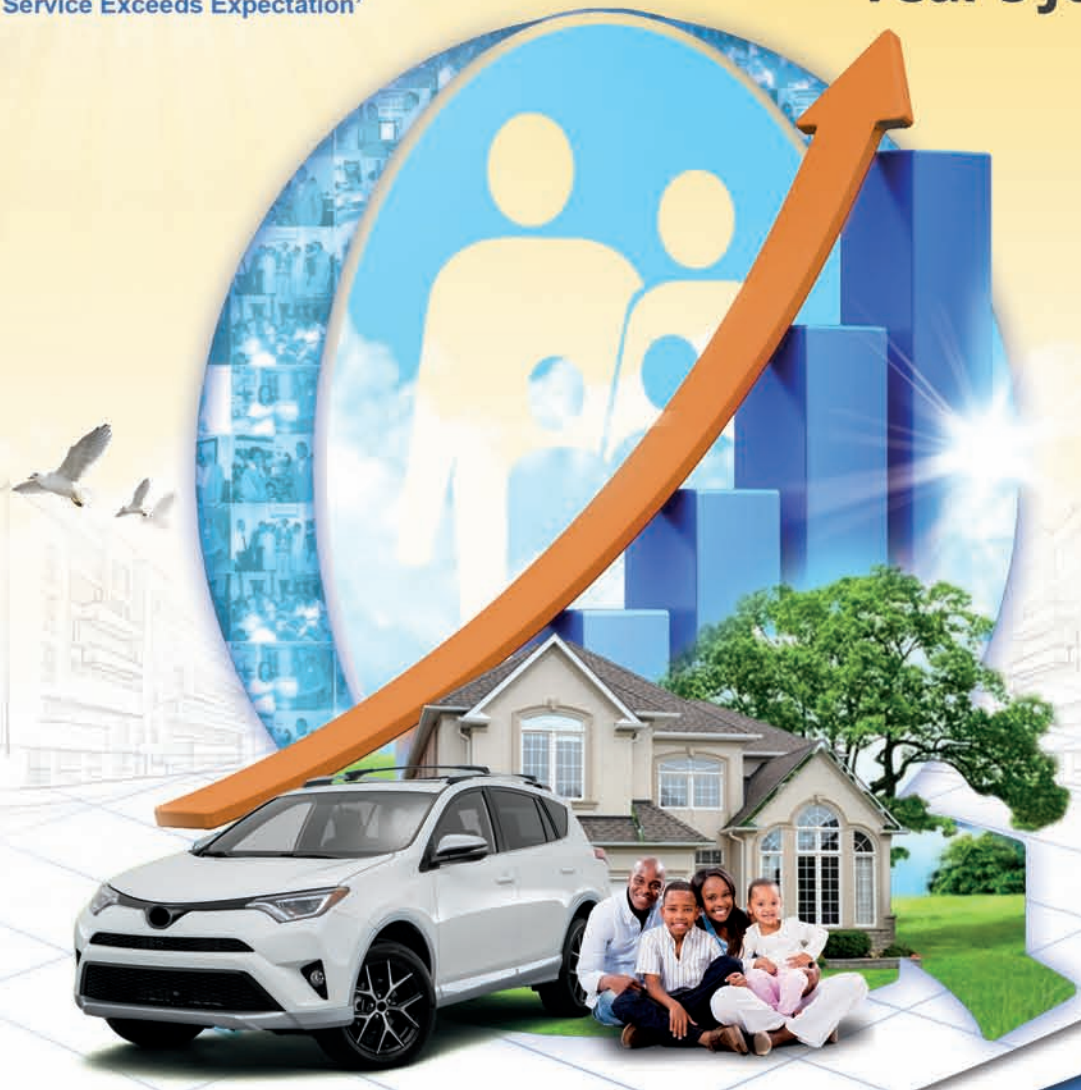
MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LTD.

'Where Service Exceeds Expectation'

2018 ANNUAL REPORT

Reflecting on the Year's Journey



43rd *Annual* General Meeting

Dream WHEELS AUTO LOAN Special



APPROVAL 48 HOURS APPROVAL

100% FINANCING

UP TO 9 YRS. TO REPAY

INTEREST RATES AS LOW AS 7.50% p.a.

REDUCED SERVICE CHARGE

= AFFORDABLE MONTHLY PAYMENTS

- ☑ Pre-approved Line of Credit
- ☑ Payment Holiday

*Conditions Apply

Manchester Co-operative Credit Union (1977)Ltd.

Mandeville Tel: 962-0401
Christiana Tel: 964-3648
www.manchestercreditunion.com
'Where Service Exceeds Expectation'

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

43rd ANNUAL GENERAL MEETING

of the

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

at the

GOLF VIEW HOTEL AUDITORIUM

5½ CALEDONIA ROAD, MANDEVILLE
MANCHESTER

On Wednesday, August 7, 2019

Commencing at 4:00 p.m. sharp

Signed by:

.....

Althia Scott-Jones
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 42ND ANNUAL GENERAL MEETING HELD ON SATURDAY, MAY 12, 2018, AT 11:00 AM AT THE SACRED HEART SCHOOL AUDITORIUM, CHRISTIANA, MANCHESTER

CALL TO ORDER

The meeting was called to order by the Chairman, Rev. Charles Danvers, at 11:20 am. The prayer of St. Francis was repeated.

The Secretary, Mr. Claude Rattray ascertained that the meeting was duly constituted with 202 members present. He also read the notice of the 42nd. Annual General Meeting of the Manchester Co-operative Credit Union (1977) Limited.

WELCOME

The Chairman, on behalf of the Board of Directors, management, staff and other volunteers, extended a warm welcome to all who were present. Special welcome was extended to the new General Manager, Miss Michelle Ambersley, and also to the following individuals:

Ms. Kerry Clarke	–	Jamaica Co-operative Insurance Agency (JCIA)
Mr. Yale Henry	–	" " " " "
Mr. Carlton Bartley	–	Quality Network Ltd. (QNET)
Mr. Robert Carr	–	Jamaica Co-operative Credit Union League (JCCUL)
Mr. Zemar Bennett	–	" " " " " "
Mr. Delroy Foster	–	" " " " " "
Mrs. Phueona Reynolds	–	" " " " " "

The Chairman also extended special welcome to the members who made the meeting possible.

CONDOLENCES

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

APOLOGIES

Apologies were tendered on behalf of the following persons:

- **Mrs. Cynthia Briscoe** – *Former General Manager*
- **Mrs. Althia Scott-Jones**– *Director*
- **Mr. Astley Scott** – *Former Director*

CORRECTIONS TO THE BOOKLET

- **Pg. 29** Under Assets, Liabilities & Reserves, Other Reserves, 3rd Column, **-30,873,919** should be **459,099.** Same line, 4th Column **-13.2%** should be **-0.2%.**
- **Pg. 29** Under Assets, Liabilities & Reserves, Undistributed Surplus, 1st Column, **109,798,953** should be **79,384,135.** Same line, 3rd. Column **16,483,592** should be **-13,931,228.** Same line, last column change **17.7%** to **-14.9%.**
- **Pg. 106** Under Accounts Department, **Miss Shelly Ann Daley-Broomfield should be read Miss Shelly Ann Daley**
- **Pg. 100** Under Sub-Supervisory Committee, the name **Mrs. Claudette Gayle-Foster** should be **Mrs. Claudette Griffiths-McKenzie.**
- **Pg. 98** Under Board of Directors, **beside Rev. Joan Smith's** name should be **'Retiring' and same line, 3rd. column, should read Rev. Joan Smith.**
- **Pg. 107** Under Christiana Branch, **Craig Williamson** should read **Craig Williams**

MINUTES OF THE 41st ANNUAL GENERAL MEETING

The minutes, having been previously circulated, were taken as read on a motion moved by Mr. Glenroy Griffiths and seconded by Ms. Joyce Walcott.

On a point of Order, Mr. Owen Brown requested an adjournment of the standing order for approximately forty (40) minutes to allow everyone to review the minutes. He said the AGM booklets were distributed an hour and a half before the start of the meeting and that time was not adequate to go through the minutes. Mr. Rattray responded that the minutes were available online and made available to members ahead of the meeting. A general motion was moved to continue the meeting.

CORRECTIONS TO THE MINUTES

There were no corrections or amendments made to the minutes.

CONFIRMATION

The minutes were confirmed on a motion moved by Mr. Ivan Green and seconded by Mr. Geoffrey Sharpe.

MATTERS ARISING

1. **Merger Talks -**

   Mr. Berresford South asked if any progress has been made with the proposed merger with St Elizabeth Co-operative Credit Union. Rev. Danvers responded that during the year there were several meetings between the two entities (Manchester and St. Elizabeth), but close to the latter part of the year, Manchester Co-operative Credit Union indicated a pause in the discussions to address the Bank of Jamaica Regulations and the International Accounting Standards IFRS9 preparations. He said that it was accepted by St Elizabeth and they indicated a willingness to suspend the Memorandum of Understanding that was already signed. Thereafter, they indicated that they were involved in some other negotiations, thus causing the merger discussions to cease.

2. **Transportation for New Forest -**

   Mr. Hubert Renford asked about the status of New Forest; he asked if it was because Mr. Banton was very vocal at the last AGM, why no transportation was provided for New Forest. Rev Danvers responded that he was unable to give a full response on his question, but indicated that the lack of transportation for the New Forest area would not be indicative of Mr. Banton being vocal at the last AGM. Further information was provided that because Mr. Banton was not around, there was no one from New Forest to make the arrangements for transportation.

Miss Jorgette Lewis of the Department of Co-operatives & Friendly Societies was welcomed to the meeting.

REPORTS

BOARD OF DIRECTORS REPORT:

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

The President noted that 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 International Accounting Standard IFRS9. He said 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 IFRS9 readiness. eCM Global was selected to provided technical and software support to the Credit Union.

He said one major change that happened during the year was the retirement of the former General Manager, Mrs. Cynthia Briscoe who served as General Manager for approximately thirteen (13) years.

Condolence

The Board of Directors, Supervisory and Credit Committee members offer their condolences to the families of members who died during 2017.

PERFORMANCE OVERVIEW

The following highlights the key performance areas of the Credit Union for 2017:

- Total Savings grew by 10% from $3,371 million in 2016 to $3,697 million
- Net Loans grew by 10% from $2,571 million in 2016 to $2,832 million
- Total Assets grew by 9% from $4,540 million in 2016 to $4,963 million
- Institutional Capital grew by 12% from $789 million in 2016 to $886 million
- Net Surplus increased by 6% from $77 million in 2016 to $82 million

ADMINISTRATION & HUMAN RESOURCES

PERSONNEL

Training
During the year, staff and volunteers participated in several training sessions/workshops in various areas.

Key Stakeholders Seminar
A key Stakeholders Seminar was successfully held in September 2017. Presentations were made on a range of topics including the Banking Services Code of Conduct, Jamaica Deposit Insurance Company (JDIC), IFRS 9, Bank of Jamaica Fit & Proper Requirements, among other topics.

Promotions, Recruitment & Separation
A total of six (6) employees were promoted and two (2) were transferred. There were eleven (11) new hires and one (1) separation due to the early retirement.

Merger Talks with St. Elizabeth Co-operative Credit Union Limited
St. Elizabeth Co-operative Credit Union (1977) Ltd. wrote to MCCU (1977) Limited, and expressed that they were withdrawing the Memorandum of Understanding in relation to the merger talks. MCCU (1977) Limited agreed to the withdrawal.

Emergency Exit
An emergency exit on the ground floor of the Mandeville Branch was constructed during the year.

MARKETING ACTIVITIES

The Marketing Department carried out a number of expositions, events and speaking engagements at various schools and organizations throughout the year to promote the products and services offered by the Credit Union.

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 Plus Plan, Golden Harvest and Wealth Accelerator, geared towards short, medium and long-term saving goals.

Dream Wheels Auto and Property Loan Special
The Dream Wheels Auto Loan Special offered 100% financing for new vehicles, reduced interest rates and extended repayment term. Property loan offered maximum loan amount of $25 million, up to 20 years to repay and reduced interest rate.

Cash Secured & Unsecured Loans
The interest rate on Cash Secured loans was reduced to 7.99% while the maximum loan amount for Unsecured Loan was increased to $2 million.

PUBLIC RELATIONS

Labour Day Project
The Credit Union's Labour Day project was conducted at the Christiana Police Station which involved repainting of the officers' living quarters.

Financial Fitness Month
MCCU (1977) Limited supported the Financial Literacy Month Initiative put on by the Jamaica Co-operative Credit Union League. As such, MCCU arranged several activities during the month in support of this initiative.

Sydney Carter Scholarship & GSAT Bursaries
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 four (4) other students received bursaries totaling $700,000.00.

GSAT Bursaries
Twenty (20) students received GSAT Bursaries valued at $15,000.00 each. Two (2) additional students received bursaries: one (1) from the Staff Welfare Fund and the other from the Jamaica Co-operative Credit Union League for the parish of Manchester.

Youth Activities
The Credit Union hosted the Essay & Poster Competitions at the primary level and the Debating Competition at the Secondary level. The Essay & Poster Competitions were won by Knox Junior School and Grove Town Primary School respectively, while the Debating Competition was won by Knox College.

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". Several activities were carried out to mark the occasion.

Mid Island Chapter of Credit Unions Awards Banquet
The Annual Mid Island Chapter of Credit Unions Awards Banquet was hosted by Manchester Co-operative Credit Union (1977) Limited on October 28, 2017. The awards for Member and Employee of the Year 2016 were presented.

Awards and Recognition
The Organization was recognized by the Jamaica Co-operative Credit Union League, CUNA and the Manchester Chamber of Commerce for outstanding performance in 2016.

Representation at Affiliated Organization
Our Credit Union was represented at the Annual General Meeting (AGM) of the Jamaica Co-operative Credit Union League (JCCUL) held May 25 – 28, 2017 and the Caribbean Confederation of Credit Unions (CCCU) Conference which was held in CUBA in June 2017.

Social and Community Outreach
A total of $622,326.38 was donated to support activities in areas such as: education, health care, sports and religion. This was in keeping with the Organization's commitment to give back to the communities in which it operates.

Strategic Objectives
Members of the Board, Credit and Supervisory Committees, Management and some staff members retreated in December 2017 where the Credit Union's five-year business plan was discussed.

CONCLUSION

In the concluding remarks, the President noted that "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". He appealed to all our members to be as supportive and responsive to our individual responsibilities, as needs be.

In closing, the Board expressed thanks to the entire management team and all categories of staff. They especially recognized 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. Appreciation was extended to all volunteers whose individual and collective inputs were valued. Expressions of gratitude was extended to the Jamaica Co-operative Credit Union League, The Department of Co-operatives and Friendly Societies and other Co-operatives, the Auditors, Bankers and suppliers.

We were implored to allow the working of God's almighty hands to continue to direct us as we chart the course of success with confidence. We were also implored to continue to strive for the improvements in the affairs of each member and the Institution.

At this point, special welcomed was extended to Mrs. Lisa Cousins, External Auditor of Crowe Horwath.

QUESTIONS AND COMMENTS

Mr. Owen Brown said no mention was made of the Trade Union and negotiations within the Credit Union. He asked if the Union was dead or if there was a collective labour agreement in place. He further asked if there was a percentage increase and over what period. Rev. Danvers responded that there was a collective labour agreement in place, but he was unable to outline the details of the negotiations. He said the staff has benefitted from salary increases and that there were negotiation periods. He further stated that he could not recall seeing the details of salary negotiation outlined in the AGM booklet.

Mr. Brown noted the Board was illegally constituted because he learnt from the Board report that there were ten (10) members on the Board when there should be eleven (11) members. Rev. Danvers responded that there are eleven (11) members on the Board. He said furthermore, the rules state that the Board should be constituted with a maximum of fifteen (15) members and a minimum of seven (7) or five (5) members. He said even if there were ten (10) members on the Board, it would not have been illegally constituted. Mr. Brown said there is no Board that is legally constituted with an even number and MCCU has always operated with an eleven (11) member Board. Mr. Brown referred to pages 28 & 99 of the 2016 AGM booklet which indicated that there were twelve (12) members on the Board. Rev. Danvers explained that Rev. Paul Gardner resigned from the Board of Directors and was replaced during the year and so the twelve (12) members listed on page 28 of the 2016 booklet would have outlined the attendance of the eleven (11) members plus the replacement for Rev. Gardner.

Mr. Hubert Renford asked if there were any disagreements between St. Elizabeth and MCCU (1977) Ltd. which caused the withdrawal of the Memorandum of Understanding regarding the merger discussions. Rev. Danvers responded emphatically that there was no disagreement between the entities. He said the withdrawal was due to preparations for the

BOJ Regulations and new International Accounting Standards IFRS9.

Mr. Renford Douglas informed the meeting that St. Elizabeth Co-operative Credit Union recently tried to merge with C & W Co-operative Credit Union which was rejected by the members. He said from his own investigations, the members of St. Elizabeth Co-operative would rather merge with MCCU. He took the opportunity to encourage the resumption of negotiations between the two entities because the BOJ Regulations was imminent, and they would be demanding a lot from the Credit Unions and MCCU might not be able to finance the legal requirements as a single entity. He added that the merger does have to be with St. Elizabeth Co-operative, but other Credit Unions could be considered.

Mr. Berresford South said that he learnt the same thing as Mr. Douglas and he believed that a merger was the way forward. He said he did not believe that MCCU should sit back and allow St. Elizabeth Co-operative to be the one pushing. He indicated that St. Elizabeth Co-operative wrote to MCCU asking for time so he believed that MCCU should take the initiative and contact St. Elizabeth Co-operative and resume talks with a view to merge. Rev. Danvers asked Mr. South if he wanted to propose a resolution for submitting to the Board of Directors for talks to be resumed by both entities. Rev Danvers asked Mr. South and Mr. Douglas to put together a resolution.

Mr. South moved a proposal for MCCU to resume talks with St. Elizabeth Co-operative with the view to merge. The proposal was seconded by Mr. Renford Douglas.

On a motion moved by Mr. Renford Douglas and seconded by Mr. Eric Swaby, the report of the Board of Directors was adopted.

TREASURER'S REPORT:

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

INTRODUCTION

The Treasurer outlined that the Jamaican economy's GDP grew by 1.7% for year 2017; there was improvement in consumers' confidence, while business confidence slipped. The unemployment rate was trending down and was 10.4% as at October 2017.

The imminent Bank of Jamaica regulations along with changes to the International Financial Reporting Standard (IFRS9) for the measurement and classification of financial instruments would have a significant impact on the Credit Union's operations and financial position beginning in 2018.

Profitability

The total income of $548 million was earned during the 2017 financial year. This was 8.4% above the amount earned in 2016. It cost a total of $465 million to carry out the operations of the Credit Union in 2017 which was 8.6% more than what was spent during the previous year. Surplus for the year was $82 million which was 7.2% above the amount earned in 2016 and was due mainly to interest from loans. Income from investments was $97 million.

Key Profitability Trends

The Credit Union achieved an income to asset ratio of 11% in 2017 which was a slight decline from the 11.1% in 2016. The return on assets ratio was 1.8% at the end of the financial year which was a slight increase from the 1.7% achieved in 2016.

Asset Growth

Total assets ended the year at $4.9 billion which represented an increase of 9.3% over the amount for 2016.

Loans

The growth in total assets was aided by a 12% or $295 million increase in loans after provisions were accounted for. Unsecured loans and real estate loans rose by 22% and 12% respectively, while motor vehicle loans rose by 3.2% during the year. Members were urged to make the Credit Union their lending institution of choice.

Investments & Cash Reserves
The cash investment portfolio closed the year at $1.85 billion, which 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.

Savings
Total savings grew by $327 million or by 10% during the year. Total savings was just under $3.7 billion at the end of 2017.

