfall	New	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.



Dianna Tomlinson (Mrs.)
Chairman

41ST ANNUAL GENERAL MEETING







The Manchester Credit Union recognizes the importance of member involvement and member education. Our Annual General meeting ensures that members concerns can be aired and solutions to problems are offered. The members also have an opportunity to meet and speak with volunteers and if needs be to offer themselves for service.

OUTREACH ACTIVITIES







"SOUP & SOAP"
Grove Mount Basic School

Giving back to the community is important to us, and this was just one of the many ways that we ensured we lived up to our stance.

INTERNATIONAL CREDIT UNION WEEK















MOVIE NIGHT









*Members were treated to an evening at the movies **(God's Not Dead 2)** to end International Credit Union Week.*

YOUTH COMPETITIONS

DEBATE 2017



Winners, Knox College celebrating their 4th consecutive hold on the Mavis Campbell Debating Competition Trophy.





Second place – Spalding High School (left) and Third Place – Belair High School (above)

POSTER COMPETITION





Grove Town Primary made a clean sweep by capturing first, second and third place in the Poster Competition.



VOLUNTEERISM







Our volunteers being feted at a function in their honour at the end of the year.

ACHIEVEMENTS





The Manchester Credit Union continues to perform at high levels throughout the years and copped several awards at the JCCUL awards function:

Highest Net Loans Growth, Runner-up Mega Credit Union, 2nd Runner up CUNA award for New Golden Harvest accounts and Customer Service Award from Manchester Chamber of Commerce.

SCHOLARSHIP AND AWARDS







The Manchester Credit Union continues to foster the growth of young people by awarding scholarships and bursaries to several students across the parish.







We continue to show our members and employees just how special they are by way of our annual Mid-Island Chapter Awards banquet to recognize the Employee and Member of the Year.

STAFF LIST

ADMINISTATION DEPARTMENT

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

ACCOUNTS DEPARTMENT

15.	Mrs. Delrose James	–	*Acting Finance Manager*
16.	Mr. Oliver Harrison	–	*Acting Senior Accounting Officer*
17.	Miss Shelly Ann Daley-Broomfield	–	*Accounting Officer*
18.	Miss Sandrene Bryan	–	*Accounting Officer*

IT DEPARTMENT

19.	Mr. Omar Greene	-	*Information Technology Manager*
20.	Mrs. Jacqueline Kennedy	-	*Systems Administrator*

SALES & MARKETING DEPARTMENT

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

MANDEVILLE BRANCH

24.	Miss Shevaun Hart	-	*Branch Manager*
25.	Miss Debbie Barrett	-	*Utility Officer*
26.	Mrs. Asheika Ebanks-Newell	-	*Member Service Officer*
27.	Mrs. Loye Richards	-	*Credit Supervisor*
28.	Miss Nadine Ricketts	-	*Credit Officer*
29.	Mr. Richard Barrett	-	*Credit Officer*
30.	Miss Neleasia Lambert	-	*Credit Officer*

31.	Mrs. Ruth Anderson-Burnett	-	*Securities Officer*
32.	Mr. Andrew Richards	-	*Field Officer*
33.	Mrs. Gail Taylor	-	*Junior Credit Officer*
34.	Miss Chantal Jamieson	-	*Junior Credit Officer*
35.	Miss Jannese Francis	-	*Credit Administrator*
36.	Mr. Rajeve Stewart	-	*Credit Administrator*
37.	Mr. David Samuels	-	*Securities Clerk*
38.	Miss Lavene Gyles	-	*Senior Member Service Representative*
39.	Miss Jenice Green	-	*Member Service Representative*
40.	Mr. Kirkton Richards	-	*Driver/Member Service Representative*
41.	Miss Anna-Kay Bartley	-	*Member Service Representative*
42.	Mr. Davion Williamson	-	*Member Service Representative*
43.	Mr. Shamar Mullings	-	*Member Service Representative*
44.	Miss Princess Walters	-	*Member Service Representative*
45.	Mr. Bonito Daley	-	*Member Service Representative*
46.	Miss Kimeisha Robinson	-	*Member Service Representative*
47.	Miss Tamara Francis	-	*Member Service Representative*
48.	Mr. Jardane Green	-	*Records Clerk*
49.	Miss Shannon Thompson	-	*General Clerk*
50.	Miss Kimoye Watson	-	*General Clerk*
51.	Mr. Bryan Knight	-	*General Clerk*

