MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LTD.

'Where Service Exceeds Expectation'

2019 ANNUAL REPORT



REMEMBERING THE DREAM SHARING THE VISION



44th Annual General Meeting

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Manchester Co-operative Credit Union (1977) Ltd.

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'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 Your 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 I may not so much
seek; To be consoled as to console;
To be understood, as to understand;
To be loved, as to love;
For it is in giving that we receive, I
t is in pardoning that we are pardoned,
And it is in dying that we are born to Eternal Life.
Amen.

TABLE OF CONTENTS

Notice of 44th Annual General Meeting 1

Agenda 2

Minutes of 43rd Annual General Meeting 3

Reports:

- Board of Directors 25
- Treasurer's 40
- Auditor's 49
- Appropriation of Surplus 103
- Credit Committee 104
- Supervisory Committee 110
- Nominating Committee Report 118

Profiles of Nominees 122

Pictorial Review 124

Appendices:

- List of Staff Members 134
- List of Deceased Members 137
- Tribute to our Stalwarts 138
- Roles of the Board and Committees 141
- Parliamentary Rules of Order 143
- Fit and Proper Criteria for Credit Union Directors and Officers 144

National Anthem 145

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the 44th Annual General Meeting

of the

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

at the

Kendal Camp & Conference Centre
Shooters Hill, Kendal,
Manchester

On Saturday, October 24, 2020

Commencing at 10:00 a.m. sharp

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. **Closure**

MINUTES OF THE 43rd ANNUAL GENERAL MEETING HELD ON WEDNESDAY, AUGUST 07, 2019, AT 4:00 P.M. AT THE GOLF VIEW HOTEL AUDITORIUM, 5½ CALEDONIA ROAD, MANDEVILLE, MANCHESTER

CALL TO ORDER

The meeting was called to order by the Chairman, Mr. Claude Rattray, at 4:14 p.m. The prayer of St. Francis was repeated by all.

The Secretary, Mrs. Althia Scott-Jones ascertained that the meeting was duly constituted with 380 members present. She then read the Notice of the 43rd 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. He noted that the meeting was being held a little later than normal; however, this delay was due to the fact that management was taking the time to engage the various method of calculating provisions for IFRS9 to ensure that they got it right. He said that they were pleased with the outcome and hoped that the members would be pleased as well with what the financial report, and in general, the Organization reflected for the year.

Special welcome was extended to the new Finance Manager, Mr. Arlando Dawson, who joined the staff in October 2018. He also extended welcome to the following individuals:

Ms. Rose-Marie Henry	-	VP of Risk & Compliance CUNA Caribbean
Ms. Monique Davis	-	CUNA Caribbean
Mrs. Sheryl Ramsay-Brown	-	Senior Inspection Officer Department of Co-operatives & Friendly Societies
Ms. Carol Martin	-	Department of Co-operatives & Friendly Societies
Ms. Shoy Tomlinson	-	Department of Co-operatives & Friendly Societies
Ms. Clarke	-	Department of Co-operatives & Friendly Societies
Mr. Dawkins Brown	-	Crowe Horwath Jamaica (Chartered Accountants)

Mr. Carlton Bartley	-	Quality Network Limited (QNET)
Mrs. Phueona Reynolds	-	Jamaica Co-operative Credit Union League (JCCUL)
Mrs. Karlene Kelly-Reid	-	JMMB

The Chairman introduced the members on the platform as follows:

Mrs. Althia Scott-Jones	-	Secretary
Mr. Alexander Bourne	-	1st Vice-President
Mrs. Diana Tomlinson	-	Assistant Secretary
Mr. Nicholas Spence	-	Treasurer
Mr. Stallyn Insang	-	Assistant Treasurer
Miss Marsha Deer	-	Director
Mr. Geoffrey Sharpe	-	Director
Mr. Cleveland Robinson	-	Director
Miss Michelle Ambersley	-	General Manager

APOLOGIES

Apologies were tendered on behalf of the following persons:

Mrs. Joan Thompson	-	General Manager - JCIA
Rev. Joan Smith	-	2nd Vice-President
Mrs. Vivine Grant	-	Credit Committee
Mrs. Ruthan Smile-Smikle	-	Supervisory Committee
Cynthia Briscoe	-	Former General Manager

CONDOLENCES

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

PARLIAMENTARY RULES OF ORDER

Mr. Rattray drew the members' attention to the Parliamentary Rules of Order, which are to be observed during the meeting and these could be found on page 129 of the Booklet. He reminded the membership that it was very important that these Rules be observed.