Key Financial Indicators
The Credit Union exceeded the League's standards in most of the key financial indicators. The loan to asset ratio rose from 55.9% in 2016 to 57.1% in 2017.

Institutional Capital Reserve
Total institutional capital stood at $885 million at the end of the year which 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 2017.

Delinquency
The delinquency rate fell from 5.7 % in 2016 to 5.3% at the end of the 2017. The Credit Union continued along the path of effective delinquency control and would take further measures to reduce the level of delinquency.

Conclusion
In closing, the Treasurer indicated that although the Credit Union had performed reasonably well, it was not being complacent in its operations as the Board and Management recognizes the impact that competition can have on its viability.

He took the opportunity to commend the team of hardworking staff and volunteers for the efforts they made in realizing the goals of the Credit Union. He also commended the members for their continued support.

He implored everyone to continue working together to make our Credit Union stronger and better able to serve our members.

AUDITOR'S REPORT:

The Auditor's Report was presented by External Auditor, Mrs. Lisa Cousins of Crowe Horwath Jamaica. The report was summarized as follows:

Crowe Horwath Jamaica had audited the financial statements of Manchester Co-operative Credit Union which comprised of the 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 statement, 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 flow for the year then ended in accordance with International Financial Reporting Standards (IFRS).

QUESTIONS & COMMENTS

Mr. Renford Douglas congratulated the Credit Union and the Board of Directors for a good year. He pointed to notes on page 27 under Loans where Unsecured Loans and Real Estate Loans grew by a large percentage and then pointed to page 28 where the delinquency rate fell, he said it gave him a good feeling. He said the Credit Department and the staff were to be commended on such fine achievement and encouraged the Credit Union to keep up the good work. Mr. Daley reiterated the commendations expressed by Mr. Douglas and added that to increase the unsecured loan portfolio is an area of risk and having taken that risk and still able to maintain the delinquency rate at a controlled level, means that the staff have gone beyond the call of duty.

Mr. Owen Brown said on October 5, the BOJ Governor, Brian Wynter made a statement that we (country) was moving from a one-way market to a two-way market. According to Mr. Brown, he said Mr. Wynter meant that things were going up and down (fluctuating) and the exchange rate was in a zone of

what we would call fair value. He said the percentage difference for Institutional Capital for 2016 when compared to 2017 was 0.3% which he felt was marginal. He asked what effect on our investments and members fixed deposits did that change have on the organization. Mr. Daley responded that whenever the interest rate goes down then the Credit Union would also have to reduce its rates. He added that the income would have reduced and so that meant that the Credit Union would have to look at several factors like growing our loan portfolio in order to be kept viable. Mr. Daley also pointed out that the standard industry rate for Institutional Capital was 8% and that the Credit Union's rate stood at 17.7% in 2017 which more than doubled the standard rate.

Mr. Berresford South referred to property and motor vehicle loans which were issued at 100% financing and asked if the Credit Union was at great risk in order to finance these loans. Mr. Daley responded that one of the things to be considered was that we are in a major competitive market which lends the Credit Union no other choice but to take some risks and that was one of such risks. He pointed out that the Credit Union was always a conservative risk-taker and when the decision was taken, it was done on a rational basis, where they looked at the capital strength, our performance and our loan portfolio. He said he has seen some impressive figures which was as a result of the risks being taken. Mr. South said he was still concerned because, if a motor vehicle loan was issued at 100% financing and after a month the loan goes into arrears and that motor vehicle was retrieved, it could be greatly depreciated. Miss Michelle Ambersley, General Manager quelled Mr. South's concerns and said that even though motor vehicle loans were being issued at 100% financing, there was still a share requirement on for motor vehicles 3-5 years old and funds in escrow so we would have collected a one (1) or two (2) months loan payment in savings. She added that motor vehicles 0-2 years old has a share building attached. Mr. Daley informed the meeting that the time to start the delinquency process is at the inception of the loan and that there was a robust system that assesses each loan applicant.

In relation to the property loans, Mr. South asked if the Credit Union was able to satisfy themselves that the property that are used as security were in fact value for money. He said he knows that some of these lands are not of value and he was concerned, adding that persons were quick to use those properties as security because they did not mind getting rid of same. In responding to Mr. South, Mr. Daley reassured him that these properties would have been thoroughly valued to protect the Credit Union.

Mr. Paul Roumell pointed to page 29 where it was outlined that our Credit Union's Net Worth was $1,198,998,255 and asked if that meant that we owned the Credit Union. Mr. Daley assured Mr. Roumell that we indeed owned the Credit Union. Mr. Roumell told members that the only time they own the funds in the Credit Union is when they open Fixed Deposit Accounts. He encouraged all members to open Fixed Deposit accounts and further encouraged them not to touch same. Mr. Daley reassured each member that they are certified part-owner of the Credit Union once they have a Permanent Shares Account.

Mr. Michael Walker commended the Credit Union and his fellow shares holders of the high credit rating of the Credit Union which contribute to the Credit Union being able to lend money without collateral. He said the delinquency rate was very good and encouraged the Credit Union to keep up the good work. Mr. Daley added that the Board members recognizes the attitude of the members who save and borrow, but more so those who borrow and have been responsible in repaying their loans to keep the delinquency rate down.

On a motion moved by Mr. Stanley Skeene and seconded by Mrs. Sharon Peart., the Treasurer's Report and Auditors 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	**$ 79,384,133.00**

Appropriations:

Institutional Capital	$15,000,000.00
Social Outreach	$ 1,000,000.00
Capital Exp. 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**

Mr. Renford Douglas said the $100,000.00 set aside for Disaster Relief Fund needed to be revised as, in his opinion, the amount would not have been sufficient if a disaster occurred. Mr. Daley explained that there was already approximately $1.9 million in reserve and so that $100,000.00 would be added to the current reserve.

Mr. Daley moved for the acceptance of the Appropriation of Surplus as outlined earlier which was seconded by Mr. Renford Douglas 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. Daley moved for the acceptance of the Fixing of Maximum Liability, it was seconded by Mr. Geoffrey Sharpe and carried.

Mr. Daley expressed special commendation to the staff of MCCU (1977) Limited. He said the Credit Union has exceptionally gifted staff who are dedicated to the task. He said that there were staff members that stay up very late at nights for the preparation of IFRS 9 to ensure the Credit Union's readiness and he commended them for that. He also commended all the volunteers for their hard work and contribution and the members for their co-operation.

At this point, Mrs. Claudette Christie of the Jamaica Co-operative Credit Union League was welcomed to the meeting.

At this point, an apology was tendered on behalf of Rev. Joan Smith who would be late for the meeting due to another engagement.

CREDIT COMMITTEE REPORT:

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

Introduction

In his introduction, the Chairman pointed to the continuous reduction in interest rates which forced other institutions and the Credit Union to increase the number and dollar value of loans to maintain sustainability and also forced us the aggressively seek new borrowers. The impending implementation of the Bank of Jamaica regulations, the Banking Act and IFRS 9 also added to the challenges.

In an effort to satisfy the members' needs while maintaining a competitive edge, MCCU (1977) Limited, policies and procedures were reviewed and the staff compliment was increased in the Credit Department. Those measures contributed to improved service delivery and efficiency and allowed members to have a greater access to loans. The Credit Union also achieved a growth of 10.86% in the loan portfolio while reducing the delinquency rate.

Profile of Loans Disbursed by Purpose

Motor Vehicle purchases accounted for the largest category disbursed at $301 million for 2017, followed by Home improvement, Debt Consolidation, Educational Expenses and Business Investment.

Profile of loans Disbursed by Security
The MoniBooster Unsecured Loan Product was the largest category which disbursed $662 million in 2017.

Loan Growth Initiatives
The MoniBooster Unsecured Loan limit was increased from $1.5 million to $2 million to meet the needs of the members while special interest rates as low as 7.99% was offered on Cash Secured, Property and Motor Vehicle Loans.

Loan Administration
The Loan Administration process was redesigned in order to ensure that the Credit Union continued to provide efficient service. Increased manpower in the Credit Department of both branches to improve the overall member service experience.

Waivers
During 2017, three (3) waivers were granted for property loans and the use of an increased Debt Service Ratio (DSR).

Conclusion
In closing, the Chairman expressed gratitude on behalf of the Committee, for the opportunity to serve. He expressed gratitude for the invaluable support from the Board of Directors and other committees, management and staff members. He expressed appreciation and gratitude to Mr. Churton Douglas and Mr. Everard Harriott who would be retiring from the Committee.

He also expressed appreciation to the members for choosing MCCU (1977) Limited as their financial partner, as their support and cooperation was the driving force behind the continued success of the Credit Union.

QUESTIONS & COMMENTS

There were no questions or comments.

On a motion moved by Mr. Derrick Sinclair and seconded by Mr. Churton Douglas, the report of the Credit Committee was adopted.

SUPERVISORY COMMITTEE:

Highlights of this report were read by Mrs. Ruthan Smile-Smikle on behalf of Mrs. Claudette Gayle-Foster - Chairman, as follows:

Introduction
In her opening remarks, she said despite the demands of the Bank of Jamaica Regulation and the IFRS9 implementation, MCCU (1977) Limited continued to implement successful strategies to encourage membership.

She said that the Supervisory Committee, along with the Internal Audit Department, has been intricate in ensuring that the integrity of the Credit Union was maintained. She said to achieve the mandate, the Committee embarked on various activities which included a series of independent and objective audits that assessed the reliability and authenticity of the financial and operating functions.

Dormant and Inactive Member's Account
The audit on Dormant and Inactive accounts involved the scrutiny of transaction vouchers, supporting adjustments to the system and supporting documents. The audit concluded that there was conformance with the applicable policies and procedures and no unauthorized transactions were observed on these accounts. However, a few exceptions were noted and recommendations made to management which were satisfactorily dealt with to prevent re-occurrence.

Know Your Customer (KYC) – New Members' Account
The audit of New Members' Accounts involved the member's application, adjustments to the system and any relevant documents necessary to ascertain compliance. The audit findings revealed general compliance with AML, KYC and POCA regulations.

Bank Reconciliation
A re-performance of the Bank Reconciliation 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 Policy and Procedures Manual for the Accounting Department. The process was initiated by the Department.

Cash Counts, ATM Counts and Treasury Counts
These counts were conducted quarterly each 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.

Members' Loan
The audit of members' loans revealed general compliance with the Credit 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 minimal and were satisfactorily corrected and adequate measures were being put in place to address same.

Staff and Volunteers' Loan
The audit of staff and volunteer's loans revealed general compliance with the Credit Policy and established procedures of the Credit Union for the granting of loans. It was also revealed that Staff and Volunteer loans were accurately generated and adequately managed. Exceptions were brought to management and anomalies observed.

Deceased Members Account
The 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 measures instituted to address same.

Golden Harvest
The review included the verification of interest rates paid and the examination of contrast to determine maturity dates. The audit revealed that most of the procedures were observed and the interest rate correctly imputed. Exceptions found were addressed and preventative measures put in place by management.

End of Day Teller Listing
Transactions were found to be authentic and majority of the signatures on the withdrawal slips match to the signatures that were on the signature cards. A few exceptions were found and dealt with by management.

Blank cheques Review for 2016
It was observed that security measures were in place, but needed to be strengthened to ensure that blank cheques were adequately safeguarded. Recommendations were made to management to address the shortcomings and subsequent steps taken to improve same. The Member Service Policy & Procedures Manual was being developed which would further address some of the concerns raised.

BOJ (CU) Regulations 2011 (Draft)
The finding of the investigation revealed that not all the Policies and Procedures were in place or up-to-date. Management has been working assiduously in the development and implementation of the necessary Policies and Procedures to ensure that MCCU (1977) Ltd become compliant with the Bank of Jamaica's Standard of sound business practices and BOJ Licensing Requirements for Deposit Taking Entities.

Proceed of Crime Act Regulative Reporting Requirements
The audit revealed general compliance with the established Policies and Procedures of the Proceeds of Crime Act.

PEARLS
The audits 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 those set by the League.

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

Payroll
The audit revealed areas of concern for which recommendations were made to management and subsequently corrected. A follow-up audit would be conducted 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 compromised with the utilization of skimming devices. A number of recommendations were made to management and swift actions taken to address the situation and to prevent additional loss to members and the Credit Union. Additional measures are being pursued to upgrade our facilities and improve surveillance and security whilst an alert system was being initiated for suspicious transactions both internally and externally.

Acknowledgement
In closing, the Supervisory Committee along with the Audit Team expressed gratitude to the Board of Directors, the Credit Committee, management and staff for their support and corporation. They also expressed profound gratitude to the members for having allowed them to be stewards of their investments.

Questions and Comments

Mr. Berresford South commended the Supervisory Committee for their hard work. He said it was obvious that they have been doing what was expected of them and have been acting as watch dog on the members' behalf. He said he was particularly pleased by the way the report was presented and observed that the findings were reported to management and ensured that they were addressed.

On a motion moved by Mr. Stanley Skeene and seconded by Mr. Kingsley Andrews, the report of the Supervisory Committee was adopted.

NOMINATING COMMITTEE REPORT

Mrs. Dianna Tomlinson, Chairman of the Nominating Committee, referred to rules governing the nomination. The members of the Committee comprised of the following individuals:

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

Election of the Board of Directors and Committees
The election proceedings were handed over to Ms. Jorgette Lewis, representative from the Department of Co-operatives & Friendly Societies. Miss Lewis commended the outgoing Board for the work that they did and then read the profiles of the individuals nominated to serve as volunteers and introduced them to the membership 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

Board of Directors continued

NAMES	STATUS	TERM
Rev. Joan Smith	Continuing	1 Year
Dianna Tomlinson	Continuing	1 Year
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

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

SUPERVISORY COMMITTEE

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

Mrs. Ruthan Smile-Smikle	Continuing	1 Year
Mrs. Claudette Griffiths-McKenzie	Continuing	1 Year
Miss Coleen Walfall	New	1 Year

Miss Lewis congratulated the individuals 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 Jamaica Co-operative Credit Union League's Annual General Meeting and other societies to which the Credit Union may be affiliated on a motion moved by Mr. Berresford South and seconded by Mr. Stanley Skeene.

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 & Friendly Societies, the Jamaica Co-operative Credit Union League and the other relevant institutions.

On a motion moved by Mr. Derrick Sinclair and seconded by Ms. Joyce Walcott, the Nominating Committee Report was adopted.

ANY OTHER BUSINESS

- Mr. Derrick Sinclair said he was the 112th. member of Manchester Co-operative Credit Union (1977) Ltd. and has been a member since 1952, while he was a student at Holmwood Technical High School. He said he had a concern because Mr. F.R. Ricketts who was the founder of Credit Union Movement in Manchester was not being recognized. He said Mr. Ricketts has done so much for the movement and yet there has been no mention of him. He asked the Committees do some research so Mr. Ricketts can be recognized for all his work. Rev. Danvers said enough has not been said or mentioned about Mr. Ricketts and said going forward some short profiles could be done on stalwarts like Mr. Ricketts.

- Mr. Benaldo Spencer said the Mobile Unit has not been to the Porus area in about three (3) years and asked when the unit would return to Porus. Rev. Danvers reassured the Pours member that the mobile unit would soon return to that location.

- Mr. Hubert Renford commended the staff at the Christiana Branch on the splendid job they were doing. However, he said he was concerned that a television monitor that was setup in the banking hall of the Christiana Branch has not been working and wanted to know what purpose it served. With information from the Marketing Manager, Mr. Michael Gottshalk, Rev. Danvers responded that it was for the purpose of digital marketing, but there were problems being experienced with the provider of the service. The Marketing Department would be addressing same.

- Mr. Paul Roumell said that Mr. J. Delano Brown was one of those stalwarts who went around and encouraged persons, like himself to open accounts. He also said that the first Teller at MCCU, who resides overseas, was also one of those persons that the Credit Union could recognize. He was of the view that pictures of those persons should be erected at AGM so the members can be reminded who encouraged and motivated them to become members. Rev. Danvers said the Credit Union would do their research.

ANNOUNCEMENTS

The General Manager, Miss Michelle Ambersley, with the assistant of the Acting Finance Manager, Mrs. Delrose James presented Certificates of Appreciation to those volunteers who worked tirelessly and made sure that the Credit Union conducted business in a transparent manner and hold management and staff accountable for their actions. Certificates were presented to the following individuals who served on the following Committees for the respective tenure:

- Mr. Alfred Daley, Board of Directors, 2012 - 2018
- Mr. Charles Danvers, Board of Directors, 2012- 2018
- Mrs. Claudette Gayle-Foster, Supervisory Committee, 2013 – 2018
- Mrs. Barbara Chamberlain, Supervisory Committee, 2013 – 2018
- Mr. Churton Douglas, Supervisory Committee, 2012 – 2018
- Mr. Everard Harriott, Credit Committee, 2012 – 2018

Miss Ambersley encouraged members to update their accounts by supplying the following documents:

- Valid Identification Card (Driver's Licence, Passport or National ID)
- TRN
- If member's address has changed, they would need to provide proof of new address
- Current telephone number

VOTE OF THANKS

The vote of thanks was moved by the 2nd. Vice-President, Mr. Alexander Bourne. He thanked the following individuals who contributed to the success of the meeting:

– To the Management team and all the staff, headed by Miss Michelle Ambersley, the General Manager

– The Marketing Committee and Marketing team who are responsible for the planning and execution of the AGM

He thanked the following individuals who participated in the AGM:

– Mr. Cleveland Robinson, Miss Chantal Jamieson, Mrs. Loye Richards, Rev. Charles Danvers, Mr. Claude Rattray, Mr. Alfred Daley, the Auditors who is represented by Mrs. Lisa Cousins, Mr. Raymond Harper, Mrs. Ruthan Smile-Smikle, Mrs. Dianna Tomlinson, Department of Co-operative & Friendly Societies represented by Miss Jorgette Lewis who did a great job, the Jamaica Co-operative Credit Union League Group represented by Ms. Claudette Christie, Mr. Robert Kerr, Mr. Zemar Bennett, Mr. Delroy Foster, Mrs. Phueona Reynolds, Mr. Kenroy Clarke, Mr. Yale Henry and Mr. Carlton Bartley.

He thanked all the specially invited guests and the valued member who turned up and participated in the meeting and made it a success. Mr. Bourne also thanked everyone for their support over the year and implored them to continue to support the Credit Union.

PRESENTATION

Mrs. Vasiana Miller-Hewitt, Marketing Representative, assisted by the Mr. Michael Gottshalk, Marketing & Sales Manager and Mrs. Loye Richards, Credit Supervisor, led the proceedings of the presentation of the Early Bird prizes. The presentation included three (3) special prizes from the Jamaica Co-operative Insurance Agency and the Jamaica Co-operative Credit Union League.

CLOSURE

There being no other business, the Chairman closed the meeting at 3:21 pm.

Mr. Claude Rattray
Secretary

Rev. Charles Danvers
President

BOARD OF DIRECTORS' REPORT

The Board of Directors of Manchester Co-operative Credit Union (1977) Limited uses this medium to account for the performance of the Credit Union during the year 2018.



CLAUDE RATTRAY
President of the Board of Directors

The lending sub-industry of the financial services sector was robust in 2018. This coincided with an overall improvement in the country's economy. The Bank of Jamaica's (BOJ's) Credit Conditions survey from December 2018 supports this thesis, with data suggesting that the private sector borrowing continued to grow in 2018. This also applied to the borrowing activity of individuals, with small and medium-sized enterprises garnering more attention from lenders. On the financial scene, the low interest-rate regime continued, and some of our targets were,to a certain degree, affected.

We continued on a trajectory of many achievements throughout the year. This has been the result of the dedicated work of our staff and the fervent support of our members and volunteers. As a result, we have experienced exceptional growth in our loans portfolio in a still recovering economy that has its own challenges of reduced interest rates, increased individualize credit-risk analysis and increased competition from traditional commercial banks and the non-traditional micro-financing institutions.