CHRISTIANA BRANCH

52.	Mrs. Wendy Hamm-McLean	-	*Branch Manager*
53.	Mrs. Karen Christie-Riley	-	*Administrative Assistant*
54.	Mr. Floyd McConnell	-	*Member Service Officer*
55.	Mrs. Gennevieve Minzie-Allen	-	*Credit Officer*
56.	Miss Samantha Johnson	-	*Credit Officer*
57.	Mr. Mark Brown	-	*Field Officer*
58.	Mrs. Claudia Pitter-Lewis	-	*Junior Credit Officer*
59.	Mrs. Terry Ann Birthwright	-	*Junior Credit Officer*
60.	Mrs. Sharon Williams	-	*Credit Administrator*
61.	Miss Jholein Marshall	-	*Senior Member Service Representative*
62.	Miss Natalee Simpson	-	*Member Service Representative*
63.	Mr. Jerome Thompson	-	*Member Service Representative*
64.	Mr. Craig Williamson	-	*Member Service Representative*
65.	Miss Alesha Rowe	-	*Member Service Representative*
66.	Mrs. Jasette Wright	-	*Office Attendant*
67.	Mr. Trevor Johnson	-	*Messenger*

PART TIME EMPLOYEES

	Miss Beverley White	-	*Office Attendant*
	Miss Hyacinth Spurgeon	-	*Office Attendant*
	Mrs. Carletta Myers	-	*Office Attendant*
	Mr. Michael Green	-	*Casual Worker*

STAFF PICTURES



MICHELLE AMBERSLEY
General Manager

MANAGEMENT TEAM



(L-R): *W. Hamm-Mclean, S. Hart, M. Ambersley, V. Jack, O. Greene, D. James, M. Gottshalk*

HEAD OFFICE



Seated (L-R): *S. Daley, J. Haslam, N. Bailey , M. Ambersley, V. Jack, S. Bryan, C. Mcfarquhar*
Standing (L-R): *H. Robinson, L. Francis, R. Taylor, O. Greene, J. Kennedy, D. James, O. Harrison, C. Bowen, W. Allen, C. Green, N. V. Miller-Hewitt, M. Gotthalk*
Missing from Photo: *S. Durika*

MANDEVILLE BRANCH



Seated (L-R): *C. Jamieson, D. Barrett, L. Gyles, A. Ebanks-Newell, S. Hart, A. Bartley, T. Francis, K. Robinson, J. Francis*
Standing (L-R): *J. Green, A. Richards, D. Samuels, N. Ricketts, R. Stewart, R. Barrett, B. Daley, S. Thompson, S. Mullings, B. Knight, K. Watson, G. Taylor, J. Green, K. Richards*
Missing from Photo: *L. Richards, N. Lambert, R. Burnett, D. Williamson, P. Walters*



CHRISTIANA BRANCH

Standing (L-R):
T.Johnson, W. Hamm-Mclean, M. Brown, A. Rowe, G. Mulgrave, N. Simpson, J. Thompson, S. Williams, C. Williamson, J. Wright, F. McConnell.