CORRECTIONS TO THE BOOKLET

- Pg. 9: Under Representation at Affiliated Organization: **"CUBA"** corrected to ***'Cuba'***
- Pg. 14: Credit Committee Report: 4th to last line under Introduction, change **"forced us the aggressively"** to ***'forced us to aggressively'***
- Pg. 104: Under Sub-Credit Committee table, change **"Mrs. Christopher Tyme"** to ***'Mr. Christopher Tyme'***
- Pg. 105: Under Sub-Supervisory Committee table: insert **"Continuing"** in Status column and **"1 year"** in Term column

MINUTES OF THE 42nd ANNUAL GENERAL MEETING

The minutes, having been previously circulated online and prior to the start of the meeting, were taken as read on a motion moved by Mr. Derrick Williams and seconded by Mrs. Pansy Taylor-Wilson.

CORRECTIONS TO THE MINUTES

- Pg. 8: Under Board of Directors Report - penultimate line, change **"provided"** to ***'provide'***
- Pg. 11: Penultimate line of second paragraph - insert **"not"** between **"does"** and **"have"**

CONFIRMATION

The minutes were confirmed on a motion moved by Mr. Clifton Pryce and seconded by Ms. Ann-Marie Roache.

MATTERS ARISING

1. Mr. Berresford South commented that the postponement of the Annual General Meeting (AGM) would have pushed back the work of the Credit Union and shortened the life of the new Board, based on the explanation given by the Chairman, as to the reason why the meeting was being held at that time. Mr. South said that this was of particular concern to him and should be for the members as well. He said that he would have preferred if the Board and management doubled their efforts and get what was there to be done, done in a shorter time, using more of the Credit Union's time and allow the AGM to go on in May rather than months after.

   Mr. South asked how many members had access to online to view the Booklet. He said that he believed it was the responsibility of the Credit Union to ensure that the Booklets be made available at least two (2) weeks before to the members that they can go through and come to the meeting properly informed. He further stated that when he arrived for the meeting, he noticed that at 2:30 p.m. the Booklets were just coming out of a van and that was totally unacceptable. This he said, gave the members limited time to inform themselves. Mr. South said that when he looked at the minutes, he noticed that the Booklet for the previous year was also late and a promise was made that better would be done this year, but it was worst.

The Chairman responded by explaining that the AGM taking place in August instead of May was not solely on the part of the Credit Union not having the ability to produce the reports; however, having to engage a new method of calculating provision for impairments with the assistant of a third party - eCM Global, it took some time. He said that they started to work from 2018 on the methodologies. They requested historical records and other things in order to arrive at an accurate and workable provision. Mr. Rattray further stated that it was a pains-taking task, which required the input of the staff and the Board of Directors, working overtime to provide the necessary information that eCM Global needed. He said that as everyone would have been aware that as of January 2018, provisioning for impairment would have been calculated differently from what happened in the past. He said that if we had tried to have the AGM in May with the old model of calculations, all our surplus would have been wiped out because we would have had to apply most of the surplus made in 2018 to provisioning. Now that we have worked with eCM Global and they have assigned the new model, using all the information that was provided, we are much better off at this time. Mr. Rattray said that, in terms of the work of the Credit Union, that did not stop and although we did not have the AGM in May it was an administrative year and it would have been necessary for the members of the volunteer core to continue with the work until the AGM was held. He said that this was not something that could be set aside as it is regulation and a worldwide requirement.

Mr. South further asked if this would affect the life of the new Board by serving a shorter period of time, since the meeting was held approximately four (4) month later. Mr. Rattray responded that the Rules state that a Board must serve from one AGM to the other.

2. Mr. Stafford Banton stated that the members should be made aware of what was happening within the Credit Union as there were doubts out there about the AGM. He said that the members should have been informed that the AGM would have been delayed as not only the Board of Directors have a say in the Credit Union, but the members do too. Mr. Rattray responded by agreeing that it is the members who have the talk; however, the Board, management and staff have the responsibility to ensure that the direction in which the Credit Union is going is correct and a sound one.

3. Mr. South asked if anything was done with regards to his proposal at the Annual General Meeting for talks to be resumed concerning a merger of Manchester and St. Elizabeth Co-operative Credit Unions. Mr. Rattray responded that immediately after the AGM last year MCCU wrote back to St. Elizabeth informing them that we were willing to resume merger talks with them. He said that it took some time before we received a response from them.

He further stated that while we were waiting on a response, they were having merger talks with another credit union and they wrote to us to indicate that they were in discussion with that other credit union and if the talks with that credit union did not materialized into a merger then they would re-engage us; however, that talk with the other credit union actually materialized into a merger. Mr. South stated that he was disappointed as he was all for a merger of Manchester and St. Elizabeth Credit Unions. He said that any entity in this day and age would be stronger and would be able to move forward with a merger. Mr. Rattray responded that it is not a given that a merger makes both organization stronger. He also said that we could not rush into a merger as we had to do due diligence and we were in the process of doing so.

Mr. Banton stated that, as a member of the St. Elizabeth Credit Union, he attended their AGM and it was stated at the meeting that Manchester Credit Union was not interested in merging with them, but he was glad that the merger did not take place.