The discussions and preparations for the regulation of credit unions by the Bank of Jamaica (BOJ) continued in earnest. As well as,the readiness for the New International Accounting Standard IFRS 9 which was outsourced to a third-party entity called eCM Global.

Below are more details on the Credit Union's performance and activities for the period ending December 31, 2018.

Performance Overview

Key Areas	2018 Millions	2017 Millions	% Change	Target for 2018
Savings	4,057	3,697	10%	4,146
Net Loans	3,307	2,832	17%	3,077
Total Assets	5,410	4,963	9%	5,127
Institutional Capital	806	769	5%	789
Surplus	87*	80	9%	100

*The Defined Benefit Obligation increased from $211.82M to $265.34M, due largely to a reduction in the discount rate from 8% to 7%. The Balance Sheet Asset thus decreased from $70.294M to $43.746M because of the increase in the Defined Benefit Obligation.Defined Benefit Obligation is mainly attributable to economic conditions of the country.

ADMINISTRATION & HUMAN RESOURCES

Training

The Credit Union conducted or participated in approximately thirty–seven (37) training sessions. This consisted of both internal and external training for employees and volunteers throughout the year.

Some of these sessions are listed below:

Customer Service Training, Performance Management Workshop, HR Audit Workshop, Capacity Building Workshop, Effective Debt Collection, Advanced Microsoft Excel, IFRS 9 Implementation Seminar, Fundamentals of Effective Loan Interviewing, Governance Risked-based Lending Workshop, the Jamaican Labour Laws, Loan Securities Documentation and POCA/AML/CFT.

Occupational Health and Safety Measures

The Human Resource Department was charged with the responsibility for facilities management in January 2018. Since then the department has undertaken several projects including to but not limited to the following:

- Installation of disability parking (Mandeville)
- Redesigning of Emergency exit (Mandeville)
- Modification to disable arm and ATM vestibule to accommodate the disable (Christiana)
- Installation of a Chain Link Fence (Christiana)
- Renovation of Guard House (Mandeville)
- Chair replacement (both locations)

Promotions/Recruitment & Separation

There were changes to our staff complement during the year. With a total of three (3) employees promoted and one (1) relocated. Also, there were five (5) permanent new hires and one (1) temporary employee. We had four(4) separations: Lenroy Allen, Kimoye Watson, Byran Knight and Jody-Ann Samuels.Notably was the passing of one of our former team member Mr. Byran Knight.

Policy Review

In 2018,the Board of Directors approved the following policies:

- Review of the General Credit Policy
- Code of Ethics and Business Conduct Policy
- Occupational Safety & Health Policy
- Social Media Policy
- Sexual Harassment Policy
- Employee Assistance Programme Policy
- Succession Planning Policy
- Whistleblower Protection Policy
- Enterprise Risk Management Policy
- Risk Registers

Marketing

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

1. Men Who Cook
2. JCDC Festival Queen
3. Holmwood Technical High School Career Day
4. Alston High School Career Day
5. Spalding High School Career Day
6. RADA Open Day
7. Top Gear Auto Show
8. Frankfield Primary School Career Day
9. Knox Community College's Open Day
10. Manchester Parish Library Reggae on the Lawn Expo

11. Northern Caribbean University Orientation Exercise
12. Mandeville Police Youth Club 5K Walk/Run
13. Read Across Jamaica Day at Villa Road Primary, Grove Mount Basic and McIntosh Memorial Primary School

Products & Services

Savings Promotions

At the start of the year, great emphasis was placed on the Partner Plan Product as a means of meeting short to medium term saving goals. This effort was repeated in July when the "20 Weeks of Christmas" Partner Plan Promotion was conducted to afford members to perfect opportunity to save towards Christmas expenses.

LOAN PROMOTIONS

Property Loan

Promotion of the Property Loan Product was boosted in April with the creation of a 30 seconds television commercial. This commercial aired on national television stations and was used in online promotions across the various social media platforms. A "Spot the Door" campaign, which incorporated the use of a big red door as a promotional prop, served to further enhance our promotional efforts.

Dream Wheels Auto Shows

To assist with the promotion of the Dream Wheels Auto Loan, we approached new and used car dealers to facilitate a number of auto shows throughout the year. As a result of these partnerships the following events were accomplished as shown in the table below:

Date	Auto Dealer	New/Used	Location
January 18	Julex Auto	Used	Manchester High School
January 19	3 Race Auto	Used	Christiana Branch
January 26	3 Race Auto	Used	Mandeville Branch
March 16	ATL Automotive	New	Mandeville Branch
June 15	3 Race Auto	Used	Christiana Branch
June 15	Julex Auto	Used	Mandeville Branch
October 18	Julex Auto	Used	Mandeville Branch

Christmas Cash Loan

A loan special called the Christmas Cash Loan was created and offered to members during the Yuletide Season. The following were features of the product:

- Name of Product: Christmas Cash Loan
- Duration: December 1- 31, 2018
- Term: 12 months
- Loan Amount: Min. $50,000.00 & Max. $200,000.00

- Interest Rate: 16%
- Share Requirement: 10% (Share Build 100% option, no share build fee)
- Compulsory Savings: 48 Weeks Partner Plan (Minimum $2,000 monthly)
- Payment Method: Over-the-Counter & Salary Deducted
- Membership Tenure: Immediate
- Employment Tenure: Permanent or one-year contract
- Pool : $50 Million

Public Relations

Labour Day

The Credit Union's Labour Day Project conducted on May 23, 2018,focused on the cleaning up and beautification of the Parking Lot that serves the Head Office and Mandeville Branch. The activities carried out included:

- Repainting of the curb wall
- Repainting of the guard rail
- Remarking of parking lanes
- De-bushing
- Planting of flowers
- Erection of a garbage receptacle

The exercise was successfully completed with the participation of staff and volunteers from the Mandeville and Christiana Branches.

67th Anniversary Activities

On May 29, the Credit Union observed its 67th Anniversary. Activities that were carried out to mark the occasion included:

1. The distribution of tokens (flashlight key rings) to members who conducted transactions on the day.

2. SMS blast to all members thanking them for their support over the years.

3. The cutting up and serving of anniversary cake in the afternoon.

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 11 – A classroom session to educate children on Budgeting at the Holmwood Technical High School

- April 19 – Town Hall Meeting in Mandeville

- April 20 – Participation in the JCCUL Reality Fair at the Golf View Hotel

Town Hall Meetings

Our series of Town Hall Meetings continued in 2018, with the first one being held in April in the town of Mandeville. The second meeting was held in Newport in July while the final meeting was held in Christiana in the month of December. We continue to invite strategic partners on board such as the HEART Trust NTA, Rural Agricultural Development Authority, Social Development Commission, Geo Land Title Limited, the Ministry of Labour and Social Security 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 six (6) tertiary level students were awarded bursaries from the Sydney Carter Scholarship Fund to commence the 2018/2019 academic year. The students were as follows:

- Tashae Bowes
- Brandon Braham
- Shannakay Patrick
- Latoya Rose
- Abigail Senior
- Kadey-Ann Waite

Collectively, the students received a total of $700,000.00 in financial assistance.

GSAT Bursaries

Twenty (20) students received GSAT Bursaries from the Credit Union valued at $20,000.00 each to assist with the start of their secondary level education. One (1) additional student also received a GSAT bursary from the Jamaica Co-operative Credit Union League for the parish of Manchester. These students were selected based on their need, 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 students from Grove Town Primary and Knox Junior School, respectively.
- The Debating Competition at the secondary level which was won by May Day High School.

International Credit Union Week 2018

International Credit Union Week (ICU) was celebrated from October 14-19, 2018 under the theme, **"Find Your Platinum Lining in Credit Unions."** A number of activities were carried out to mark the occasion as shown in the table below:

The **Soap & Soup outreach** saw representatives from the Credit Union visiting the Ebenezer Home for the mentally challenged located in Grey Ground Manchester. During the visit, the residents of the home were fed with soup and a hot meal by the staff of the Credit Union. A case of bath soaps was also handed over to the management of the home.

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 Rapid True Value, Professional Eye Care, Julex Auto and the Jamaica Co-operative Insurance Agency. Representatives from the National College of Professional Studies were on hand to provide free health checks while members were treated to exciting give-a-ways, snacks, lunches, tokens and a lunch hour concert. The week of activities was well supported by our members, staff and volunteers.

Date	Event	Location
October 14	Church Service	Mandeville New Testament Church of God
October 16	Soup & Soap Outreach	Ebenezer Home
October 17	Christiana Member Appreciation Day	Christiana Branch
October 18	Mandeville Member Appreciation Day	Mandeville Branch
October 19	Movie Evening	Cecil Charlton Hall

Employee Awards Banquet

The first Employee's Awards Banquet was hosted at the Mandeville Hotel on December 15, 2018. The awards for the following categories were presented to the respective team members:

1. **Top Credit Officer of the Year 2017**
   - Christiana – Samantha Johnson
   - Mandeville – Nadine Ricketts
2. **Top Teller of the Year 2017**
   - Christiana – Natalee Simpson
   - Mandeville – Anna-Kay Bartley
3. **Branch of the Year 2017** – Christiana Branch
4. **Employee of the Year 2017** – Chantal Jamieson

League AGM and Convention:

The League AGM was held from May 17-20, 2018 at the Hilton Rose Hall Hotel and Spa in Montego Bay. Manchester Credit Union was represented by its delegates, alternate delegates, committee members and staff.

Caribbean Confederation of Credit Unions (CCCU) 61st Annual International Convention and the 47th Annual General Meeting:

Our Credit Union was represented at the 61st Annual International Convention and 47th Annual General Meeting of the Caribbean Confederation of Credit Unions [CCCU] will be held June 15th – 20th, in Port of Spain, Trinidad & Tobago, under the theme "Credit Unions: The Power to Change the Future".

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	AMOUNTS ($)	NAME	AMOUNT ($)
Bethabara Infant School	10,000.00	Porus Branch Library	6,000.00
Bishop Gibson High School	5,000.00	Mandeville Baptist Church	8,000.00
Chantilly Primary School	2,500.00	Mandeville Parish Church	13,000.00
Christiana Moravian Primary School	5,000.00	Moravian Church In Jamaica	10,500.00
Decarteret College	20,000.00	Santa Hill Full Truth Church Of God	15,000.00
Gasrlogie Primary & Jnr. High School	15,000.00	Shiloh Apostolic Church	8,000.00
Holmwood Technical High School	155,000.00	Wesley Methodist Church	5,000.00
Knox Junior School	12,000.00	United Church Senior Citizens Home	4,000.00
Mandeville Infant School	20,033.00	Iris Scarlett Seniors Centre	5,000.00
Old England Primary & Infant School	5,000.00	Percy Junior Hospital	20,000.00
Porus High School	13,000.00	Caribbean Council For The Blind	7,500.00
Richmond Primary School	25,000.00	Funeral Assistance	60,000.00
Sacred Heart Academy	17,750.00	Asia Police Youth Club	5,000.00
Silent Hill Early Childhood	8,000.00	Manchester Chamber Of Commerce	6,000.00
Villa Road Prim. & Jnr. High School	5,000.00	Royal Air Forces Association	10,000.00
Woodlawn School Of Spec. Education	14,000.00	Jamaica Legion	3,000.00
Manchester Parish Library	7,000.00	R.A.D.A.	5,000.00
Grand Total			**530,283.00**

BOARD OF DIRECTORS MEETINGS – 2018

The table below outlines the attendance of the Board of Directors at the Thirty (30) meetings that were held during the year:

NAMES	POSSIBLE MEETINGS	ATTENDED	EXCUSED	ABSENT
*Charles Danvers	14	14	0	0
*Claude Rattray	30	29	1	0
*Alfred Daley	14	14	0	0
*Joan Smith	30	27	3	0
*Alexander Bourne	30	27	3	0
Dianna Tomlinson	20	20	0	0
*Darcia Roache	21	8	13	0
*Althia Scott-Jones	24	18	6	0
*Nicholas Spence	26	24	2	0
Stallyn Insang	20	17	3	0
Cleveland Robinson	20	16	4	0
Marsha Deer	10	10	0	0
Geoffrey Sharpe	10	10	0	0

*Members of the Executive

OPERATIONAL EFFICIENCY PROJECTS COMPLETED IN 2018

1. Automatic Generation of Delinquency letters.
2. Automating the write-off loan process.
3. Automating the generation of Financial Statement on the Universal System.
4. Successfully sharing our data with the Credit Bureau called the Credit Information System (CIS).
5. Installation of a fully functional ATM at our Christiana Branch

JAMAICA CO-OPERATIVE CREDIT UNION INITIATIVES

JCCUL lead initiatives that started in 2018 and should be completed in 2019 are as follows:

1. EMV/Chip Technology
2. Enhance Access Plus® functionality (MasterCard)
3. Direct Salary Deposit
4. Interconnectivity: on-line and in-branch service

BOARD OF DIRECTORS



(L-R) Stallyn Insang, Althia Scott-Jones, Diana Tomlinson, Joan Smith, Claude RAttray, Michelle Ambersley (General Manager), Marsha Deer, Geoffrey Sharpe, Cleveland Robinson. Missing from photo: Darcia Roache, Nicholas Spence, Alexander Bourne

MANAGEMENT RETREAT

The Management Retreat for 2018 was held in December under the theme, **"Realignment of Our Strategic Goals".** The focus of that year's retreat was to build on the five-year strategic plan formulated from the Retreat held in 2017. The follow-up was to assess the Credit Union's competitive strategy using the BCG Matrix, identification of competitors, a review of our product and service offering and the identification of the competitive advantage of the Credit Union.

CONCLUSION

The highly competitive financial landscape and a more informed membership make it imperative that the structures, policies and general operations of the Manchester Co-operative Credit Union (1977) Limited keep apace as much emphasis is being placed on technology thus ensuring that increase efficiency is experienced. The Board of Directors recognizes the challenging environment and the necessary sacrifices needed to be made by all, in order for the Institution to continue its thrust of "people helping people".The challenges are many but being people of faith, we can rest assured that with God at the helm we will remain one of the most financially sound institutions in Jamaica.

In closing, the Board takes this opportunity to express sincere thanks to the entire Management Team and all categories of staff members. 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. Of course special thanks to our membership for their continued support.

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Claude Rattray
President

TREASURER'S REPORT

FOR FINANCIAL YEAR ENDED DECEMBER 31, 2018



NICHOLAS SPENCE
Treasurer

I am pleased to present the Treasurer's Report to this the 43rd Annual General Meeting of the Manchester Co-operative Credit Union 1977 Limited for the financial year ended December 31, 2018. The Audited Financial Statement is set out on pages 35 to 90, extracts of these statements are included in the treasurer's report.

According to the Statistical Institute of Jamaica (STATIN), the economy grew by 1.9% year upon year and is forecasted to grow by 3.7% for 2018-2019 by the International Monetary Fund. The Jamaican Dollar depreciated against the United States Dollar, moving from a low of 124.76 to a high of 127.72 for the financial year.

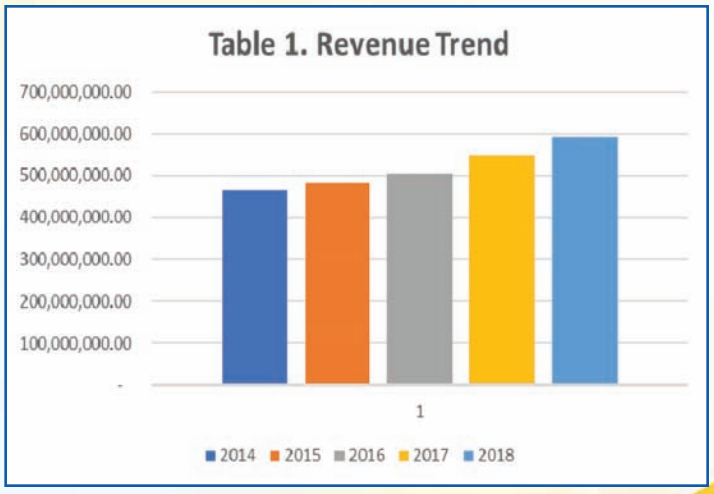
The Bank of Jamaica (BOJ) maintained monetary policies to foster a low market interest climate, a stable foreign exchange rate and economic growth. The Bank of Jamaica has reduced its policy rates several times throughout the year, a movement of 150 basis points to close as at 31 December 2018 1.75% (2017) 3.25%.

The year 2018 also carried with it the most significant change in financial reporting. All financial institutions, effective January 2018, were required to prepare financial reports in accordance with IFRS 9 (International Financial Reporting Standard). This new standard replaced the IAS 39 standard that was being used for many years. This new standard required all financial institutions, including Manchester Co-operative Credit Union, to recognize and provide for loan losses before they occur instead of at the point at which they occur. To this end your Credit Union ensured that the necessary mechanisms were put in place to ensure compliance.

It is also expected that the Bank of Jamaica will assume the role of oversight and regulator for Credit Unions in 2019. The Credit Union (Special Provisions) Bill has been tabled in the House and is in its final stage of review. The Credit Union continues its preparation process for transitioning to our new regulators.

Profitability

The Credit Union is reporting a successful performance for 2018 having generating profits of $110 million in comparison to $82 million and growth in assets of 9% or $446 million. The Organisation generated interest income of $593 million. This represents an increase of $44.8 million or 8% over the previous year's $548 million. The increase in profitability is mainly attributable to an increase in revenue.



The Credit Union has consistently increased revenue over the years from a low of $466M in 2014 to $593M in 2018.

Interest income earned for the period is broken down as follows:

	$
Financial Investments	75,544,416
Liquid Assets	71,480,482
Loans to Members	445,042,170

The Credit Union incurred $482 million in operational activities of running the business compared to $465 million in 2017. This was 3.7% increase compared to the previous year.

Table 2

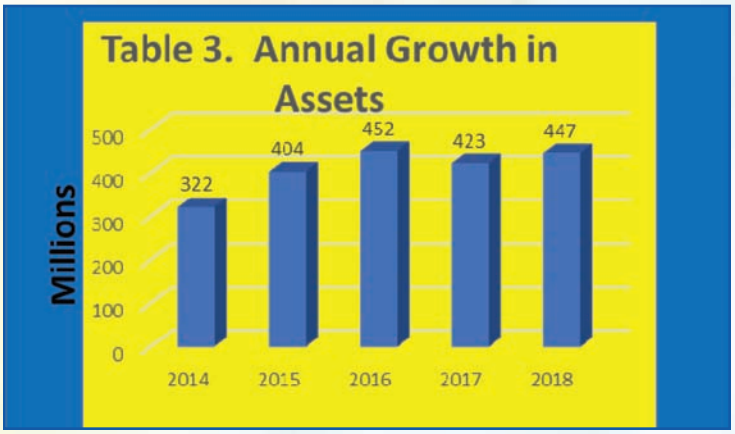
Profitability Indicators	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018
Total Income to Assets	12.6%	11.8%	11.1%	11.0%	11.0%
Operating Exp. to Assets	7.2%	7.0%	6.8%	7.7%	7.1%
Return on Assets	2.5%	1.6%	1.7%	1.8%	2.1%

Key Profitability Trends

Table 2 shows the trends in key profitability ratios over the past five (5) years. An ***income to asset ratio*** of 11% was achieved in 2018; this was on par with 2017. The ***return on assets ratio*** was 2.1% at the end of the financial year. This was a slight increase from the 1.8% achieved in 2018, indicating more efficient utilization of the Organisation's resources in generating profits.

Asset Growth

Total assets ended the year at $5.4 billion. This represented an increase of 9% over the amount for 2017. **Table 3** indicates the movement in the asset base over the last five (5) years. The accumulated increase over the period was $2 billion or 64%, which is due to consistent growth in loans and investments.