Seated (L-R):
K. Christie-Riley, G. Minzie-Allen, J. Marshall, S. Johnson, C. Pitter-Lewis

Missing from Photo: *T. Birthwright*

ADMINISTRATIVE DEPARTMENT

Seated (L-R):
V. Jack, S. Duricka, C. Mcfarquhar, M. Ambersley, N. Gayle, J. Haslam

Standing (L-R):
H. Robinson, L Francis, R. Taylor, C. Bowen, W. Allen

Missing from Photo: *C. Green*



INFORMATION TECHNOLOGY DEPARTMENT



(L-R): *J. Kennedy, O. Greene*

ACCOUNTS DEPARTMENT



(L-R): *D. James, O. Harrison* ***Missing:*** *S. Bryan, S. Daley*

SALES & MARKETING DEPARTMENT



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

ANCILLARY STAFF



(L-R): *B. White C. Myers, H. Spurgeon,*
Missing from Photo: *M. Green*

CREDIT DEPARTMENT

MANDEVILLE



Seated (L-R): *N. Ricketts, D. Barrett, S. Hart, C. Jamieson, G. Taylor, J. Francis*
Standing (L-R): *A. Richards, D. Samuels, R. Stewart, R. Barrett*
Missing from Photo: *L. Richards N. Lambert, R. Burnett,*

CHRISTIANA



(L-R): *W. Hamm-McLean, S. Johnson, C. Pitter-Lewis, M. Brown, G. Minzie-Allen, S. Williams*
Missing from Photo: *T. Birthwright*

MEMBER SERVICES

MANDEVILLE



Seated (L-R): *T. Francis, P. Walters, A. Ebanks-Newell, L. Gyles, A. Bartley*
Standing(L-R): *S. Mullings, B. Knight, J. Green, S. Thompson, J. Green, K. Robinson, K. Richards*
Missing from Photo: *S. Hart, B. Daley, D. Williamson*

CHRISTIANA



Seated (L-R): *N. Simpson, A. Rowe, J. Marshall*
Standing (L-R): *C Williamson, W. Hamm-Mclean, F. Mcconnell, J. Thompson*



CONDOLENCES



Clara Davidson
Agnes Charlton
Albert Lindsay
Aldith Haughton
Alexander Murdock
Anthony Wright
Arnett Devenish
Basil Morgan
Bernal Brown
Carlton Bryan
Casel Green
Cecil Brooks
Christine Hepburn-Thomas
Clement Harris
Cynthia Morrison
Dawn Spencer-Coley
Deliah Swaby
Delorain Ford
Delores Burnett
Dennis Dunn
Dinval White
Dorrant Douglas
Eileen Foster
Eli Allen
Ernest Williamson
Esline Henry
Everton Townsend
Franklyn Swaby
Gloria Green
Hillary Carnegie-Elliot
Irene Rock
Ivy Gray
Jean Forbes
Jennifer Peart-Stone
Jevon Thomas
Juan Chung
Kathleen Bennett
Kevin Wilson
Leroy Mitchell
Lincoln Jarrett
Lincoln Laud
Linford Brown
Lloyd Whyte
Lola Erskine
Lorna Thomas
Lucilda Bartley-Brown
Mark Evans
Michael Laylor
Michelle Beckford
Mowayne Smith
Nicole Ferguson
Nina Henry
Noel Holmes
Oliver Mitchell
Oral Gogah
Owen Hamilton
Paulette Phillips
Pauline Peart
Phillip Hyman
Radcliffe Tyndale
Randolph Henry
Rennick Drummond
Rennie Willams
Richard Ramsay
Royford Martin
Ruby Lindsay
Rupert Smith
Sharon Peart
Sydney Wade
Valrie Johnston
Vashti Watt
Velerie Johnston
Veleta Foster
Vendolyn Orridge
Vernal Palmer
Victor Samuda
Vincent Wright
Wilfred Watt
Winsome Williams
Vera Walder

THE ROLES OF THE BOARD AND COMMITTEES

Board of Directors

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

Credit Committee

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

Supervisory Committee

- The Supervisory Committee shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than three members, none of whom shall be members of the Board of Directors or Credit Committee or Loan Officer or Employee.

- The Supervisory Committee is charged with the responsibility of being the Internal Audit Committee of the Credit Union for and on behalf of the members. The main functions of the committee include:

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

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

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

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

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

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

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

PARLIAMENTARY RULES OF ORDER

1. (a) A member shall stand, when 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 an 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