REPORTS

BOARD OF DIRECTORS REPORT:

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

The President noted that the lending sub-industry of the financial services sector was robust in 2018 and that this had coincided with an overall improvement in the country's economy. This also applied to the borrowing activity of individuals, with small and medium-sized enterprises garnering more attention from lenders. The low interest-rate regime continued, which had affected some of our targets.

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.

PERFORMANCE OVERVIEW

The following highlights the key performance areas of the Credit Union for 2018:

- Total Savings grew by 10% from $3,697 million in 2017 to $4,057 million
- Net Loans grew by 17% from $2,832 million in 2017 to $3,307 million
- Total Assets grew by 9% from $4,963 million in 2017 to $5,410 million
- Institutional Capital grew by 5% from $769 million in 2017 to $806 million
- Net Surplus increased by 9% from $80 million in 2017 to $87 million

ADMINISTRATION & HUMAN RESOURCES

PERSONNEL

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

Occupational Health and Safety Measures
The Human Resource Department was charged with the responsibility for facilities management at the beginning of the year. Since then the department has undertaken several projects including but not limited to installation of disability parking, redesigning of emergency exit, modification to disable arm and ATM vestibule to accommodate the disabled, installation of a chain link fence and renovation of guard house.

Promotions/Recruitment & Separation
There were changes to our staff complement during the year. With a total of three (3) promotions, five (5) permanent new hires and one (1) temporary employee. There were four (4) separations and notably was the passing of a former team member, Mr. Byran Knight.

Policy Review
During the year under review, the Board of Directors approved a number of new and reviewed policies in keeping with the preparation for the impending BOJ Regulations.

MARKETING ACTIVITIES

Throughout the year the Marketing Department participated in a number of expositions, events and speaking engagements at various schools and organizations to promote the products and services offered by the Credit Union.

PRODUCTS & SERVICES

Special Promotions
Partner Plan Promotions were conducted during the year to afford members the opportunity to save towards their short to medium term saving goals and for Christmas expenses.

Property Loan
Promotion of the Property Loan Product was boosted in April with the creation of a 30 seconds television commercial. This commercial was aired on national television stations and was used in online promotions across the various social media platforms.

Dream Wheels Auto Shows
To assist with the promotion of the Dream Wheels Auto Loan, new and used car dealers we approached to facilitate a number of auto shows throughout the year.

Christmas Cash Loan
The **Christmas Cash Loan Special** was created and offered to members during the Yuletide Season.

PUBLIC RELATIONS

Labour Day Project
The Credit Union's Labour Day Project conducted for 2018 was focused on the cleaning up and beautification of the Parking Lot that serves the Head Office and Mandeville Branch.

67th Anniversary Activities

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

- The distribution of tokens to members who conducted transactions on the day.
- Text Messaging blast to all members thanking them for their support over the years.
- The cutting up and serving of anniversary cake to members.

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 a number of activities

Sydney Carter Scholarship & GSAT 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. 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.

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 at the primary level were won by students from Grove Town Primary and Knox Junior School, respectively. The Debating Competition at the secondary level 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.

Employee Awards Banquet

The first Employee's Awards Banquet was hosted at the Mandeville Hotel on December 15, 2018. The awards were presented in the categories of Employee of the Year, Top Credit Officer of the Year for each branch, Top Teller of the Year for each branch and Branch of the Year.

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 17-20, 2018 and the Caribbean Confederation of Credit Unions (CCCU) Conference, which was held in Port of Spain, Trinidad & Tobago in June 2018.

Social and Community Outreach

A total of $530,283.00 was donated to support activities in areas such as: education, health care, sports and religion. This was in keeping with the Organizationís commitment to give back to the communities in which it operates.

Strategic Objectives - 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.

CONCLUSION

In concluding, the Chairman noted that the Board of Directors recognized 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". He said that the challenges were many but being people of faith, we could rest assured that, with God at the helm, we would remain one of the most financially sound institutions in Jamaica.

The Chairman on behalf of the Board of Directors took the opportunity to express sincere thanks to the entire Management Team and all categories of staff members. He also expressed appreciation to all volunteers whose individual and collective inputs were highly valued. Special thanks also to the League, The Department of Co-operatives and Friendly Societies, other Co-operatives, our Auditors, Bankers and the many suppliers of goods and services and to our membership for their continued support.

QUESTIONS AND COMMENTS

1. Mr. South commended the Board for a very comprehensive report; however, he had some concerns as follows:

   a. Since the Credit Union is policy driven, he thought that these policies would have already been in place and the Credit Union would therefore develop on the existing policies rather than creating new ones, because as time goes by they would have seen the need to improve on what is already there. Mr. Rattray responded that it takes a lot of time and effort to create one policy as we had to do research and get help from many sources. He further stated that some of the policies that were new had to be created because of regulation requirements. Mr. Rattray explained that there were approximately thirty (30) existing policies that needed review or development, and these would be done, but we would need to get outside assistance and some would have to be outsourced.

   b. In this highly competitive environment, Mr. South believed that the Credit Union needed to be visible and he commended MCCU for that; however, with regards to getting new members, he said he noticed that the youths were migrating.