Loans

The growth in total assets was aided by a 17% or $474 million increase in Loans after provisions. This increase was supported by robust growth in unsecured loans and real estate loans that rose by 28% and 14% respectively. Motor Vehicle loans also went up by 1% during the year.

Table 4 shows the extent of the growth in net loans over the last five (5) years.



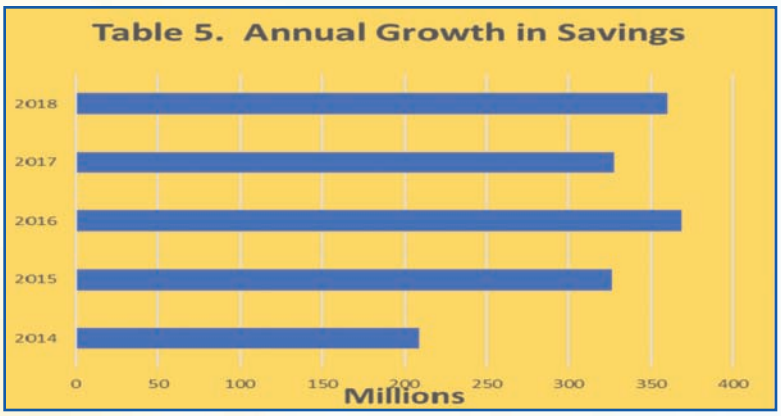
The average annual loans growth over the five-year period was 25%.

Amidst the stiff in 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 $1.86 billion. This represented an increase of 1% over 2017 and accounted for 34% of total assets. The Credit Union earned an average of 3% on investments during the year. This was below the 5.6% achieved in 2017. This is attributable to significant decline in repo rates throughout 2018, moving from rates as high as 6% to a low of 2.5%.

Adequate liquidity reserves was maintained during the year and the day-to-day cash flow requirements were met. These reserves were held in interest-bearing accounts at the Credit Union Fund Management Company (CUFMC).



Savings

Total Savings grew by $360 million or by 9% during the year as shown in **Table 5.** Total Savings was just under $4.1 billion at the end of 2018. We commend Management & Staff for this achievement and assure you that our Organization will continue to offer competitive returns on our range of savings and investments products.

Table 6

Key Financial Indicators	Target Standard	2018 Actual	2017 Actual
Provision for Loan Loss	100.0%	88%	144%
Institutional Capital : Total Assets	8.0%	17.3%	17.7%
Net Loans: Total Assets	60% -80%	61.1%	57.1%
Delinquent Loans: Total Loans	< or = 5%	5.8%	5.3%
Non-Earning Asstes: Total Assets	7.0%	4.5%	5.8%
Operating Expense : Total Assets	8.0%	7.1%	7.1%
Membership Growth	5.0%	5.0%	5.0%
Asset Growth	11.5%	9.0%	9.3%
Institutional Capital Growth	10.0%	4.9%	11.2%

Key Financial Indicators

Our Organization exceeded the PEARL standards in most of the key financial indicators. Some of these indicators are outlined in **Table 6.** The loan to asset ratio increased from 57.1% in 2017 to 61.1% in 2018. The Credit Union, with your support, aims to maintain this minimum standard of 60% over the long term.

Institutional Capital Reserve

Our Credit Union was able to strengthen its capital base during the year. Total institutional capital stood at $936 million at the end of the period. This represented $51 million or 4.9% growth. The institutional capital to asset ratio fell slightly from 17.7% in 2017 to 17.3% at the end of the 2018 financial year. However, this ratio was well above the minimum 8% standard prescribed by the PEARL Standards and surpassed the capital ratio requirement set by the Bank of Jamaica.

Delinquency

The delinquency rate increased from 5.3% in 2017 to 5.75% at the end of the 2018 financial year. We continue along the path of effective delinquency control and will take further measures to reduce the level of delinquency and anticipate your co-operation in this regard.

Summary of Income & Expenses

Table 7

Income & Expenditure	Year 2018	Year 2017	Increase/ Decrease	% Change
Total Income	593,035,019	548,159,799	44,875,220	8.2%
Total Expenses	-482,674,868	-465,636,207	-17,038,661	3.7%
Surplus	110,360,151	82,523,592	27,836,559	*33.7%*
Add Undistributed Surplus	79,371,310	93,315,361	-13,944,051	-14.9%
Less Transfers	-17,067,721	-96,454,820	79,387,099	-82.3%
Available for Appropriation	172,663,740	79,384,133	93,279,607	117.5%

Table 8

Assets, Liabilities & Reserves	Year 2018	Year 2017	Increase/ Decrease	% Change
We The Members Own:				
Institutional Capital	806,944,292	769,460,262	37,484,030	4.9%
Permanent Shares	128,830,494	116,423,581	12,406,913	10.7%
Other Reserves	182,053,958	203,315,459	-21,261,501	-10.5%
Undistributed Surplus	172,663,740	109,798,953	62,864,787	57.3%
Total	1,290,492,484	1,198,998,255	91,494,229	*7.6%*

Table 8 Cont'd...				
The Money Was Used For:				
Net Loans to Members	**3,307,188,570**	**2,832,583,268**	**474,605,302**	**16.8%**
Cash & Investments	**1,859,562,742**	**1,914,156,912**	**-54,594,170**	**-2.9%**
Fixed Assets	**88,518,150**	**85,476,766**	**3,041,384**	**3.6%**
Other Assets	**155,181,130**	**131,344,477**	**23,836,653**	**18.1%**
Total Assets	**5,410,450,592**	**4,963,561,423**	**446,889,169**	***9.0%***
Less Savings & Other Liabilities	**4,119,958,108**	**3,764,563,168**	**355,394,940**	**9.4%**
Our Credit Union's Net Worth	**1,290,492,484**	**1,198,998,255**	**91,494,229**	***7.6%***

Conclusion

Although the Credit Union has performed reasonably well, we are not being complacent in its operations as the Board and Management recognize the impact that competition can have on its viability. Therefore, we are constantly seeking methods to increase earnings and improve the member experience that will continue to transform the Organisation to meet the needs of its captive market. As we look ahead, the Credit Union will focus on ensuring that our members are provided with exceptional service, competitive rates and increased ease of doing business.

We 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.

Nicholas Spence
Treasurer

DEPARTMENT OF CO-OPERATIVES
& FRIENDLY SOCIETIES
(Agency of the Ministry of Industry, Commerce, Agriculture and Fisheries)
2 MUSGRAVE AVENUE
Kingston 10
Tel: 927-4912/927-6572 or 978-1946
Fax: 927-5832
E-mail: dcfs@cwjamaica.com

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

S1
R 459/-05/07/19

July 19, 2019

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, 2018.

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 truly,

.....

Errol Gallimore
REGISTRAR OF CO-OPERATIVE SOCIETIES
AND FRIENDLY SOCIETIES

EG/kd

c. Jamaica Co-operative Credit Union League



FINANCIAL STATEMENTS
&
Notes to the Financial Statements

YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

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Crowe

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Kingston 5

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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 2018, 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 2018, 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.

LOCATIONS:

KINGSTON
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St. James

T: +876-627-9048 / 630-2011

Crowe

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.

Crowe

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

July 15, 2019

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2018 $	2017 $
ASSETS:			
EARNING ASSETS:			
Liquid Assets	4	1,580,624,363	1,490,626,303
Loans to Members after Provision	5	3,307,188,570	2,832,583,268
Financial Investments	7	278,938,379	354,779,753
Total Earning Assets		5,166,751,312	4,677,989,324
NON-EARNING ASSETS:			
Liquid Assets	8	66,210,740	68,750,856
Other Assets	9	45,224,390	61,050,477
Property, Plant and Equipment	10	88,518,150	85,476,766
Retirement Benefit Asset	11	43,746,000	70,294,000
Total Non-Earning Assets		243,699,280	285,572,099
TOTAL ASSETS		5,410,450,592	4,963,561,423
LIABILITIES:			
INTEREST BEARING LIABILITIES:			
Members' Voluntary Share Capital	12	2,125,376,493	1,902,626,518
Savings Deposits	13	1,932,120,968	1,795,300,721
Total Interest Bearing Liabilities		4,057,497,461	3,697,927,239
NON-INTEREST BEARING LIABILITIES:			
Accruals	14	17,296,787	18,746,119
Payables	15	28,526,869	31,316,922
Others	16	16,636,991	16,572,888
Total Non-Interest Bearing Liabilities		62,460,647	66,635,929
TOTAL LIABILITIES		4,119,958,108	3,764,563,168
EQUITY:			
Members' Permanent Share Capital	17	128,830,494	116,423,581
Non-Institutional Capital	18	354,717,698	313,114,412
Institutional Capital	19	806,944,292	769,460,262
Total Capital		1,290,492,484	1,198,998,255
TOTAL LIABILITIES AND EQUITY		5,410,450,592	4,963,561,423

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

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON JULY 15, 2019 **AND SIGNED ON ITS BEHALF BY:**

MR CLAUDE RATTRAY
PRESIDENT

MR STALLYN INSANG
ASSISTANT TREASURER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2018 $	2017 $
INTEREST INCOME:			
Liquid Assets		53,589,572	71,227,798
Loans to Members		445,042,169	390,113,592
Financial Investments		15,759,349	25,988,080
		514,391,090	487,329,470
INTEREST EXPENSE:			
Interest Expense on Members' Voluntary Shares		38,427,137	34,242,446
Savings Deposits		26,719,542	42,712,268
Other Financial Costs	20	16,921,585	11,824,965
		82,068,264	88,779,679
NET INTEREST INCOME		432,322,826	398,549,791
Less Provision for Loan Impairment	6	11,802,494	20,748,221
Less Reimbursement to Members for ATM Fraud		514,708	1,595,074
NET INTEREST INCOME AFTER PROVISION		420,005,624	376,206,496
NON - INTEREST INCOME			
Other Income	21	78,643,939	60,830,329
		78,643,939	60,830,329
GROSS INCOME		498,649,563	437,036,825
Less Operating Expenses	22	386,229,412	352,453,233
NET INCOME BEFORE HONORARIA		112,420,151	84,583,592
Honoraria Payment		(2,000,000)	(2,000,000)
NET INCOME AFTER HONORARIA		110,420,151	82,583,592
OTHER COMPREHENSIVE INCOME			
Items that will or may be reclassified to profit or loss:			
Revaluation- Available for Sale Investments		3,256,914	45,039
Items that will not be reclassified to profit or loss:			
Pension Expense	11	(26,548,000)	(2,224,000)
Minimum Business Tax		(60,000)	(60,000)
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA		87,069,065	80,344,631

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

SUMMARY

	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)
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 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 as previously reported	116,423,581	313,114,412	769,460,262	1,198,998,255
Impact on Transition to IFRS 9 (ECL on loans)	-	(12,823)	-	(12,823)
Balance at 31st December 2017 as restated carried forward	116,423,581	313,101,589	769,460,262	1,198,985,432

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

SUMMARY (CONT'D)

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
Balance at 31st December 2017 as restated brought forward	116,423,581	313,101,589	769,460,262	1,198,985,432
Total Surplus for the Year	-	110,420,151	-	110,420,151
Other Comprehensive Income				
Revaluation - Available for Sale Investments	-	3,256,914	-	3,256,914
Pension Expense	-	(26,548,000)	-	(26,548,000)
Minimum Business Tax	-	(60,000)	-	(60,000)
	-	(23,351,086)	-	(23,351,086)
Total Comprehensive Income for the Year after Honoraria	-	87,069,065	-	87,069,065
Transactions with Owners				
Permanent Share Capital Subscribed	12,406,913	-	-	12,406,913
Appropriations of Net Surplus for 2017				
Dividends on Permanent Shares	-	(6,607,423)	-	(6,607,423)
Institutional Capital	-	(15,000,000)	15,000,000	-
Capital Development Reserves	-	(5,000,000)	-	(5,000,000)
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	-	(35,000,000)	-	(35,000,000)
Transfer to Capital Development Programme	-	5,000,000	-	5,000,000
Transfer to Social Outreach Programme	-	1,000,000	-	1,000,000
Transfer to Sydney Carter Scholarship	-	1,000,000	-	1,000,000
Transfer to Disaster Relief Fund	-	100,000	-	100,000
Transfer to Unsecured Loan Reserve	-	35,000,000	-	35,000,000
Redemption of Permanent Shares	-	(13,725)	-	(13,725)
Payments made from Other Non-Qualifying Reserves	-	(1,471,510)	-	(1,471,510)
Adjustment to Retained Undistributed Earnings	-	123,732	-	123,732
Transfer to Statutory Reserve	-	(22,484,030)	22,484,030	-
Transfer from Loan Loss Reserve	-	(69,000,000)	-	(69,000,000)
Transfer to Undistributed Surplus	-	69,000,000	-	69,000,000
	12,406,913	(45,452,956)	37,484,030	4,437,987
Balance at 31st December 2018	128,830,494	354,717,698	806,944,292	1,290,492,484

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018
(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 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 from 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 as previously reported	8,725,445	50,421,363	80,000,000	70,294,000	19,243,370	5,046,101	79,384,133	313,114,412
Impact on Transition to IFRS 9 (ECL on loans)	-	-	-	-	-	-	(12,823)	(12,823)
Balance at 31st December 2017 as restated carried forward	8,725,445	50,421,363	80,000,000	70,294,000	19,243,370	5,046,101	79,371,310	313,101,589

(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 2018
(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 2017 as restated brought forward	8,725,445	50,421,363	80,000,000	70,294,000	19,243,370	5,046,101	79,371,310	313,101,589
Total Surplus for the Year	-	-	-	-	-	-	110,420,151	110,420,151
Other Comprehensive Income								
Revaluation - Available for Sale Investments	-	3,256,914	-	-	-	-	-	3,256,914
Pension Expense	-	-	-	(26,548,000)	-	-	-	(26,548,000)
Minimum Business Tax	-	-	-	-	-	-	(60,000)	(60,000)
	-	3,256,914	-	(26,548,000)	-	-	(60,000)	(23,351,086)
Total Comprehensive Income for the Year after Honoraria	-	3,256,914	-	(26,548,000)	-	-	110,360,151	87,069,065
Transactions with Owners								
Appropriations of Net Surplus for 2017								
Dividends on Permanent Shares	-	-	-	-	-	-	(6,607,423)	(6,607,423)
Transfer to Institutional Capital	-	-	-	-	-	-	(15,000,000)	(15,000,000)
Capital Development Reserves	-	-	5,000,000	-	-	-	(5,000,000)	-
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	-	35,000,000	-	-	-	-	(35,000,000)	-
Transfer of 20% of Net Income for the Year before Honoraria	-	-	-	-	-	-	(22,484,030)	(22,484,030)
Transfer to Permanent Share Transfer Fund	-	-	-	-	-	(13,725)	-	(13,725)
Adjustment to Undistributed Net Earnings	-	-	-	-	-	-	123,732	123,732
Payments made from Non-Qualifying Reserve	-	-	-	-	(1,471,510)	-	-	(1,471,510)
Transfer from Loan Loss Reserve	-	(69,000,000)	-	-	-	-	69,000,000	-
Transactions with Owners	-	(34,000,000)	5,000,000	-	628,490	(13,725)	(17,067,721)	(45,452,956)
Balance at 31st December 2018	8,725,445	19,678,277	85,000,000	43,746,000	19,871,860	5,032,376	172,663,740	354,717,698

(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 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

Institutional Capital

	Statutory and Legal Reserves	Revenue Reserves	Total
	$	$	$
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
Transfer of 20 % of Net Income for the Year before Honoraria	22,484,030	-	22,484,030
Transfer from Undistributed Net Income to Institutional Capital	-	15,000,000	15,000,000
Balance at 31st December 2018	309,997,037	496,947,255	806,944,292

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

	2018 $	2017 $
Cash flows from Operating Activities		
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA	87,069,065	80,344,631
Non- cash items included in income		
Depreciation - Property, Plant and Equipment	15,887,427	16,011,679
(Gain)/Loss on Disposal of Property, Plant and Equipment	(500)	1,515
Pension Income	26,548,000	2,224,000
Adjustment to Undistributed Net Earnings	123,732	(751)
Gain on Revaluation of Investments	(3,256,914)	(45,039)
Provision for Loan Impairment	11,802,494	20,748,221
	138,173,303	119,284,256
(Increase) in Operating Assets		
Other Assets	15,826,087	(13,612,769)
(Decrease)/Increase in Operating Liabilities		
Accruals	(1,449,332)	(2,360,279)
Payables	(2,790,053)	12,239,197
Others	64,103	3,382,618
Net Cash Provided by Operating Activities	**149,824,108**	**118,933,023**
Cash Flows from Investing Activities:		
Addition to Property, Plant & Equipment	(18,928,811)	(11,571,657)
Proceeds in Disposal of Property,Plant & Equipment	500	-
Financial Investments	79,098,288	114,337,007
Loans to Members	(1,582,674,488)	(1,094,046,395)
Repayment of Loans by Members	1,096,253,869	777,909,258
Net Cash Used in Investing Activities	**(426,250,642)**	**(213,371,787)**
Cash Flows from Financing Activities:		
Voluntary Share Capital	222,749,975	180,391,128
Permanent Share Capital	12,406,913	11,993,021
Savings Deposits	136,820,247	146,557,263
Social Outreach	(515,783)	(619,477)
Permanent Share Transfer Fund	(13,725)	23,171
Dividend on Permanent Shares	(6,607,423)	(7,478,991)
Share Building Reserves	44,273	25,224
Disaster Relief Fund	-	(309,056)
Sydney Carter Scholarship Fund	(1,000,000)	(1,000,000)
Net Cash Provided by Financing Activities	**363,884,477**	**329,582,283**
Increase in Liquid Assets	87,457,944	235,143,519
Liquid Assets at Beginning of Year	1,559,377,159	1,324,233,640
Liquid Assets at End of Year	**1,646,835,103**	**1,559,377,159**
Liquid Assets - Earning	1,580,624,363	1,490,626,303
Liquid Assets - Non - Earning	66,210,740	68,750,856
	1,646,835,103	**1,559,377,159**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2018
(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:

IFRS 9: Financial Instruments (2014) (Effective January 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.

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 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

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

a) Standards and Interpretations in respect of published standards which are in effect and are relevant to the Credit Union (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 in 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.

Amendments to IAS 40 - Investment Property Transfers of Investment Property (Effective January 2018)

The amendments to IAS 40 Investment Property:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

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

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

- there is consideration that is denominated or priced in a foreign currency;
- 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.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2018

(Expressed in Jamaican Dollars unless otherwise indicated)

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

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

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.

(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 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.

Prepayment Features with Negative Compensation (Amendments to IFRS 9) (Effective January 2019)

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Annual Improvements to IFRS Standards 2015–2017 Cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 2019

Makes amendments to the following standards:

- **IFRS 3: Business Combinations and IFRS 11: Joint Arrangements (Effective January 2019)**

  The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- **IAS 23: Borrowing Costs (Effective January 2019)**

  The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

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:

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) (Effective January 2019)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

Definition of Material (Amendments to IAS 1 and IAS 8) (Effect January 2020)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

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 2019 and 2020 financial statements.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2018

(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.

Critical Accounting Estimate and judgement applied

i) **Classification of Financial Asset**

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal payment amount outstanding requires management to make certain judgments on its business operations

ii) **Impairment of Financial Assets**

Establishing the criteria of determining whether credit risk of the financial assets has increase significantly since initial recognition , determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL requires significant judgement.

Risk of Estimation uncertainty

i) **Measurement of Expected Credit allowance/provision under IFRS 9**

The measurement of expected credit allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. That is the likelihood of members defaulting and the resulting loss).