When they are granted bursaries and scholarships and go into the various educational institutions, he asked what does the Credit Union do at the end of graduation to insist that those quality people come back; not only to serve, but to be a part of the Credit Union family. Mr. Rattray responded that regarding the youths, the Board, Management and staff had the same concerns about attracting and retaining them. The General Manager interjected to say that we have taken note of the aging population of membership and therefore more emphasis was being placed on social media and to be more visible there, as the millennials prefer to interact on these platforms.

c. Mr. South recall that at the 2018 AGM a member spoke of Mr. Sydney Carter and alongside him, Mr. Ricketts who gave sterling service to the Institution. The member suggested that they should be somehow be included in the life of the Credit Union. Mr. South said that these men gave sterling service so that we could be here today. The Chairman said that we had it in mind to highlight some of those stalwart in 2019 but that did not materialize because of the number of things that we had to be focused on, specifically, the IFRS 9; but he hoped that for the next AGM there would be highlights and recognition of these individuals.

2. Ms. Ann-Marie Roache asked that Mile Gully Primary and High Schools be place on our Social Outreach Programme as they were badly in need of help. Mr. Rattray informed her that we mainly respond to requests.

3. Mr. Renford Douglas said that the Chairman did a beautiful job in telling the members about the Management Retreat, but in the future it would help if the members are told some of the strategic directions that the Credit Union is moving into; what are the strategic goals and what are some of the items being worked on. He said the members need to know if it is increased membership or increased technology that was being worked on. Mr. Rattray informed him that the goals for 2017 were what was reviewed for 2018. The General Manager further listed some of the strategic goals as follows:

- Increased membership growth by 5% year over year
- Improve on the technology that currently exists, such as cyber security
- Provide ease of doing business by using technology
- Maintain institutional capital, among other things.

On a motion moved by Mr. Everton Walters and seconded by Mr. Astley Scott, the report of the Board of Directors was adopted.

MINUTES

AUDITOR'S REPORT: The Auditor's Report was presented by External Auditor, Mr. Dawkins Brown 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 December 31, 2018, 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 their opinion the Credit Union's financial statements give a true and fair view of the financial position of the Credit Union as at December 31, 2018, and of its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

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

Introduction

The Treasurer outlined that, 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 year 2018 saw 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 actually occur.

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.

Key Profitability Trends

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 the previous year.

Asset Growth
Total assets ended the year at $5.4 billion. This represented an increase of 9% over the amount for 2017.

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.

Investments & 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.

Savings
Total Savings grew by $360 million or by 9% during the year. This was just under $4.1 billion at the end of 2018.

Key Financial Indicators
The Organization exceeded the PEARL standards in most of the key financial indicators. The loan to asset ratio increased from 57.1% in 2017 to 61.1% in 2018.

Institutional Capital Reserve
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.

Delinquency
The delinquency rate increased from 5.3% in 2017 to 5.75% at the end of 2018. The Credit Union continued along the path of effective delinquency control and would take further measures to reduce the level of delinquency.

CONCLUSION

In his closing statement, the Treasurer said that although the Credit Union has performed reasonably well, we would not be complacent in its operations as the Board and Management recognize the impact that competition can have on its sustainability.

He took the opportunity to commend the hardworking staff and volunteers for their efforts in in helping the Organisation to realize these goals and to our members for your continued support. He further stated that, while we are mindful of the challenges ahead, we should continue to work together to make our Credit Union stronger institution that would be better able to serve our members.

QUESTIONS & COMMENTS

1. Mr. Elsworth Dixon asked if the interest rate on unsecured loans would be reduced. Mr. Spence responded that, based on changes in the market and feedback from the members, adjustments would be made accordingly to suit the members' needs.

2. Mr. Joel Coke suggested that we look at how loans are structured and the requirements that members have to meet. He further suggested that we look at the EX-IM Bank's structure as they have a good one. Mr. Spence responded that the mantra of the EX-IM Bank is different from the Credit Union, given that their source of funds and objectives are different from us; but notwithstanding, we could look at what we could learn from them and incorporate into our processes to better serve our members.

3. Mr. South said that something happened in the Credit Union and he was disappointed and fearful, but as he listened to the Treasurer's presentation he believes that the Organisation is in good hands.

4. Ms. Beatrice Wright complained that she opened an account in 2004 and did not withdraw from it or had she ever applied for a loan until May 2017 when she came with a family friend to close the account because of an accident with her hand she could no longer work. She claimed that a member of staff who usually assist her with writing up her slips informed her that she should not close the account as she would not get the amount of money that she should get. She asked if she could withdraw an amount of $75,000.00 and she was told yes by the staff member. She said that she did not return to the Credit Union until June when she went and deposited $1,000.00 and in July she deposited another $2,000.00. She returned in July 2018 to close the account but did not see the usual staff member so another employee assisted her in writing up the withdrawal slip. Ms. Wight claimed that when she opened the account she had almost $200,000.00 but all she got when she closed the account was $6,976. Mr. Spence said that he realized that there was a discrepancy with her account and asked Mrs. Richards to take her information to see how best we could resolve the issues. Mr. Spence informed Ms. Wright that an investigation would be done and she would be contacted.