A number of significant judgements are also required in applying the accounting requirement for measuring expected credit losses, as follow;

- Determining criteria for significant increase in credit risk;
- Selecting appropriate models and assumptions for the measurement of expected credit losses;
- Establishing of the number and relative weightings of forward-looking scenarios for each type pf product or market and associated expected credit loss;
- Establishing groups of similar financial assets for the purpose of measuring expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(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 -**
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.

The Credit Union, under the IFRS 9 Expected Credit Loss (ECL) impairment framework, recognises ECLs on loans, taking into account past events, current conditions and forecast information. In this regard, the Credit Union determines the economic variables that are likely to influence the borrowers' ability to meet their loan obligations in the future and incorporate such forward looking economic information in the overall estimation of the expected credit loss.

Additionally, the credit union is required to update the amount of ECLs recognised at each reporting date to reflect changes in credit risk of the loan portfolio.

Loans to members are held solely for the collection of principal and interest in accordance with the contractual arrangement between the credit union and the borrower. Therefore, loans are classified under the hold to collect business model and are measured at amortized cost.

The credit union assigns an initial risk rating to each loan at the date of disbursement. The risk rating is determined by the credit score assigned and categorised in the recognised credit score bands.

Loan Staging

By way of disclosure, the credit union estimates and reports the ECL on a stage by stage basis.

Stage 1
Loans are placed in Stage 1 at origination and remains in this stage providing that such loans have not experience a significant increase in credit risk.

Stage 2
Loans are transitioned to Stage 2 when there is evidence that such loans have experienced a significant increase in credit risk.

Stage 3

Loans are transitioned into Stage 3 if there is evidence that these loans are impaired or are at a default stage. Loans that are past due for a period of 90 days or more are deemed to have defaulted.

Specific provisions are established as a result of a review of the carrying value of loans in arrears and are derived based on the Supervisory Body's provisioning policy of making a full provision for loans in arrears over twelve (12) months. General provisions of ten percent (10%) to sixty percent (60%) are established in respect of loans in arrears for two (2) to twelve (12) months.

Regulatory loan loss reserve requirements that exceed the provision required under International Financial Reporting Standards - IFRS 9 "Financial Instruments" are dealt with in a non-distributable loan loss reserve as a transfer from unappropriated profits.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2018

(Expressed in Jamaican Dollars unless otherwise indicated)

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

(d) **Investments -**

At initial recognition, the Credit Union measures a financial asset at its fair value, plus or minus (in the case of a financial asset not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset; such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Immediately after recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

From 1st January 2018, the Credit Union has applied IFRS 9 and classified its financial assets as either Fair value through profit or loss (FVTPL); Fair value through other comprehensive income (FVOCI) or Amortised cost.

Classification and subsequent measurement of debt instruments depend on the credit union's business model for managing the asset; and the cash flow characteristics of the asset.

Based on these factors, the credit union classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost:* Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI') and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at (vi). Interest income from these financial assets is included in ' Interest and similar income' using the effective interest method.

- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL are measured at fair value through other comprehensive income (FVOCI).

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within. 'Net trading income' in the period in which it arises, unless it arises from debt instrumrnts that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2018

(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 -**

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.

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 -**

Business Model: the business model reflects how the Credit Union manages the assets in order to generate cash flows. That is, whether the credit union's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Loss allowances are measured at an amount equal to lifetime ECL except for the following are measured as a 12-month ECL:

- debt investment securities that are low in risk

- other financial instruments (other than lease receivables) on which credit risk not not increased significantly.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2018

(Expressed in Jamaican Dollars unless otherwise indicated)

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

(f) **Impairment (Cont'd)-**

12-month ECL are the portion of ECL that result from default events of a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised is referred to as Stage 1 financial instrument.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial Instruments for which lifetime ECL is recognised and is not credit-impared is referred to Stage 2 financial instruments.

At each repoirting date, the credit union assesses whether the financial assets carried at amortised cost are credit-impaired (referred to a Stage 3 financial assets).

(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 -**

General

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.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2018

(Expressed in Jamaican Dollars unless otherwise indicated)

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

(h) **Provisions (Cont'd) -**

General

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.

IFRS 9- Expected Credit Loss (ECL)

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 "Financial Instruments: Recognition and measurement". IFRS 9 bring fundamental changes to the accounting of financial assets and to certain aspects of the accounting for financial liabilities.

As a result of the adoption of IFRS 9, the Credit Union has adopt consequential amendments to IFRS 7 "Financial Instruments Disclosure", which are applied to disclosures about they financial year 2018, but have not been applied to the comparative information

The Expected Credit Loss (ECL) represents the amount the Credit Union is likely to lose in the event of a default.

In recognising Expected Credit Loss (ECL) as prescribed by IFRS 9, the Credit Union took into account past events, current conditions and forecast information. The Credit Union determined the economic variables that are likely to influence the borrowers ability to meet their loan oligation in the future and incorporate such forward looking economic information in the overall estimation of the expected credit loss.

At each reporting date, the Credit Union is required to update the amount of ECLs recognised to reflect changes in credit risk of the loan portfolio.

At least once annually, the credit union re-assesses the risk ratings bands and carries out the necessary adjustments in order to ensure that the ratings bands are consistent with prevailing trends and conditions.

As permitted by transitional provisions of IFRS 9, any adjustments to the carrying amount of financial assets and liabilities at the date of transition were recognized in the opening retained earning and other reserves of the current period

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

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

		$
Undistributed Net Income:		
Balance as at December 31, 2017		79,384,133
Impairment provison as at December 31, 2017 under IAS 39:		
On Loans to Members	87,489,332	
On Financial Investments	1,750,000	
	89,239,332	
Expected Credit Loss as at January 1, 2018 under IFRS 9		
On Loans to Members	(87,502,155)	
On Financial Investments	(1,750,000)	
	(89,252,155)	
Recognition of expected credit loss under IFRS 9		(12,823)
Opening balance under IFRS 9 (Jan. 1. 2018)		79,371,310

(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.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2018

(Expressed in Jamaican Dollars unless otherwise indicated)

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

(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.

(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% (2017 - 0.20%) of total assets. Stabilisation dues are fixed at a rate of 0.15% (2017 - 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 17.3% (2017 - 17.85%) 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 2018
(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 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

4. Earning Assets - Liquid Assets:

	2018 $	2017 $
Savings Account Balances	154,133	166,134
Foreign Currency Savings Accounts	49,419,484	42,068,603
Placement with JCCUL	562,026,103	641,600,240
Held to Maturity		
Placement with Other Financial Institutions	969,024,643	806,792,326
	1,580,624,363	1,490,627,303

5. Loans To Members:

	2018 $	2017 $
Balance at Beginning of Year	2,920,072,600	2,634,144,111
Loans Granted	1,556,889,497	1,063,837,747
	4,476,962,097	3,697,981,858
Less Repayments and Transfers	1,096,253,869	777,909,258
	3,380,708,228	2,920,072,600
Less: Allowance for Expected Credit Loss (IFRS 9)/(2017: Provision for Impairment (IAS 39))	(73,519,658)	(87,489,332)
Balance at End of Year	3,307,188,570	2,832,583,268

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

6. Allowance for Expected Credit Loss/(2017: Provision for Loan Impairment):

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

	2018 $	2017 $
Total Non-Performing Loans	325	322
Balance, 1st January	87,489,332	96,949,759
Remeasurement arising on January 1, 2018	12,823	-
Allowance/Provision for the Year	11,802,494	20,748,221
	99,304,649	117,697,980
Recoveries during the Year	5,393,015	3,502,734
Charged off during the year	(31,178,006)	(33,711,382)
Balance, 31st December	73,519,658	87,489,332
Regulatory loan loss provision	88,083,789	60,872,136
Less: Allowance for Expected Credit Loss (IFRS 9)/(2017: Provision for Impairment (IAS 39))	(73,519,658)	(87,489,332)
Excess of Regulatory Loan Impairment over IFRS Provision	14,564,131	-

Although the provision determined in accordance with the JCCUL rules exceeds the IFRS requirements, an adjustment to the Loan Loss Reserve was not necessary as previous appropriations ensured that this balance exceeded the required buffer.

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

	DELINQUENT LOANS $	RATE %	2018 PROVISION FOR LOAN LOSSES $	2017 PROVISION FOR LOAN LOSSES $
1 Month	395,152	-	-	-
2 - 3 Months	57,919,562	10	5,791,956	1,460,138
3 - 6 Months	53,520,186	30	16,056,056	6,932,253
6 - 12 Months	41,074,723	60	24,644,834	20,389,142
Over 12 Months	41,590,943	100	41,590,943	32,090,603
	194,500,566		88,083,789	60,872,136

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

6. Allowance for Expected Credit Loss/(2017: 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	4	395,152	202,589	192,562
2 to 3 months	143	57,919,562	14,336,339	43,583,223
3 to 6 months	106	53,520,186	8,253,781	45,266,405
6 to 12 months	129	41,074,723	7,025,319	34,049,404
Over 12 months	90	41,590,943	3,935,352	37,655,591
	472	194,500,566	33,753,381	160,747,185

(d) The Directors estimate the value of the chattels held as security against the outstanding loans to be $78,627,726 (2017 - $61,646,712). At 31st December 2018 there were 472 delinquent loans (2017 - 532).

7. Earning Assets - Financial Investments:

	2018	2017
	$	$
Available for Sale		
Placement with JCCUL	12,079,076	11,827,357
Placement with Other Financial Institutions	220,000,000	301,999,215
	232,079,076	313,826,572
Un-quoted Equity Securities	48,873,080	42,703,181
Quoted Equity Shares	1,986,223	-
Expected Credit Losses/Provision for losses on unquoted shares	(4,000,000)	(1,750,000)
	46,859,303	40,953,181
	278,938,379	354,779,753

8. Non Earning - Liquid Assets:

	2018	2017
	$	$
Cash and Bank	66,210,740	68,750,856

9. Non Earning - Other Assets:

	2018	2017
	$	$
Accrued Income	40,334,972	43,637,196
Receivables	4,889,418	17,413,281
	45,224,390	61,050,477

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

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 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
Additions	-	150,000	15,614,322	2,578,291	-	586,198	18,928,811
Disposals	-	-	(4,320,229)	-	-	(156,280)	(4,476,509)
31st December 2018	11,109,483	44,723,697	69,890,449	3,678,291	8,103,151	58,185,692	195,690,763
Depreciation:							
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
Charge for year	-	911,329	6,568,684	-	638,262	7,769,152	15,887,427
Released on Disposal	-	-	(4,320,229)	-	-	(156,280)	(4,476,509)
31st December 2018	-	15,373,145	43,341,985	-	8,103,151	40,354,332	107,172,613
Net Book Values:							
31st December 2018	11,109,483	29,350,552	26,548,464	3,678,291	-	17,831,360	88,518,150
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

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

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

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 2018.

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

	2018 $	2017 $
Present Value of funded obligations	265,340,000	211,820,000
Fair Value of Plan Assets	(309,086,000)	(282,114,000)
	(43,746,000)	(70,294,000)
Effect of Asset Ceiling	-	-
Asset in the Statement of Financial Position	(43,746,000)	(70,294,000)

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

	2018 $	2017 $
Current service cost	6,388,000	6,031,000
Interest cost on Obligation	17,036,000	15,958,000
Interest Income on Plan assets	(22,956,000)	(22,937,000)
Interest on Effect of Asset Ceiling	-	121,000
Past Service Cost	-	36,000
Administrative Expenses	1,945,000	1,792,000
Pension Expense	2,413,000	1,001,000

The actual return on plan assets was $26,972,000 (2017 - $28,290,000)

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

	2018 $	2017 $
Net Asset at beginning of year	(70,294,000)	(72,518,000)
Pension Expense	2,413,000	1,001,000
Remeasurement	31,550,000	8,582,000
Contributions Paid	(7,415,000)	(7,360,000)
Closing Net Asset at End of Year	(43,746,000)	(70,294,000)

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

11. Retirement Benefit Asset (cont'd):

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

	2018	2017
Discount Rate	7.00%	8.00%
Expected rate of return on plan assets	N/A	N/A
Future salary increases	5.00%	6.00%

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

	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000
Fair Value of plan assets	190,180	234,287	253,824	282,114	309,086
Defined benefit obligation	123,768	167,488	179,960	211,820	265,340
Surplus	66,412	66,799	73,864	70,294	43,746
Experience adjustments-					
Fair value of plan assets	(3,058)	15,095	(3,700)	5,077	3,719
Defined benefit obligation	(588)	3,873	(12,416)	3,981	427

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

12. Members' Voluntary Share Capital:

	2018	2017
	$	$
Balance at Beginning of Year	1,902,626,518	1,722,235,390
Add Amount Subscribed	1,781,425,077	1,241,334,224
	3,684,051,595	2,963,569,614
Less Withdrawals & Transfers	1,558,675,102	1,060,943,096
Balance at End of Year	2,125,376,493	1,902,626,518

13. Savings Deposits:

		2018	2017
		$	$
i.	Term Deposits	525,009,897	550,466,666
ii.	Members' Regular Deposits	749,141,211	640,395,071
iii.	Golden Harvest Deposits	62,843,527	64,509,456
iv.	Insurance Savings Club	8,093,559	6,940,024
v.	Youth Savings	84,301,412	70,866,363
vi.	Partner Plan Plus Deposits	72,159,533	61,515,568
vii.	Solid Saver Deposits	191,345,379	157,762,128
viii.	Horizon 55	315,872	368,644
ix.	Wealth Accelerator Savings	237,207,041	242,476,801
x.	Standing Order Holding	1,703,537	-
		1,932,120,968	1,795,300,721

i. Term Deposits

Term Deposits are for varying periods up to 365 days on which interest was paid at rates of between 1.0% and 4.25% 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 0.1% to 0.65% 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 2.0% to 2.65% per annum.

iv. Insurance Savings Club

Insurance Club Deposits are savings accounts on which interest was paid at rates ranging from 0.2% to 0.75% per annum.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

13. Savings Deposits (cont'd):

v. Youth Savings

Youth Savings are accounts on which interest was paid at rates of between 0.1% to 0.85% 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 0.2% and 0.95% per annum.

viii. Horizon 55

This represents long-term savings accounts on which interest was paid at a rate 2.50% per annum.

ix. Wealth Accelerator Savings

This represents deposits for periods between 6 and 36 months on which interest was paid at 1.2% to 3.45% per annum.

14. Accruals:

	2018	2017
	$	$
Accrued Interest on Deposits	6,641,853	8,953,444
Other Accruals	10,654,934	9,792,675
	17,296,787	18,746,119

15. Payables:

	2018	2017
	$	$
Collector of Taxes	5,731,088	6,126,132
Salary Deductions Payable	18,294,670	20,415,074
Other Payables	4,501,111	4,775,716
	28,526,869	31,316,922

16. Non - Interest Bearing Liabilities - Others:

	2018	2017
	$	$
Estate Accounts	16,636,991	16,572,888
	16,636,991	16,572,888

This amount represents unsettled claims in respect of deceased members.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
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17. Members' Permanent Share Capital:

	2018	2017
	$	$
Balance at Beginning of Year	116,423,581	104,430,560
Add Permanent Share Capital Subscribed	12,406,913	11,993,021
Balance at End of Year	128,830,494	116,423,581

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:

	2018	2017
	$	$
Capital Reserves (Unrealised) (Note 24)	8,725,445	8,725,445
Other Reserves	19,678,277	50,421,363
Capital Development Reserves	85,000,000	80,000,000
Retirement Benefit Reserves (Note 11)	43,746,000	70,294,000
Other Non-qualifying Reserves (Note 26)	19,871,860	19,243,370
Permanent Share Transfer Fund	5,032,376	5,046,101
Undistributed Net Income	172,663,740	79,384,133
	354,717,698	313,114,412

19. Institutional Capital:

	2018	2017
	$	$
Retained Earnings Reserves at Beginning of Year	481,947,255	421,947,255
Appropriation of Net Surplus	15,000,000	60,000,000
Retained Earnings Reserves at End of Year	496,947,255	481,947,255
Statutory & Legal Reserves (Note 25)	309,997,037	287,513,007
	806,944,292	769,460,262

20. Other Financial Costs:

	2018	2017
	$	$
Life Savings Insurance	5,543,294	4,884,174
Loan Protection Insurance	7,529,430	4,596,217
Bank Charges and Interest	2,509,125	2,344,574
Fair Value Loss	1,339,736	-
	16,921,585	11,824,965

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

21. Other Income:

	2018	2017
	$	$
Commitment Fees - Service Charge on Loans	43,180,599	35,375,326
Mortgage Charges (Net)	(49,500)	(132,737)
Miscellaneous	10,022,052	2,122,653
Gain on Foreign Exchange	1,749,700	1,986,785
FIP Administration Fee	3,594,824	2,212,282
ABM Fees	1,118,097	870,001
Standing Order Fees	855,067	682,279
Account User Fee	18,173,100	17,713,740
	78,643,939	60,830,329

22. Operating Expenses:

	2018	2017
	$	$
Personnel Expenses:		
Employee Salaries & Allowances	223,732,447	198,770,909
Employee Benefits	13,610,839	14,047,454
Education & Training	3,242,064	2,969,563
Staff Travel & Related Expenses	6,134,073	4,674,042
Others	587,396	4,398,448
	247,306,819	224,860,416

	2018	2017
	$	$
Administrative Expenses:		
Rental	920,000	920,000
Utilities	6,624,834	5,766,704
Depreciation and Impairment	15,887,424	16,011,676
Audit and Supervision - Current Year	3,180,000	3,180,000
Repairs & Maintenance (Office)	11,807,078	16,880,823
Telecommunications	4,483,438	4,289,087
Printing, Stationery & Supplies	6,074,961	6,190,982
Insurance Premiums	4,814,072	4,262,543
Professional & Consulting Fees	3,270,057	679,338
Subscriptions & Other Administrative Expenses	32,759,583	24,031,452
Loss on Write-off of Property, Plant and Equipment	-	1,515
	89,821,447	82,214,120

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

22. Operating Expenses - (cont'd):

	2018	2017
	$	$
Marketing & Promotion:		
Publicity & Promotion	18,530,461	16,188,915
Public Relations	336,154	1,033,862
	18,866,615	17,222,777

	2018	2017
	$	$
Representation & Affiliation:		
League and Other Dues	15,315,884	13,969,224
Seminars & Meetings	4,315,390	4,082,596
Board of Directors & Committees	6,484,347	5,995,029
Annual General Meetings	3,860,962	3,980,664
Meeting/ Special Functions	257,948	128,407
	30,234,531	28,155,920
TOTAL OPERATING EXPENSES	386,229,412	352,453,233

23. Appropriations:

	2018	2017
	$	$
Dividend on Permanent Shares	6,607,423	7,478,991
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
Capital Development Reserves	5,000,000	-
Unsecured Loan Reserve	35,000,000	1,500,000
Institutional Capital	15,000,000	60,000,000
	63,707,423	71,078,991

24. Capital Reserves:

	2018	2017
	$	$
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.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)

FOR THE YEAR ENDED 31ST DECEMBER 2018

(Expressed in Jamaican Dollars unless otherwise indicated)

25. Statutory and Legal Reserves:

	2018 $	2017 $
Balance at Beginning of Year	287,513,007	262,137,929
20% (2017- 30%) Transfer from Net Income	22,484,030	25,375,078
Balance at End of Year	309,997,037	287,513,007

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:

	2018 $	2017 $
Special Reserve	57,587	57,587
Sydney Carter Scholarship Fund	4,191	4,191
Social Outreach Programme	1,499,651	1,015,434
Disaster Relief Fund	1,997,614	1,897,614
Share Building Fund	2,602,703	2,558,430
Stabilization Fund Reserves	1,210,114	1,210,114
Business Development Fund	12,500,000	12,500,000
	19,871,860	19,243,370

27. Staff Costs:

Staff costs for the year amounted to $247,306,819 (2017: $224,860,416).

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

28. Comparison of Ledger Balances:

	Permanent Shares	Voluntary Shares	Deposits	Loans
	$	$	$	$
General Ledger	128,830,494	2,125,376,493	1,932,120,968	3,380,708,228
Personal Ledger Listing	128,830,495	2,125,376,494	1,932,120,968	3,380,708,432
Differences as at 31st December 2018	(1)	(1)	-	(204)
Differences as at 31st December 2017	-	8,647	19	(199)

29. Related Party Transactions:

At 31st December 2018, the eleven (11) members of the Credit Union's Board of Directors had savings totalling $14,342,096. Of these Directors, seven (7) had loans totalling $9,593,196. Sixteen (16) Committee Members had savings totalling $8,222,594. Of these sixteen (16) Committee Members, nine (9) had loans totalling $27,831,617.

Of the seventy-two (72) Credit Union Staff, all had savings of $49,325,076 and fifty-seven (57) had loans including interest totalling $259,630,698. 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 2018, loans owing by all Committee Members and Staff were being repaid in accordance with their loan agreements.

30. Life Savings and Loan Protection Insurance:

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

31. Fidelity Insurance:

Fidelity Insurance Coverage was adequately maintained during the year.

32. Financial Instruments and Financial Instruments Risk Management:

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

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

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

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

a) Credit Risk

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

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

32. 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:

	2018 $	2017 $
Loans to members (net)	3,307,188,570	2,832,583,268
Liquid assets - earning	1,580,624,363	1,490,626,303
Financial investments	278,938,379	354,779,753
Liquid assets - non-earning	66,210,740	68,750,856
Non earning assets - other	45,224,390	61,050,477
	5,278,186,442	4,807,790,657

(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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(Expressed in Jamaican Dollars unless otherwise indicated)

32. 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, 2018, an estimate of the fair values of collateral held against loans to members are as follows:

	2018	2017
Type of Collateral	$	$
Motor Vehicles	465,488,202	462,578,976
Real Estate	1,105,157,359	973,281,893
	1,570,645,561	1,435,860,869

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

Prior to January 1, 2018, the Credit Union inline with IAS 39 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 Credit Union 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. 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 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

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

a) Credit Risk- (Cont'd)

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

Allowances for impairment (Cont'd)

Effective January 1, 2018, the Credit Union under IFRS 9 established an impairment framework that estimates excepted credit losses in its loan portfolio. The Credit Union have a documented IFRS 9 policy in place to guide the recognition and derecognition process. Management is responsible for the reassessment of credit risk of all loans to members annually or earlier if the needs arises and determine whether there is a significant increase in the credit risk from the loan origination date to the date reporting date.

The League's loan loss provisioning rules in (Note 6) focus more on credit-quality mapping of the respective delinquency periods to corresponding pre-determined percentages. In contrast, impairment provisions described above are recognised for financial reporting purposes only for losses that have been incurred at the date of the statement of financial position based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements may differ from the amount determined from the League's loan loss provisioning rules that are used for internal operational management and the Credit Union's internal provisioning method.

The difference between the two amounts is dealt with as an additional provision through transfer from accumulated surplus to the loan loss reserve in non-institutional capital.

Credit Risk Exposure

Maximum Exposure for under IFRS 9

Loans

	Stage 1	Stage 2	Stage 3	Total
Expected Credit Loss (ECL)	52,029,928	1,849,643	19,640,087	73,519,658

For items on the statement of financial position, the exposures are based on net carrying amounts as reported in the statement of financial position.

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.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
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32. Financial Instruments and Financial Instruments Risk Management (cont'd):

a) Credit Risk- (Cont'd)

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.

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 41% (2017: 42%) 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 2018
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32. 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	1,257,134,321	323,490,042	-	-	-	1,580,624,363
Loans	19,944,751	29,089,335	1,969,542,822	1,246,300,594	42,311,068	3,307,188,570
Financial Investments	-	-	220,000,000	-	58,938,379	278,938,379
NON-EARNING ASSETS:						
Liquid Assets	66,210,740	-	-	-	-	66,210,740
Other Assets	-	45,224,390	-	-	-	45,224,390
Property, Plant & Equipment	-	-	-	-	88,518,150	88,518,150
Retirement Benefit Asset	-	-	-	-	43,746,000	43,746,000
Total Assets	1,343,289,812	397,803,767	2,189,542,822	1,246,300,594	233,513,597	5,410,450,592

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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32. 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	2,125,376,493	-	-	-	-	2,125,376,493
Savings Deposits	556,189,124	206,343,681	726,813,158	442,775,005	-	1,932,120,968
NON-INTEREST BEARING LIABILITIES & CAPITAL:						
Accruals	17,296,787	-	-	-	-	17,296,787
Payables	28,526,869	-	-	-	-	28,526,869
Others	16,636,991	-	-	-	-	16,636,991
Capital and Reserves	-	-	-	-	1,290,492,484	1,290,492,484
Total Liabilities & Capital	2,744,026,264	206,343,681	726,813,158	442,775,005	1,290,492,484	5,410,450,592
Net Liquidity Gap	(1,400,736,452)	191,460,086	1,462,729,664	803,525,589	(1,056,978,887)	-
Cumulative Liquidity Gap	(1,400,736,452)	(1,209,276,366)	253,453,298	1,056,978,887	-	-
	<----------2017---------->					
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	-	-

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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32. 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:

	2018	2017
Liquid Assets - Earning		
United States dollar	$ 240,538	$ 193,881
Canadian dollar	$ 133,236	$ 135,430
Pound Sterling	£ 36,172	£ 27,799
Financial Investments		
United States dollar	$ 328,882	$ 323,140

Sensitivity analysis

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

	US $	CAD $	UK £
20th February 2019	133.26	98.78	168.00
31st December 2018	127.72	95.86	163.85
31st December 2017	125.00	97.39	167.03

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
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32. 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 2017 to December 2018. Over the twelve months ended 31st December 2018, the exchange rate movement for the United Sates Dollar has shown a increase of 2.17% and while the Canadian dollar and the Pound Sterling have shown decreases of 1.58% and 1.90% 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			
	2018	2017	2018	2017
	%	%	J$	J$
Liquid Assets - earning				
United States dollar	2	-3	614,413	(727,055)
Canadian dollar	-2	2	(255,441)	263,804
Pound Sterling	-2	6	(118,536)	278,594
Financial Investments				
United States dollar	2	-3	840,071	(1,211,779)

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2017.

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

32. 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:

	2018		2017	
	Interest Rate		Interest Rate	
	%	$	%	$
Financial Assets				
Liquid Assets				
Local Savings Accounts	0.10	154,133	0.10	165,134
Foreign Savings Accounts	0.05 - 0.15	49,419,484	0.05 - 0.10	42,068,603
Foreign Currency Investments	1.85 - 5.5	42,202,674	1.75 - 2.65	41,028,230
Amortised Cost Investments	2.9 - 6.70	926,821,969	4.60 - 6.70	765,764,096
Loans to Members	9.9 - 27.2	3,307,188,570	4.00 - 29.00	2,832,583,268
Financial Investments	6.45 - 7.25	232,079,076	6.00 - 7.45	313,826,572
		4,557,865,906		3,995,435,903
Financial Liabilities				
Members' Voluntary Share Capital	1.80	2,125,376,493	1.00 - 2.00	1,902,626,518
Savings Deposits	0.1 - 4.25	1,932,120,968	1.10 - 3.80	1,795,300,721
		4,057,497,461		3,697,927,239
		500,368,445		297,508,664

32. 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 2018 to November 2018, interest rates have moved downwards, with the BOJ 3-6 months deposit rates moving by approximately 153 basis points from 4.64% to 3.12%. This trend is expected to continue as the Government of Jamaica (GOJ) continues its policy of lowering of interest rates.

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

	2018		2017	
	Interest Rate %	$	Interest Rate %	$
Financial Assets				
Liquid Assets				
Foreign Savings Accounts	0.025	12,355	-0.025	(10,517)
Foreign Currency Investments	1.475	622,489	-	-
Amortised Cost/(2017: Held-to-Maturity) Investments	-0.9	(7,877,987)	0.9	6,891,877
Loans to Members	2.05	67,797,366	-0.25	(7,081,458)
Financial Investments	0.125	290,099	-0.025	(78,457)
		60,844,322		(278,555)
Financial Liabilities				
Members' Voluntary Share Capital	0.3	6,376,129	0.05	951,313
Savings Deposits	-0.275	(5,313,333)	-0.725	(13,015,930)
		1,062,797		(12,064,617)
		59,781,525		11,786,062

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

32. 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	1,538,421,689	42,202,674	-	-	-	1,580,624,363
Loans to Members	135,579,218	61,716,485	1,809,885,697	1,300,007,170	-	3,307,188,570
Financial Investments	-	-	220,000,000	-	58,938,379	278,938,379
	1,674,000,907	103,919,159	2,029,885,697	1,300,007,170	58,938,379	5,166,751,312
Non-Earning Assets						
Liquid Assets	-	-	-	-	66,210,740	66,210,740
Other Assets	-	-	-	-	45,224,390	45,224,390
Property, Plant & Equipment	-	-	-	-	88,518,150	88,518,150
Retirement Benefit Asset	-	-	-	-	43,746,000	43,746,000
	-	-	-	-	243,699,280	243,699,280
	1,674,000,907	103,919,159	2,029,885,697	1,300,007,170	302,637,659	5,410,450,592

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

32. 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	2,125,376,493	-	-	-	-	2,125,376,493
Savings Deposits	414,844,338	659,912,973	801,455,243	55,908,414	-	1,932,120,968
	2,540,220,831	659,912,973	801,455,243	55,908,414	-	4,057,497,461
Non Interest-Bearing Liabilities						
Accruals	-	-	-	-	17,296,787	17,296,787
Payables	-	-	-	-	28,526,869	28,526,869
Others	-	-	-	-	16,636,991	16,636,991
	-	-	-	-	62,460,647	62,460,647
Equity						
Members' Permanent Share Capital	-	-	-	-	128,830,494	128,830,494
Non-Institutional Capital	-	-	-	-	354,717,698	354,717,698
Institutional Capital	-	-	-	-	806,944,292	806,944,292
	-	-	-	-	1,290,492,484	1,290,492,484
	2,540,220,831	659,912,973	801,455,243	55,908,414	1,352,953,131	5,410,450,592
Net Interest Rate Gap	(866,219,924)	(555,993,814)	1,228,430,454	1,244,098,756	(1,050,315,472)	-
Cumulative Interest Rate Gap	(866,219,924)	(1,422,213,738)	(193,783,284)	1,050,315,472	-	-

2017

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

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

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

(d) Operational risk

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

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

(e) Fair Value

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

The following table provides an analysis of financial instruments held as at 31st December 2018 that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 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.

	2018			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Available-for-sale Investments -				
Unquoted Investments at Fair Value	-	-	276,952,156	276,952,156
Quoted Investments at Fair Value	1,986,223	-	-	1,986,223
	1,986,223	-	276,952,156	278,938,379

	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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

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

(e) Fair Value (Cont'd)

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

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

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

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

Fair values were estimated a follows:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)
FOR THE YEAR ENDED 31ST DECEMBER 2018
(Expressed in Jamaican Dollars unless otherwise indicated)

32. 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
	2018 $	2018 $	2017 $	2017 $
Assets				
Earning Assets				
Liquid Assets	1,580,624,363	1,580,624,363	1,490,626,303	1,490,626,303
Loans to Members (net)	3,307,188,570	3,307,188,570	2,832,583,268	2,832,583,268
Financial	278,938,379	278,938,379	354,779,753	354,779,753
Non Earning Assets				
Liquid Assets	66,210,740	66,210,740	68,750,856	68,750,856
Other Assets	45,224,390	45,224,390	61,050,477	61,050,477
Liabilities				
Interest Bearing Liabilities				
Members' Vol. Share Capital	2,125,376,493	2,125,376,493	1,902,626,518	1,902,626,518
Savings Deposits	1,932,120,968	1,932,120,968	1,795,345,577	1,795,345,577
Non-Interest Bearing Liabilities				
Accruals	17,296,787	17,296,787	18,746,119	18,746,119
Payables	28,526,869	28,526,869	31,272,066	31,272,066
Others	16,636,991	16,636,991	16,572,888	16,572,888

APPROPRIATION OF NET SURPLUS

As Treasurer, I find it a pleasure to present to you the following proposal for the distribution of surplus accumulated by the Credit Union as at December 31, 2018.

UNDISTRIBUTED NET SURPLUS	**$172,663,740.00**
APPROPRIATIONS:	
INSTITUTIONAL CAPITAL	**$80,000,000.00**
SOCIAL OUTREACH	**$ 2,000,000.00**
CAPITAL EXPENDITURE RESERVES	**$15,000,000.00**
DIVIDEND (6%)	**$ 7,700,000.00**
GENERAL LOAN LOSS RESERVES	**$50,000,000.00**
DISASTER RELIEF FUND	**$ 1,000,000.00**
SYDNEY CARTER SCHOLARSHIP	**$ 1,500,000.00**
HONORARIUM	**$ 2,000,000.00**
TOTAL	**($159,200,000.00)**
BALANCE C/FWD TO NEXT YEAR	**$ 13,463,740.00**

FIXING OF MAXIMUM LIABILITY

Be it resolved that the Maximum Liability for which the Board of Directors may commit the Manchester Co-operative Credit Union (1977) Limited for the year 2019, shall not exceed a ratio of twelve (12) times the Capital and Reserve Fund.

CREDIT COMMITTEE REPORT

Introduction



Raymond Harper
Chairman

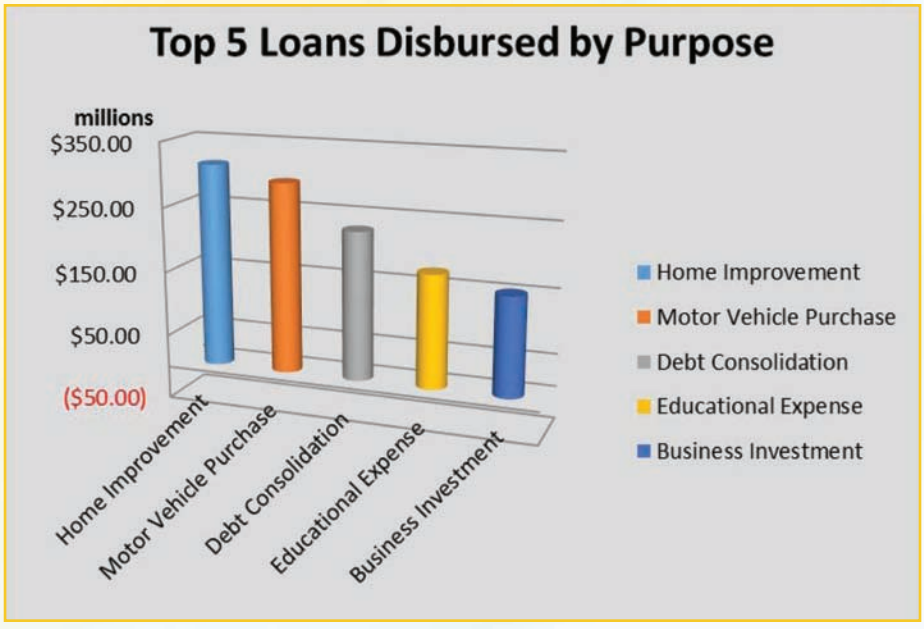
Jamaica's economy reflected positive change when compared to 2017 in regard to economic growth. There was a renewed thrust from the Government to encourage financial institutions to reduce the rates offered on loans which also had a ripple effect on rates paid on savings and investments products. Against this background, Manchester Cooperative Credit Union (1977) Limited continued to operate in an increasingly competitive environment where there was an aggressive fight for market share. This came from all angles inclusive of but not limited to commercial banks, building societies, other credit unions and financial institutions. With marginal growth in our economy our members chose to borrow to meet their personal needs.

In ensuring that our member's needs are satisfied and in our aim to be your first option for credit, Manchester Co-operative Credit Union (1977) Limited reviewed our Credit Policy and Procedures. This resulted in a reduction of interest rates and ease of doing business for all members. These measures allowed our members to have greater access to affordable loans while enhancing their personal development.

The Credit Union was able to achieve a growth in the loan portfolio of 15.77% when compared to the 10.86% for 2017. 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. Home Improvement accounted for the largest category disbursed in 2018 at $313.86 million and 21% of the dollar value disbursed for 2018. Motor Vehicle Purchase, Debt Consolidation, Educational Expense and Business Investment complete the top 5 list of purposes for loans disbursed. This shows that our members are committed to improving the quality of their lives.



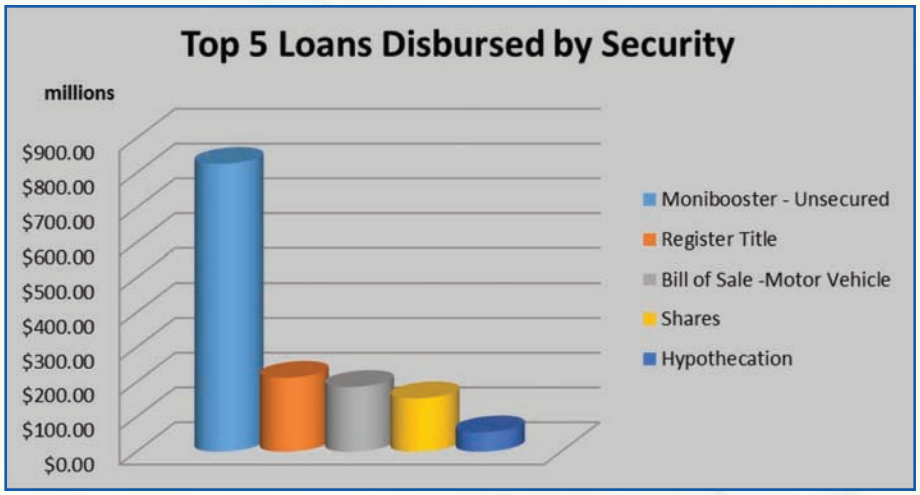
Comparison of Loans Disbursed (Purpose) for 2018 and 2017

Purpose	Number of Borrowers			Amount Disbursed		
	2017	2018	Variance	2017 $	2018 $	Variance $
Consolidation of Debts	456	575	119.00	244,285,982.19	228,492,620.28	(15,793,361.91)
Purchases of Land & Building	60	50	(10.00)	50,088,419.86	116,926,815.00	66,838,395.14
Home Improvement & Repairs	870	957	87.00	254,909,604.89	313,861,516.66	58,951,911.77
Agriculture	177	192	15.00	21,701,273.41	26,446,164.65	4,744,891.24
Medical Expenses	128	112	(16.00)	21,483,573.34	18,914,429.01	(2,569,144.33)
Motor Vehicle Repairs	244	230	(14.00)	46,096,737.38	37,819,215.17	(8,277,522.21)
Motor Vehicle Purchases	326	296	(30.00)	301,835,728.29	292,907,166.59	(8,928,561.70)
Educational Expenses	567	861	294.00	112,520,056.17	174,144,118.09	61,624,061.92
Vacation and Travel	56	50	(6.00)	9,747,615.07	9,341,961.77	(405,653.30)
Household Appliance Purchase & Repairs	217	326	109.00	42,895,880.53	59,864,050.99	16,968,170.46
Business Investment	379	596	217.00	90,830,651.18	152,697,107.07	61,866,455.89
Miscellaneous Expenses	149	211	62.00	16,213,769.94	24,818,375.75	8,604,605.81
Wedding Expenses	7	6	(1.00)	1,844,557.97	1,933,248.18	88,690.21
Funeral Expenses	43	35	(8.00)	6,758,312.66	6,112,681.86	(645,630.80)
Legal Expenses	38	48	10.00	8,897,042.13	11,773,311.39	2,876,269.26
Special Education Loan	0	0	0.00	0.00	0.00	0.00
Moni-Tree Line of Credit	414	300	(114.00)	22,622,347.48	14,653,842.46	(7,968,505.02)
Totals	**4,131**	**4,845**	714.00	**1,252,731,552.49**	**1,490,706,624.92**	**237,975,072.43**

When compared with 2017 the loans disbursed increased in number by **714 or 17.28%** from 4,131 to 4,845. There was also an increase in the dollar value disbursed by **$237.96 million or 19%** from $1.25 billion to $1.49 billion. The overall loan portfolio increased by $460.64 million from **$2.92 billion in 2017 to $3.38 billion** representing a growth of 15.77%.