5. Mr. Andre McKoy asked if he could deposit a lump sum to his account and the amount for his Partner Plan be taken from it as he was not always able to come in on the prescribed day. Mr. Spence encouraged him to come in branch and have a Standing Order set up for him, where this would be an automatic process.

6. Ms. Angela Joseph said that she had opened a Fixed Deposit account; however, because the interest earned was low she opted to start a Wealth Accelerator saving plan instead, but the interest earned on that was also low. She wanted to know what would be the best option for her. The Treasurer advised her to speak with a Member Service Representative who would advise her as to which instrument is best to put her money on.

7. Mr. Stafford Banton said that the fact that the Fix Deposit is not printed in the passbook he would like to get a print out on this account every quarter. Mr. Spence advised him to come in branch and make a request for a statement to be sent to him for specific periods.

On a motion moved by Mr. Alfred Daley and seconded by Mr. Stanley Skeene, the Treasurer's Report was adopted.

On a motion moved by Ms. Carole Hyman and seconded by Mr. Stafford Banton, the Auditor's Report was adopted.

APPROPRIATION OF NET SURPLUS

The Treasurer, Mr. Nicholas Spence, took the meeting through the Appropriation of Surplus as outlined below:-

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	**($159,200,000.00)**
Balance c/f to next year	**$ 13,463,740.00**

Mr. Nicholas Spence moved for the acceptance of the Appropriation of Surplus as previously outlined, which was seconded by Ms. Carole Hyman 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 2019, shall not exceed a ratio of twelve (12) times the Capital and Reserve Fund.

Mr. Spence moved for the acceptance of the Fixing of Maximum Liability; it was seconded by Mr. Stanley Skeene and carried.

CREDIT COMMITTEE REPORT: Highlights of the report were read by Mr. Raymond Harper - Chairman of the Credit Committee as follows:

Introduction

In his introduction, Mr. Harper pointed to the fact that the Jamaica's economy reflected positive change when compared to 2017 in regard to economic growth. He noted that there was a renewed thrust from the Government to encourage financial institutions to reduce the interest rates offered on loans, which also had a ripple effect on rates paid on savings and investments products. He said, with marginal growth in the economy our members chose to borrow to meet their personal needs.

In ensuring that our member's needs were satisfied the Credit Union reviewed its Credit Policy and Procedures. This resulted in a reduction of interest rates and ease of doing business for all members. Further to this, 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

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.

Profile of loans Disbursed by Security

The MoniBooster Unsecured Loan Product was the largest category accounting for $826.22 million in 2018 compared to $662 million in 2017.

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 some categories of Motor Vehicle loans. The Credit Union also introduced its Educational and Christmas loans to assist our members in those demanding seasons.

Waivers

Waivers were granted for five (5) loans during 2018; three (3) for Interest Rate Reduction, one (1) for Loan Term Extension and one (1) for Percentage of market value used.

CONCLUSION

In his closing remarks, the Chairman on behalf of the other members of the Credit Committee†said that they were grateful for the opportunity given to serve in this capacity. The invaluable support given by the Board of Directors, all committees, the management team and the staff members, particularly those of the Credit Department, was appreciated. The combined efforts have enabled the Credit Union to continue to offer excellent products and services to the membership at competitive and affordable rates.

He also took the opportunity to express their sincere appreciation to our members, for choosing Manchester Co-operative Credit Union (1977) Limited to be their financial partner and look forward to serving them in 2019 and beyond with God's guiding wisdom and strength.

QUESTIONS & COMMENTS

There were no questions or comments.

On a motion moved by Mr. Joel Coke and seconded by Mrs. Pansy Taylor, the report of the Credit Committee was adopted.

SUPERVISORY COMMITTEE: Highlights of this report were presented by the Assistant Chairman, Mrs. Ann Julette Rowe in the absence of the Chairman, Mrs. Ruthan Smile-Smikle, as follows:

Introduction
In her opening remarks, Mrs. Rowe stated that, despite the demands of 2018, the Bank of Jamaica (BOJ) Regulation, International Financial Reporting Standards (IFRS9) implementation and the change in Senior Management, the organization continued to implement successful operational strategies and remain an extremely viable entity.

She said that the Supervisory Committee and the Internal Audit Department worked persistently to maintain the highest operational and financial integrity. The Committee collaborated with the Internal Audit Department to ensure that internal controls, policies and procedures and applicable external regulations were implemented and adhered to.

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 or not noted on the employees' files.