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 accounting for $826.22 million in 2018 compared to $662 million in 2017.



Comparison of Loans Disbursed by Security for 2017 and 2018

Types of Security	Number of Borrowers			Amount Disbursed		
	2017	2018	Variance	2017	2018	Variance
Hypothecation	184	249	65	$43,399,202.84	$55,738,405.27	$12,339,202.43
Registered Title	62	45	(17)	$169,950,952.27	$212,731,229.82	$42,780,277.55
Comaker	13	15	2	$1,917,646.37	$3,792,610.75	$1,874,964.38
Shares	822	1119	297	$127,406,756.58	$153,378,909.07	$25,972,152.49
Character/Unsecured	30	0	(30)	$3,712,908.33	$0.00	($3,712,908.33)
Fixed Deposits	113	105	(8)	$21,661,094.63	$23,887,592.90	$2,226,498.27
Bill of Sale - Motor Vehicle	119	110	(9)	$189,066,009.79	$186,415,101.56	($2,650,908.23)
Golden Harvest	24	20	(4)	$3,832,593.93	$2,225,890.96	($1,606,702.97)
Solid Saver	17	13	(4)	$2,349,831.71	$2,112,460.97	($237,370.74)
Hypothecation - Other Financial Institution	5	12	7	$3,198,629.56	$3,399,943.37	$201,313.81
Line of Credit - Unsecured	15	5	(10)	$928,000.00	$285,000.00	($643,000.00)
Line of Credit - Secured	399	295	(104)	$21,694,347.48	$14,368,842.46	($7,325,505.02)
Monibooster – Unsecured	2316	2834	518	$662,430,266.88	$826,224,211.27	$163,793,944.39
Wealth Accelerator	12	20	8	$1,183,312.12	$5,546,426.52	$4,363,114.40
Christmas Cash - Unsecured	0	3	3	$0.00	$600,000.00	$600,000.00
Totals	**4,131**	**4,845**	**714**	**$1,252,731,552.49**	**$1,490,706,624.92**	**$237,975,072.43**

There was an increase in the number of loans issued in 2018 when compared to the previous year. In addition, there were increases in dollar value in loans disbursed secured by Shares and Registered Titles.

Loan Growth Initiatives

The interest rates on all loans were decreased as previous special rates were converted to regular rates. Share requirement was also removed from categories of Motor Vehicle loans. Your Credit Union also introduced its Educational and Christmas loans to assist our members in these demanding seasons.

Waivers

The following waivers were granted for five (5) loans during 2018:

Reason for waiver	Number of loans	Dollar Value $
• Interest Rate Reduction	1	23,000,000.00
• Loan Term Extension	1	4,200,000.00
• Interest Rate Reduction	1	1,560,000.00
• Interest Rate Reduction	1	4,200,000.00
• Percentage of market value used	1	13,500,000.00

Credit Committee Members Attendance for 2018

The Credit Committee and Sub-Credit Committee held Twenty-nine (29) 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. Raymond Harper	29	27	2	–
Mr. Clive Dunkley	27	21	8	–
Mrs. Vivinne Grant	28	22	7	–
Mr. Paul Grant	24	11	8	–
Mr.George Sloley	16	10	6	–
Mr. Churton Douglas	11	8	3	–
Sub-Credit Committee	**Possible Meetings**	**Attended**	**Excused**	**Absent**
Mrs. Helen Campbell-Wint	14	12	2*	–
Mr. Christopher Tyme	14	12	4*	–
Mr. Everald Harriott	6	6	–	–
Mr. Nigel Reid	8	6	2*	–

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 2019 and beyond with God's guiding wisdom and strength while we continue to give of our best service as true co-operators.

Thank you.

Raymond Harper
Chairman

CREDIT & SUB CREDIT COMMITTEE MEMBERS



(L-R): Mr. George Sloley, Clive Dunkley, Raymond Harper
Missing from photo: Vivinne Grant, Helen Campbell-Wint, Nigel Reid, Christopher Tyme

SUPERVISORY COMMITTEE REPORT



Ruthan Smile-Smikle
Chairman

Manchester Co-operative Credit Union (1977) Limited despite challenges in the economy and lowering of interest rates still remain the Credit Union of choice for individuals seeking to do business in a warm and friendly environment where service exceeds expectations. Despite the demands of 2018, the Bank of Jamaica (BOJ) Regulation, International Financial Reporting Standards (IFRS) implementation and the change in Senior Management, the organization continues to implement successful operational strategies and remain an extremely viable entity. The Credit Union remains committed to its members and continue to create opportunities and minimize threats by scanning the environment to identify customers' needs hence creating novel products and services to attract existing and new members.

The Supervisory Committee is tasked with the responsibility to ensure that members' interest is served and aptly protected. To this end the Supervisory Committee and the Internal Audit Department worked persistently to maintain the highest operational and financial integrity. The Supervisory Committee collaborates with the Internal Audit Department to ensure that internal controls, policies and procedures and applicable external regulations are implemented and the relevant safeguards are being adhered to.

In an effort to achieve the given mandate, the Supervisory 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 2018, fourteen (14) regular Committee Meetings were held. The table below outlines the attendance of the Committee Members.

Members	Meetings Held	Possible Attendance	Meetings Attended	Excused	Absent
Ruthan Smile-Smikle	14	14	11	2	0
Michelle Douse	14	14	14	0	0
Ann Julette Rowe	14	14	14	0	0
Elaine Bailey	14	14	13	1	0
Dahlia Brown-Dawson	14	14	14	0	0
Claudette Griffiths-McKenzie	14	14	13	1	0
Glenroy Griffths	14	9	8	1	0
Coleen Wallfall	14	9	2	5	2

The Supervisory Committee in collaboration with the Internal Audit Department embarked on the following activities during the period January to December 2018:

Human Resources Management Review

The Human Resource Review was conducted to evaluate the completeness of personnel file with reference to performance appraisal reports, pension and other relevant documentations noted /not noted on the employees file. As well to identify gaps/lapses irregularities in the implementation of the policies/ procedures of the Human Resources Department and to suggest remedial actions.

The audit involved the formulation of a checklist that was completed by the Human Resources Officer to identify areas that required improvement/ implementation. A sample of personnel files were selected for review. In addition, all new hires, terminated staff and employee entitlements were reviewed.

The findings reveal that employees' files were adequately maintained and met most of the best practice requirement. However, the policy and procedures that should govern the Human Resources Department did not exist or were not up to date. Management has subsequently developed/ implemented the policies that were recommended. Other gaps/lapses identified were communicated to management who has committed to implement measures to improve the processes.

Estate Payable Review

This review was completed to establish compliance with the Deceased Member Policy, to ascertain whether the transactions on the members' accounts were authentic and to ensure that the Credit Union exercised segregation of duties in the execution of the various transactions. A sample of fifteen percent (15%) of the population was selected and files were scrutinized to ensure documentary evidence of death and that required documents were submitted to CUNA and funds claimed was posted to the relevant accounts. No discrepancies were observed for the accounts that were settled; however issues were identified that prevented disbursement of funds to beneficiaries in a timely manner. Recommendations were made to improve the timeliness in which estates were settled. However, the major issue as it relates to the beneficiaries was observed to be external to the Credit Union.

Delinquency Control Management

This exercise was undertaken to ascertain whether the actions taken in regard to delinquent accounts were in accordance with the established policy and procedures. The audit involved the examination of a selected sample of fifteen percent (15%) of the delinquency population utilizing the ACL technology. The audit findings reveal that there were several lapses in the maintenance of the members' files and these were communicated to Management. Management accounted the lack of adherence to manpower shortages and the system being manual. The department was strengthened by employing an additional staff with improvements to follow with the implementation of a revised Delinquency Policy.

Petty Cash

The objective of this review was to verify the authenticity of Petty Cash transactions within the period under review and to verify that the balance as per the Petty Cash Voucher agreed with the balance as per the general ledger.

The Petty Cash review was conducted for the period of January 2017 to December 2017. This included checking the authenticity of transactions, tracing petty cash balances to the general ledger and reviewing approvals for the relevant segregation of duties. Deficiencies observed were communicated to Management.

Dormant and Inactive Accounts

The objective of the Dormant and Inactive Accounts audit was to verify whether transactions were authentic, properly authorized and done in accordance with the stipulations of the operations' policy. This review was conducted to verify the authenticity of any transaction that have been completed on the dormant/inactive accounts and to ensure that all the relevant controls stipulated were adhered to.

The transaction slips were scrutinized to ascertain whether they were initiated by legitimate persons. The audit concluded that there was general conformance with the applicable policies and procedures with minimal anomalies. Recommendations were made to management based on the exceptions observed and will be addressed through the revision of the Operation Policy.

Know Your Customer (KYC) – New Members' Account

The audit of New Members' Accounts was undertaken to ascertain whether there was compliance with the Credit Unions Anti -Money Laundering (AML) – Know-Your-Customer (KYC) policy and other applicable procedures in the opening of accounts.

The audit involved the selection of newly opened accounts to ascertain compliance with the Credit Union's KYC policy. The audit findings revealed general compliance with the Credit Union's AML, KYC and Proceeds of Crime Act (POCA) regulations.

Daily Security Log

The daily security log was scrutinized to ensure that the supervisors over-ride as required and transactions noted on the accounts were authentic.

The findings reveal no exceptions.

New Loans

The audit was completed to ensure that policies and procedures were adhered to in the issuance of new loans. New loans for the period of January 2018 was carried out to establish whether loans were granted in accordance with the stipulations of the Credit Policy. The procedures involved scrutiny of loan applications and supporting documents, securities files and loans details posted to the system. Re-calculation of loan balances were done to ensure that the loans were up-to-date.

The findings reveal several discrepancies. However, management has since adequately addressed matters identified and are working to improve the operations.

SUPERVISORY COMMITTEE MEMBERS



(L-R): Glenroy Griffiths, Claudette Griffiths-McKenzie, Michelle Douse, Ruth-ann Smile-Smikle, Elaine Bailey, Kingsley Andrews
Missing from photo: Dahlia Brown-Dawson, Ann Julette Rowe

Dividend and Interest on Savings Review
Dividend and Interest on Savings reviews were initiated to verify that amounts calculated on members' account including withholding taxes were accurate. The Dividend payment made in 2018 was reviewed to ensure that the distributions agreed to the respective approved Appropriation of Surplus. A sample of Permanent Shares and Interest-Bearing Accounts were selected and verified. Interest, dividends and with-holding taxes were also re-calculated to ensure correct amounts were paid.

The audit revealed no discrepancies.

Payroll-Overtime Review
The objective of this audit was to ascertain whether over-time was accurately calculated and approved by the relevant personnel, and that applicable procedures were adhered to. A review was done of all overtime paid for January to December 2017 and January 2018. Data obtained from attendance registers were matched against the overtime sheets, and the relevant amounts recalculated.

The findings reveal that overtime was not assigned a budgetary allocation and that there are no adequate measures to compare the extra hours worked against productivity of the staff. Management's response alluded to the reintroduction of the Human Resource Information Management System to capture data that will assist in the monitoring of overtime more effectively. Management has also committed to the minimization of overtime completed by staff.

Cash, ATM 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.

Expense Review
Expense review was completed to ensure that expenses that were part of the general ledger were legitimate, that supporting documentations were attached and agreed to the relevant expenses and that payments were made to legitimate suppliers.

Relevant documents relating to expenses incurred for the period were reviewed and matched to the general ledger. The audit revealed several minor discrepancies and anomalies which were communicated to Management.

Members Loan Trial Balance
The members' loan trial balance was reviewed to ensure that interest rates and terms were as stated in the policies and procedures and to verify that requisite holds are on the system. Also, to ascertain whether the required documents were submitted for loan processing and that lien documents had the correct amounts and were registered with the relevant external bodies.

The loans that were selected for review was found to satisfy the requirements of the Loans Policy except for one discrepancy that was subsequently addressed.

Policy Review
The following policies were reviewed to ascertain that they were in line with best practices and that adequate controls were in place to ensure conformance:

- Employee Handbook
- Whistleblowing Policy
- Employee Assistance Programme
- Social Media Policy
- Capital Management
- Nominating Policy
- Succession Planning

Policies such as the Whistle Blower, Employee Assistant Program and the Social Media Policy were reviewed for adherence to regulatory requirements and to ensure that Best Practice procedures were written in the policy by the relevant policyholder. Various recommendations were presented to Management and adjustments were made to the respective policies.

Nominating Committee Policy
While reviewing the Nominating Committee Policy a few observations were made and presented to the relevant personnel. The recommendation was made that this policy should be used as a guide by the members of the Nominating Committee and should be understood by all the Committee Members.

Capital Management Policy
The Capital Management Policy was reviewed to ensure that the policy was being adhered to, based on the Organization's operations. In reviewing the Capital Management Policy, several observations were made. These observations were discussed with Management, who highlight that the policy is due for review.

Succession Planning Policy Review
A succession plan is a component of good Human Resource planning. Succession planning acknowledges that staff will not be with an organization indefinitely and it provides a plan and process for addressing the changes that will occur when they leave. In the review of the New Succession Planning Policy issues was noted, such as 'Succession Planning for Change in Leadership.' These were communicated to Management with various recommendations to ensure seamless succession among Management.

Management is working diligently in the development and implementation of the necessary Policies and Procedures to ensure that Manchester Co-operative Credit Union (1977) Limited surpasses the compliance readiness recommendations.

Value for Money Review
The Customer Service Training undertaken by the Human Resource Department with the aim to improve the customer service capabilities of the Manchester Co-operative Credit Union (1977) Limited was selected for a value for money review. An Evaluation Survey was developed by the Internal Audit Department and was completed by staff members.
Based on the responses of staff members it can be noted that the cost that was expensed was not in line with the quality of the training that was received. Recommendation was noted that when undertaking any project, the economic, efficiency and effectiveness of the project must be considered. Based on the responses garnered, the supervisory committee believe that the trainer should be given clear guideline as to the areas that needs to be improved. So that the Credit Union can receive value for money in undertaking trainings.

Debit Service Management
The audit objective of this review was to ensure that all procedures were adhered to as it relates to management and control of Debit Card Services. The control testing of the Pinning Units and the safeguarding of the members' debit cards were conducted against the guidelines received from the Jamaica Co-operative Credit Union League.

The audit revealed that the guidelines that were stipulated by the League were being adhered to by the Credit Union.

Blank Cheque Review
The Blank Cheque review was conducted to verify that there were appropriate safeguards governing blank cheques and to ensure that various procedures were being followed by the relevant custodians. Blank cheques that were received and used for the year 2017 were reviewed to ensure that the established procedures were being followed, the blank cheques are sufficiently governed and adequately safeguarded by the relevant custodians. The Blank Cheque procedures were observed to ensure that the cheques are kept under dual custody and to ensure that access to cheques were limited to only authorize persons. The sequence of the cheques was also observed along with the collection and disbursement procedures.

The audit revealed that adequate controls were being observed except for the two (2) deficiencies which were presented to the relevant personnel. Management has made a commitment to rectify these deficiencies.

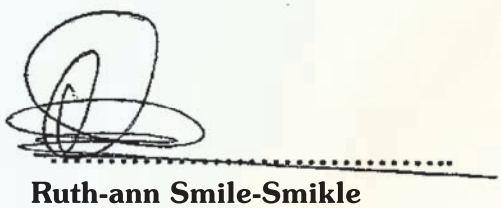
Bank Reconciliation

The objectives of this review 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 the year 2017 and 2018; this review was undertaken by verifying documents such as encashed cheques, lodgement slips, bank statements, credit memos and other related documents. This review did not denote any significant deficiencies. Management noted that the formulation of a documented Accounting Manual will be initiated by the Accounting Department and, if conformed with will mitigate possible irregularities inherent to the department.

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. We remain committed to ensure that members' interest are safeguarded and that the organization remains a viable option for its stakeholders. To you, our fellow members, we would like to express our profound gratitude for having allowed us the opportunity to be stewards of our investments. We are committed to ensuring that our collective goals are realized.



Ruth-ann Smile-Smikle
Chairman

NOMINATING COMMITTEE REPORT



Joan Smith
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:

Rev. Joan Smith – *Director/Chairman*
Mrs. Paulette Sanderson – *Member*
Mr. Churton Douglas – *Member*
Mrs. Jacqueline Kennedy – *Staff Liaison*

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

BOARD OF DIRECTORS

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mr. Claude Rattray	Retiring (End of Term)	Ms. Althea Campbell
Mrs. Althia Scott-Jones	Retiring	Mrs. Althia Scott-Jones
Mr. Nicholas Spence	Retiring	Mr. Nicholas Spence
Mr. Alexander Bourne		
Rev. Joan Smith	Retiring (End of Term)	Mr. Astley Scott
Mr. Stallyn Insang	Retiring	Mr. Stallyn Insang
Mrs. Dianna Tomlinson	Retiring (End of Term)	Mr. Stanford Hastings
Mrs. Darcia Roache	Retiring (Not re-elected)	Mr. Robert Foster
Mr. Cleveland Robinson		
Miss Marsha Deer		
Mr. Geoffrey Sharpe		

CREDIT COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mr. Raymond Harper	Retiring	Mr. Raymond Harper
Mr. Clive Dunkley		
Mrs. Vivinne Grant	Retiring (End of Term)	Mrs. Claudette Gayle-Foster
Mr. George Sloley		
Mr. Paul Grant	Retiring (End of Term)	Mrs. Elaine Brooks

SUB-CREDIT COMMITTEE

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

SUPERVISORY COMMITTEE

PRESENTLY SERVING	RETIRING (PositionVacant)	NOMINATED
Mrs. Ruthan Smile-Smikle	Retiring (End of Term)	Mrs. Patreena Bailey-Green
Miss Michelle Douse	Retiring	Miss Michelle Douse
Miss Elaine Bailey	Retiring	Miss Elaine Bailey
Mr. Glenroy Griffiths	Retiring	Mr. Glenroy Griffiths
Rev. Kingsley Andrews	Retiring *(Completed Term for Collen Wallfall)*	Rev. Kingsley Andrews

SUB-SUPERVISORY COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mrs. Ann Julette Rowe	Retiring	Mrs. Ann Julette Rowe
Mrs. Dahlia Brown-Dawson	Retiring	Mrs. Dahlia Brown-Dawson
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	Continuing	1 Year
Mr. Cleveland Robinson	Continuing	1 Year
Mrs. Althia Scott-Jones	Continuing	2 Years
Mr. Stallyn Insang	Continuing	2 Years
Mr. Nicholas Spence	Continuing	2 Years
Miss Marsha Deer	Continuing	1 Year
Mr. Robert Foster	New	2 Years
Mr Astley Scott	New	2 Years
Ms. Althea Campbell	New	2 Years
Mr. Alexander Bourne	Continuing	1 Year
Mr. Stanford Hastings	New	2 Years

CREDIT COMMITTEE

NAMES	STATUS	TERM
Mr. George Sloley	Continuing	1 Year
Mr. Clive Dunkley	Continuing	1 Year
Mr. Raymond Harper	Continuing	2 Years
Mrs. Elaine Brooks	New	2 Years
Mrs. Claudette Gayle-Foster	New	2 Years

SUB-CREDIT COMMITTEE

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

SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Mr. Glenroy Griffiths	Continuing	1 Year
Miss Michelle Douse	Continuing	1 Year
Mrs. Patreena Bailey-Green	New	1 Year
Miss Elaine Bailey	Continuing	1 Year
Rev Kingsley Andrews	New	1 Year

SUB-SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Mrs. Ann Julette Rowe	Continuing	1 Year
Mrs Dahlia Brown-Dawson	Continuing	1 Year
Mrs.Claudette Griffiths-McKenzie		

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.