The findings reveal that employeesí 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 had subsequently developed/implemented the policies that were recommended.

Estate Payable Review
This review was completed to establish compliance with the Deceased Member Policy, to ascertain whether the transactions on the membersí accounts were authentic and to ensure that the Credit Union exercised segregation of duties in the execution of the various transactions. 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.

Delinquency Control Management
An audit was undertaken to ascertain whether the actions taken in regards to delinquent accounts were in accordance with the established policy and procedures. 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 Delinquency Unit was strengthened by employing an additional staff member.

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. Deficiencies observed were communicated to Management.

Dormant and Inactive Member's Account
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 and to ensure that all the relevant controls stipulated were adhered to. Recommendations were made to management based on the exceptions observed and would 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 findings revealed general compliance with the Credit Union's AML, KYC and Proceeds of Crime Act (POCA) regulations.

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. 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. 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 had committed to put measures in place to minimize the 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.

Policy Review
A number of policies were reviewed to ascertain that they were in line with best practices and that adequate controls were in place to ensure conformance. Various recommendations were presented to Management and adjustments were made to the relevant.

Bank Reconciliation
The objectives of this review were to ascertain the timeliness and accuracy of Bank Reconciliations completed by the Accounts Department. This review was undertaken by verifying documents such as encashed cheques, lodgement slips, bank statements, credit memos and other related documents, but did not denote any significant deficiencies.

Members' Loan

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. 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.

Acknowledgement

In closing, Mrs. Rowe on behalf of the other members of the Supervisory Committee along with the Audit Team, expressed their sincere gratitude to the Board of Directors, the Credit Committee, management and staff for their support and co-operation. She said that they remain committed to ensuring that members' interests are safeguarded and that the organization remains a viable option for its stakeholders. They also expressed their profound gratitude to the members for having allowed them the opportunity to be stewards of our investments.

QUESTIONS AND COMMENTS

1. Mr. Berresford South commended the Supervisory Committee for a comprehensive report; however, he noticed that the findings were presented to management but the report did not reflect a feedback of what management did but in this was done in the presentation. He asked that it be included in the report in the future. Mrs. Rowe responded that it was duly noted and that they would improve on that.

2. Mr. Andre McKoy asked if staff members still work overtime, based on what was reported in the payroll overtime review. Mrs. Rowe informed him that they still do because the Credit Union is opened on Saturdays and that is regarded as overtime.

On a motion moved by Mr. Benaldo Spencer and seconded by Mr. Joel Coke, the report of the Supervisory Committee was adopted.

NOMINATING COMMITTEE REPORT

Mr. Churton Douglas, member of the Nominating Committee, in the absence of the Chairman, Rev. Joan Smith, referred to rules governing the nomination. The members of the Committee comprised of the following individuals:

- Rev. Joan Smith - Directors/Chairman
- Mr. Churton Douglas - Member
- Mrs. Paulette Sanderson - Member
- Mrs. Jacqueline Kennedy - Staff Liaison

Mr. Douglas read the report to outline to the member all the volunteers that would be retiring and those that were nominated to serve on the Board of Directors and Committees. He also read the profiles of the new nominees and introduced them to the membership.

Election of the Board of Directors and Committees

The election proceedings were handed over to Ms. Sheryl Brown, representative from the Department of Co-operatives & Friendly Societies.

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. Berresford South	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

The election of the cadre of volunteers to the Board of Directors was accepted on a motion moved by Mr. Stanley Skeene and seconded by Mr. Joel Coke.

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

The election of the cadre of volunteers to the Credit Committee was accepted on a motion moved by Mr. Stafford Banton and seconded by Mr. Clifton Wright.

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

The election of the cadre of volunteers to the Sub-Credit Committee was accepted on a motion moved by Mrs. Joy Skeene and seconded by Ms. Rose Forrester.

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

The election of the cadre of volunteers to the Supervisory Committee was accepted on a motion moved by Ms. Angella Josephs and seconded by Mr. Benaldo Spencer.

SUB-SUPERVISORY COMMITTEE

Names	Status	Term
Mrs. Ann Julette Rowe	Continuing	1 Year
Mrs Dahlia Brown-Dawson	Continuing	1 Year
Mrs.Claudette Griffiths-McKenzie	Continuing	1 Year

The election of the cadre of volunteers to the Sub-Supervisory Committee was accepted on a motion moved by Mr. Andre McKoy and seconded by Mr. Alvin Williams.

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. Stanley Skeene and seconded by Mr. Joel Coke.

The Board and the other committees were reminded 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.

Mr. Rattray congratulated the individuals who were elected to serve on the various committees. He invited the newly elected directors to sit on the platform.

PRESENTATIONS: Certificates of Appreciation were presented to all the volunteers that had come to the end of their term by the Finance Manager, Mr. Arlando Dawson, as follows:

- Mrs. Vivinne Grant - Credit Committee
- Mr. Claude Rattray - Board of Directors
- Mrs. Diana Tomlinson - Board of Directors
- Mrs. Darcia Roache - Board of Directors (absent)
- Ruthan Smile-Smikle - Supervisory Committee (absent)
- Rev. Joan Smith - Board of Directors (absent)
- Mr. Paul Grant - Credit Committee (absent)

Mr. Rattray expressed thanks on behalf of all the other retiring volunteers.

ANY OTHER BUSINESS

> Mr. Douglas said that some members were asking if, in the future, paper could be provided for them to write their questions or concerns so that they can be read as some people are not so vocal. He said that another member had asked if a member gets an unsecured loan and had done well in honouring their obligations over time, the interest rate on subsequent loans would be lower. Mr. Rattray responded that based on the member's performance in paying back and their credit rating, there would be considerations. Regarding the writing of questions and concerns, Mr. Rattray said that something could be arranged where members would be able to send messages to someone on the platform via their cell phones.

> Mr. Stafford Banton said the he had been asking for some time now if the Mobile Unit could be sent back to New Forest so that the members there could have easier access to the Credit Union. He further stated that he spoke with the new General Manager, but to date he had not gotten a response. Mr. Rattray responded that, for the Mobile Unit to visit New Forest, there would have to be a level of interest in its usage; however, it was still being looked at and asked that Mr. Banton mobilize the members there, as it has to be profitable for the Organisation. Mr. Banton said he had secured a spot on the New Forest High School grounds where the Mobile Unit could be parked and had communicated this to the General Manager, Miss Michelle Ambersley. He said that he was disappointed because she had not responded to him. Mr. Rattray informed him that we would take it into consideration.

> Mr. Banton asked if the Annual General Meeting would be held in May or August; however, Mr. Rattray inform him that we were not yet sure.

> Ms. Delva Marshall commended the staff of the Christiana Branch for the excellent level of customer service that she experiences when she visits the branch and hoped that the staff at the Mandeville Branch would emulate them.

ANNOUNCEMENTS

There were no announcements.

VOTE OF THANKS

The vote of thanks was moved by the Director, Mr. Geoffrey Sharpe. He said that he wanted all the members to leave with the strong belief that our Credit Union is safe, productive and sound. He said that we have the management team, the hard working staff and the volunteers to thank for that. He also expressed thanks to the following groups and 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

- Director, Ms. Marsha Deer for conducting the activities of the convention.

- The presenters: Mrs. Vasiana Hewitt, Mr. Carlton Bartley and Ms. Carol Martin.

- The President/Chairman for guiding the evening's proceedings and for the quality leadership that he had displayed over the past year.

- The Treasurer, Mr. Nicholas Spence and the External Auditor, Mr. Dawkins Brown for their presentation of the financial report in such a language that everyone could understand.

- Mr. Raymond Harper and Mrs. Ann Julette Rowe for the presentation of their reports.

- Ms. Rose-Marie Henry and Ms. Monique Davis of CUNA Caribbean.

- Ms. Sheryl Brown from the Department of Co-operatives and Friendly Societies for conducting the elections.

- Mrs. Phueona Reynolds from the Jamaica Co-operative Credit Union League.

- Golf View Hotel for making the facilities available and the meal that they provided

- To the members who come out and made their presence felt despite the rain, and for their support and participation.

PRESENTATION

Mrs. Vasiana Miller-Hewitt, Marketing Representative & Social Media Coordinator, assisted by Mr. Michael Gottshalk, Marketing Manager, Mr. Greggory Mulgrave, Senior Business Development Officer and Mr. Kimani Eaton, Temporary Marketing Representative, 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. There were presentation of gifts sponsored by SmartBox, TBS Novelty Products Ltd., Sagicor Investments, CUNA Caribbean, Credit Union Fund Management Company, JMMB (Gift Voucher to open an account), Barita Investments, Jamaica Co-operative Credit Union League (2 Mega Mart Vouchers) and MC Systems.

CLOSURE

There being no other business, the Chairman closed the meeting at 9:10 pm.

Mrs. Althia Scott-Jones
Secretary

Mr. Claude Rattray
President

BOARD OF DIRECTORS' REPORT



Alexander Bourne
President of the Board of Directors

The Manchester Co-operative Credit Union (1977) Limited was established out of the Credit Union mantra of "people helping people." Our founding fathers envisioned that the members' lives would be improved by the pooling of resources to help them better their lives through the attainment of key financial goals. Throughout 2019 we provided our members with sound financial advice and a range of financial products to achieve their financial goals. We did so while vigilantly executingthegovernance and fiduciary responsibilities entrusted to us as a Board. We ensured the credit union's strategic direction was maintained and bolstered the efforts of the management and staff inseveral ways. Among the many decisions taken was the decision to invest in modern information and communication technologies to make our credit union more competitive in the financial market space and relevant to our members' needs.