Joan Smith
Chairman

Profile of Nominees

Miss Althea Campbell

Miss Campbell,a Project and Research Office Assistant, responsible for the planning and executing of conferences and workshops is currently employed to Church Teachers College. She has been involved in various management roles within the Education sector. These include Knox Community College, where she worked in the area of Marketing & Public Relations, University of Technology where she was instrumental in using her Public Relations skill to assist in the transition of College of Arts, Science and Technology (CAST) to the University of Technology, Jamaica (UTECH).

She holds a Masters in Corporate Communication from the University of Bournemouth, England, and a Bachelors in Public Relations from University of Exter, England.

She serves her community as a member the Jamaica Red Cross.

She enjoys Cultures and Communication, travelling, natural history, as well as public oratory.

Miss Campbell has been nominated to serve on the Board of Directors.

Mr. Astley Scott

Mr. Astley Scott is the Managing Director of Life's Solutions Company Limited, which is a Jamaican distribution company for the Solatube line of energy saving products such as Tubular Daylighting Devices and solar powered ventilation extractor fans.

He previously worked at Alcan Jamaica Company (now WINDALCO) in the 1970s as an instrument electrician. He was promoted to the position of Senior Reliability Technician a position he held until he left the company in 1998.

He also has over 35 years' experience in non-destructive testing, welding inspection, lifting equipment and pressure vessel inspection. Mr. Scott is a Senior Certified Welding Inspector by the American Welding Society and worked as a Welding Assessor and Test Supervisor for the Heart Trust National Training Agency. He possesses a Certificate in Instrumentation Technology from the University of Technology.

He has also served as Director of Kirkvine Co-operative Credit Union Ltd, Manchester Co-operative Credit Union (1977) Limited and the Jamaica Co-operative Credit Union League Limited and Credit Union Fund Management Company.

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

Mr. Stanford Hastings

Mr. Stanford Hastings has over 35 years in commercial and investment banking with a wealth of knowledge and experience in the local and international finance industry. He has held several leadership positions in notable organisations such as Scotia Investment, Black River Hospital, Scotiabank, B.H. Enterprises Limited, National Commercial Bank, Barclays Bank Plc and Mellon Bank N.A. Mr. Hastings is well known as a strategist that can execute cost-cutting strategies while implementing processes and procedural efficiencies to enhance member experiences, the sale process and compliance.

He has held several positions including Customer Service Representative, Credit Officer, Sales Executive, Investment Banker, Branch Manager and Chief Executive Officer. His years of experience at COK Sodalidy Co-operative Credit Union Ltd. has given him a wealth of knowledge of the Credit Union Movement.

Mr. Hastings is a past student of the University of West Indies and Sheffield Hallam University. He holds an MBA in Banking and Finance from the Mona School of Business (UWI Mona Campus), BA in Financial Services from Sheffield Hallam University, Certificate in Information Technology from the University of Sheffield and a Certificate in Marketing from Parson Cross College. In his downtime, Mr. Hastings enjoys playing football and golf.

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

Mr. Robert Foster

Robert Ainsley Foster is a Career Banker with over thirteen (13) years of experience. He has a passion for sales, credit risk management and product and service development. He is a seasoned and accomplished banker, client experience and business development professional with wide-ranging experience in leading teams for companies in the financial services industry.

He presently performs the role of Branch Manager, for the Mandeville Branch of Victoria Mutual Building Society (VMBS) and was previously the Business Banking Executive at the New Kingston Branch of First Global Bank Limited.

In his current role, he is responsible for the direct oversight of the branch's daily operations. He assists in implementing strategies aligned to corporate objectives, to drive revenue and market share growth across Mandeville. Mr. Foster demonstrates the proven ability to conceptualise and execute innovative initiatives with successful outcomes to support corporate and business objectives. He is also known to build, motivate and lead high-performance teams that consistently deliver on the imperatives. He has been the recipient of many awards such as Customer Service Ambassador, Team Player Award and Richard K. Powell Award.

Mr. Foster holds a Diploma in Theology from the Bethel Bible College and a Bachelor of Business Administration in Human Resources and a minor in Banking and Finance from the University of Technology, Jamaica.

Mr. Foster also provides leadership and management to the Comfort New Testament Church of God in Clarendon.

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

Mrs. Claudette Gayle-Foster

For over thirty (30) years, Mrs. Claudette Gayle-Foster has worked for the Tax Administration of Jamaica (TAJ) in the capacity of Senior Collector of Taxes, Principal Collector, Collector of Compliance and Deputy Collector of Taxes. Her impressive work experience developed special skill sets in Supervisory Management, Project Management, Analytics and Coaching. Her passion for accounting and compliance led her to excel within the Government Service.

Mrs. Gayle-Foster holds both a Diploma in Human Resource Management and an Associates Degree in Accounting from the Management Institute for National Development (MIND). During her professional career, Mrs. Gayle-Foster has also gained numerous TAJ training and development certification such as Public Speaking and Supervisory Management. She is an avid volunteer in her church community of the Assemblies of the First-Born Jamaica Church International and performs the duties of a Justice of the Peace for the Clarendon Chapter. She has also served on the Supervisory Committee of Manchester Co-operative Credit Union (1977) Limited.

Mrs. Gayle-Foster has been nominated to serve on the Credit Committee.

Mrs. Elaine Brooks

Mrs. Elaine Brooks joined the National People Co-operative Bank of Jamaica in 2008. She has over 21 years of experience in the financial services sector, in both credit administration and retail lending. She has worked extensively in the field of credit at various levels since 1999. She honed her skills at Citizens Bank (now known as Sagicor Bank) before joining the Credit Department at National People Co-operative Bank of Jamaica.

Mrs. Brooks holds an MBA in Finance from the University of Phoenix and a BSc. in Business Administration from the University College of the Caribbean. She also obtained a Post Graduate Diploma in Education & Training from Vocational Training Development (VDTI).

She has a history of contributing to the development of her community and volunteered her services in the past as:

- *Executive Member of McIntosh Memorial Primary PTA*
- *Public Relation Officer of McIntosh Memorial Primary PTA*
- *Board Member of Porus Infant School*
- *PTA Vice President of Porus Infant School*

Mrs. Brooks has also served on the Credit Committee of Manchester Co-operative Credit Union (1977) Limited.

Mrs. Brooks has been nominated to serve on the Credit Committee.

Mrs. Patreena Bailey-Green

Mrs. Patreena Bailey-Green has worked for both private and public sector organizations of Jamaica in the capacity of Senior Accountant, Tax Consultant, Internal Auditor and Adjunct Facilitator. She has written publications such as "Managing Growth and Profit in Challenging Times" and co-authored the coursebook called "Accounting Fundamentals and the Professional Accountant."

Her work experiences have developed special skill sets in Supervisory Management, Project Management, use of the audit software - CaseWare, QuickBooks and Public Speaking. Her passion for accounting and compliance led to her to become a Chartered Accountant Fellow and a Registered Public Accountant of Jamaica.

Mrs. Bailey-Green holds a Diploma in Business Administration with an Accounting major from the University of Technology, a Bachelor of Science Degree in Applied Accounting from the Oxford Brookes University in England. She is an avid volunteer in her community and performs the duties of a Justice of the Peace.

Mrs. Bailey-Green has been nominated to serve on the Supervisory Committee.

Rev. Kingsley Andrews

Rev. Kingsley Andrews is the Managing Director of Kingsley's Auto Supplies for the past twenty-eight years.

He has been a Chaplain for the Manchester Police Division for over nineteen year. His responsibilities include; assisting with the recruitment of new members, sitting on the panel that does administrative review as well as selecting of the LASCO Top Cop.

He is a Justice of the Peace as well as Lay Magistrate of Jamaica, Manchester Chapter since 2009. He has been the Chairman of the Shiloh Kindergarten Basic School for the past twenty-five years.

Rev. Andrews has been an ordained Pastor for over twenty-seven years and is currently the overseer of nine churches within the organization he serves. He is also the elected Chairman for the organization since 2016.

He was a former volunteer at Manchester Co-operative Credit Union (1977) Limited, and served from 2010 to 2016 on the Supervisory Committee, where he served for the last three years as Chairman and Assistant Chairman for the Joint Committee.

Rev. Andrews is a Marriage Officer for the Island of Jamaica with over twenty-one thousand marriages performed. He is also a trained mediator and a Family Counsellor.

He is married with three beautiful daughters and two grandchildren.

Rev. Kingsley Andrews has been nominated to serve on the Supervisory Committee.

Outreach Activities













"SOUP & SOAP"

Ebenezer Home for the Mentally Challenged

It is always important to reach out to the less fortunate and show love and kindness to every one we meet. With this in mind the Manchester Co-op. Credit Union visited the Ebenezer Home for the mentally challenged and served hot meals and beverages to the residence on October 16, 2018.

International Credit Union Week













We appreciate our membership and we demonstrated this during International Credit Union Week with Member Appreciation Days at the Mandeville and Christiana Branches.

Movie Night





















We closed the week of celebrations by treating our members to a night at the movies. This was held at the Cecil Charlton Hall where members watched ***"Do you believe".***

Inter-Secondary Schools' Debating Competition 2019



Winners of the 2018 Debating Competition, May Day High School



Second place Holmwood Technical High



Third place Knox College



We continue to inspire young Jamaicans by hosting competitions such as our annual Debate to help mold the minds of our students

Essay & Poster Competitions



1st place in the Manchester Co-op Credit Union Essay competition went to Grove Town Primary while Christiana Leased and Sacred Heart were 2nd and third respectively.



1st place for poster went to Knox Junior while Grove Town primary copped 2nd and 3rd place.

Bursaries & Awards









Sydney Carter Bursary and GSAT Bursary recipients 2018

Over $1m in bursaries were awarded to student starting high school and students at the tertiary level.

Town Hall Meetings

The Manchester Co-op Credit Union continues to engage our members to hear their issues and provide relevant information and assistance. This was done in 2018 by way of town hall meetings in several communities across the parish.



Newport



Mandeville



Mandeville



Christiana



Christiana



Christiana

Awards Banquet 2018















The Credit Union continues to recognize the efforts of staff to keep the organization preforming at its optimum. To this end several persons were awarded at our End of year Awards Banquet.

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-Chin	–	*Risk & Compliance Assistant*
8.	Miss Jeniffer Haslam	–	*Internal Auditor*
9.	Miss Maureen Peterkin	–	*Registry Clerk*
10.	Miss Renee Taylor	–	*Office Assistant*
11.	Miss Claudette McFarquhar	–	*Office Attendant*
12.	Mrs. Nicole Robinson-Gayle	–	*Office Attendant*
13.	Mr. William Allen	–	*Messenger*
14.	Mr. Hicksford Robinson	–	*Parking Attendant*

ACCOUNTS DEPARTMENT

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

INFORMATION TECHNOLOGY DEPARTMENT

20.	Mr. Omar Greene	–	*Information Technology Manager*
21.	Mrs. Jacqueline Kennedy	–	*Systems Administrator*

MARKETING DEPARTMENT

22.	Mr. Michael Gottshalk	–	*Marketing Manager*
23.	Mrs Vasiana Miller-Hewitt	–	*Marketing and Social Media Coordinator*

SALES UNIT

24.	Mr. Greggory Mulgrave	–	*Senior Business Development Officer*
25.	Mrs. Lavene Gyles-Marshall	–	*Business Development Officer*

MANDEVILLE BRANCH

26.	Miss Shevaun Hart	–	*Branch Manager*
27.	Miss Debbie Barrett	–	*Utility Officer*
28.	Mrs. Asheika Ebanks-Newell	–	*Member Service Officer*
29.	Mrs. Loye Richards	–	*Credit Supervisor*
30.	Miss Nadine Ricketts	–	*Credit Officer*
31.	Mr. Richard Barrett	–	*Credit Officer*
32.	Miss Jannese Francis	–	*Credit Officer*
33.	Mrs. Ruth Anderson-Burnett	–	*Securities Officer*
34.	Mr. Andrew Richards	–	*Field Officer*
35.	Mrs. Gail Taylor	–	*Junior Credit Officer*
36.	Miss Jenice Green	–	*Member Service Representative*
37.	Miss Rajeve Stewart	–	*Senior Member Service Representative*
38.	Mr. David Samuels	–	*Securities Clerk*
39.	Mr. Kirkton Richards	–	*Driver/Member Service Representative*
40.	Miss Anna-Kay Bartley	–	*Member Service Representative*
41.	Mr. Davion Williamson	–	*Member Service Representative*
42.	Mr. Shamar Mullings	–	*Member Service Representative*
43.	Miss Princess Walters	–	*Member Service Representative*
44.	Mr. Bonito Daley	–	*Member Service Representative*
45.	Mr. Jardane Green	–	*Records Clerk (Contract)*
46.	Miss Shannon Thompson	–	*Member Service Representative*
47.	Miss Kimeisha Robinson	–	*Member Service Representative*
48.	Miss Tamara Francis	–	*Member Service Representative*
49.	Mrs. Kimblee Elliott	–	*Member Service Representative*
50.	Mr. Andre Campbell	–	*Member Service Representative (Contract)*
51.	Ms. Sancia Malcolm	–	*Member Service Representative (Contract)*
52.	Ms. Mikalia Lawrence	–	*General Clerk (Contract)*
53.	Mr. Ryan Lowe	–	*General Clerk (Contract)*
54.	Mr. Rameish Brooks	–	*General Clerk (Contract)*

CHRISTIANA BRANCH

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

PART TIME EMPLOYEES

Miss Hyacinth Spurgeon	–	*Office Attendant*
Miss Beverley White	–	*Office Attendant*
Mrs. Carletta Myers	–	*Office Attendant*
Mr. Bevin Samms	–	*Casual Worker*

STAFF PICTURES

GENERAL MANAGER



Michelle Ambersley



MANAGEMENT TEAM

(L-R): A. Dawson, V. Jack, O. Green, M. Gottshalk, M. Ambersley, W. Hamm-McLean
Missing from photo: S. Hart

HEAD OFFICE



Seated (L-R) : *N. Gayle-Robinson, N. Bailey, D. James, V. Jack, S. Bryan* ***Standing (L-R):*** *B. Lowe, V. Miller-Hewitt, J. Kennedy, M. Gottshalk, C. Bowen, W. Allen, L. Francis, H. Robinson, S. Daley, O. Green, M. Ambersley, A. Dawson, R. Brooks*
Missing from Photo: *O. Harrison, J. Haslam, S. Duricka-Chin, C. Greene, C. Mcfarquhar, R. Taylor*

MANDEVILLE BRANCH



Seated (L-R): *S. Thompson, M. Lawrence, D. Barrett, S. Mullings, A. Ebanks-Newell, S. Malcolm, A. Bartley, G. Taylor*
Standing (L-R): *D. Williamson, L. Richards, R. Barrett, K. Elliott, A. Campbell, P. Walters, J. Green, J. Green, R. Stewart, J. Francis, B. Daley*
Missing from Photo: *S. Hart, T. Francis, M. Peterkin, R. Burnett, D. Samuels, N. Ricketts, K. Richards, K. Robinson*

CHRISTIANA BRANCH



Seated (L-R): W. Hamm-Mclean, N. Williams-Smith , G. Minzie-Allen, K. Christie-Riley, J. Wright
Standing (L-R): F. MCconnell, C. Pitter-Lewis, M. Brown, A. Rowe, T. Birthwright, C. Williamson, N. Simpson, J. Thompson, S. Williams, T. Johnson
Missing from Photo: J. Marshall, S. Johnson

ADMINISTRATIVE DEPARTMENT



(L-R): *J Haslam, H. Robinson, N. Gayle-Robinson, L. Francis, N. Bailey, M. Ambersley, C. Bowen, V. Jack, C. Myers, W. Allen, S. Duricka-Chin.,*
Missing from photo: *R. Taylor, Caroline Green, C. McFarquhar*

Marketing Department



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

Information Technology Department



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

Sales Unit



(L-R): *G. Mulgrave, L. Gyles-Marshall*

Accounts Department



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

CREDIT DEPARTMENT



MANDEVILLE

Seated (L-R): *J. Francis, D. Barrett, L. Richards, A. Bartley, G. Taylor*
Standing (L-R): *R. Barrett, B. Daley, J. Green*
Missing from photo : *N. Ricketts*



CHRISTIANA

Seated: *G. Allen*
Standing (L-R): *M. Brown, T. Birthwright, C. Pitter-Lewis, S. Williams*
Missing from photo: *S. Johnson*

MEMBER SERVICE DEPARTMENT



MANDEVILLE

Seated (L-R): *D. Williamson, S. Thompson, S. Mullings, A. Ebanks Newell, S. Malcolm*
Standing (L-R): *A. Campbell, K. Elliott, J. Green, P. Walters, R. Stewart*
Missing from photo: *T. Francis, K. Richards, K. Robinson*



CHRISTIANA

Seated (L-R): *A. Rowe, N. Williams-Smith, N. Simpson*
Standing (L-R): *C. Williamson, F. MCconnell, J. Thompson*
Missing from photo: *J. Marshall*



Condolences



Albert Ricketts
Basil Powell
Beverley Jackson
Beverley Lyons
Carol Mitchell
Chadique Edwards
Chester Daley
Claudette Reid-Muir
Claudia Reid-Williams
Claudius Hall
Clifford Dawes
Colleen Whittick
Daisy Hendricks
Dalton Crawford
Daphne Williams
Dexter Weston
Edgar Powell
Emmanuel Bryan
Ephraim Harriott
Ericke Neil
Ethlyn Stewart
Eugent Powell
Eunice Delapenha
Evine McLean-Williams
Garfield Bruce
Glenda Williams
Grace Lewis
Harnandez Symes
Headley Nelson
Horace Morris
Hyacinth Lawrence
Icyline Harriott
Isabelle Simmonds
Jacqueline Grossett
Kathleen Anderson
Kenloy Walker
Lascelve Morgan
Leahana Brown
Leroy McIntosh
Leroy Senoir
Linette Powell
Lloyd Gentles
Lokesie Burton
Melbourne Carty
Oliver Mitchell
Oneil Robinson
Rema Peart
Reuben Swaby
Rudolph Sammott
Rupert Williamson
Sheery Cole-Brown
Shirley Hanson
Sterling Allen
Sylvester Bailey
Sylvester Cuthbert
Vincent Onfroy
William Pearson
William Pusey

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

National Anthem

Eternal Father

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

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

Notes



Update & REACTIVATE

Campaign

Step 1: Get your Account Updated

- Provide us with **a valid photo ID (Passport, Drivers' Licence or Voters ID) & your TRN**
- If you have changed address; provide us with proof of your new address
- Provide us with your current phone number

Step 2: Reactivate and Celebrate

- Make a Deposit to your Savings Account and celebrate financial freedom and greater convenience through our improved technological platforms **(I-Bank,* Access Plus Debit Card*)**

  * Requires individual sign-ups

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LTD.

Manchester Co-operative Credit Union (1977)Ltd.

Mandeville Tel: 962-0401
Christiana Tel: 964-3648

www.manchestercreditunion.com

'Where Service Exceeds Expectation'

Manchester Co-operative Credit Union (1977) Ltd.

43rd Annual General Meeting

2018 **ANNUAL REPORT**

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