We also made significant investments of time and energy in the review and development of policies and procedures to ensure the good governance of our credit union and to protect our members, our most important stakeholders. The Board of Directors did much more. With all of the events and causes we were involved in, as a credit union, the Board of Directors is incredibly proud of how our colleague volunteers and team members (management and staff) served the interests of the members during 2019. We are positioning well for the future - a future fraught with challenges, but also ripe with opportunities. As our credit union strives to take its place within a fiercely competitive financial marketplace we must be cognizant of what is at stake, at all times; we must remain committed to the goal of transitioning seamlessly to a modern and competitive credit union providing service - beyond expectations - to your members. We must do so while remaining true to our co-operative principles.

ECONOMIC PERFORMANCE OF JAMAICA

Jamaica experienced the following overall improvements in its economy:

- The All Jamaica Consumer Price Index recorded an inflation rate of 0.5% in December 2019, resulting in the calendar year inflation rate of 6.2%, according to the Statistical Institute of Jamaica.

- In November 2019, Jamaica successfully completed its final review under the 36-months precautionary Stand-By Arrangement with the International Monetary Fund (IMF). The IMF noted that Jamaica's reforms under the programme had institutionalised fiscal discipline and led to a substantial reduction in the public debt, putting the country on track to meet the legislated target of 60% of Gross Domestic Product (GDP) by March 2026.

- The Bank of Jamaica maintained a strong net international reserve position during 2019, with reserves increasing by US$157.1 million to close at US$162.5 million.

- The Jamaican economy recorded real Gross Domestic Product (GDP) growth of 0.9% in 2019, a slower growth rate than the growth of 1.9% observed in 2018. The slowdown in growth was predominantly related to the temporary closure of the Juquan Iron & Steel Company (JISCO)/Alpart Alumina plant and various road rehabilitation projects. The plant's temporary closure was for a phased modernization project; nonetheless, over 1,500 employees became unemployed. The Bauxite industry in Jamaica was also significantly affected by sanctions imposed on UC Rusal, the parent company of the St. Elizbeth located JISCO/Alpart Bauxite plant by the United States Government. Bauxite production is a significant economic driver and income-generating activity for members within the Credit Union's bond.

- The Debt/GDP ratio fell below 100% (94.6% for FY2018/19). This reduction, according to the Economic and Social Survey (conducted by Planning Institute of Jamaica), was the lowest in almost twenty years.

- During this period, the country's income was significantly dependent on service industries, which accounted for over 66% of GDP.

- Our foreign exchange earnings came mainly from the following industries:

  1. Tourism industry - 20%
  2. Remittance - 14%
  3. Bauxite - 4%

- There was a reduction in the overall unemployment rate, with the country experiencing ahistoric low of 7.2% in October 2019. The average percentage for the year 2019 stands at 9.52%. This reduction is credited mostly to the growth of the Business Process Outsourcing (BPO) market.

- The inflation target for the fiscal year 2019/2020 was estimated to be 5%. Inflation started the year at 2.3% and ended the year at 6.2%. This rate was the highest recorded rate in the last five (5) years. Prices for food, beverages, and health accounted for the increase.

- Interest rates, for the most part, continued its downward trajectory. Rates on Treasury Bills were reduced in August 2019 by 0.25 basis points to 0.50%. This decision was strategically aimed at mitigating against inflation going below the target.

- The weighted average selling rate of the Jamaican dollar to the US Dollar closed 2019 at US$1:00 to JMD$132.60. Despite fluctuations during the year, the exchange rate depreciated by 3.8% compared with the year 2018 when the depreciation rate was 2.2%.

Considering Jamaica's strong performance in most economic indicators, the three main ratings agencies upgraded their respective ratings for Jamaica during 2019. These upgrades were attributable to the country's maintenance of strong fiscal discipline, which resulted in a sustained high primary surplus, a significant reduction in public debt levels; and, the entrenchment of increased business confidence. These economic indicators suggest that the country will continueon a growth trajectory for the next financial year.

PENDING LEGISLATIONS OR AMENDMENTS

The Credit Union continues to have discussions and carry out preparation work for the following pending legislations or amendments:

1. The Bank of Jamaica Amendment Bill;
2. The Co-operative Societies Amendment Bill;
3. The Credit Unions (Special Provisions) Bill;
4. The Micro Credit Bill.

PERFORMANCE OF THE CREDIT UNION MOVEMENT

The Credit Union Movement performed creditably in relation to several key result areas as follows:

Table 1

Key Areas	2019	2018	% Change
Savings ($B)	96.31	89.31	7.84%
Net Loans ($B)	88.67	78.80	12.53%
Total Assets ($B)	123.97	114.16	8.59%
Membership ($M)	1,006,557	1,021,267	-1.44%

Assets grew by **7.84%** to close the year at **$123.97B**; savings grew by **7.84%** to **$96.31B**, and net loans increased by **12.53%** to **$88.67B**. However, the membership number of the movement reduced marginally by **1.44%** to close the year at One million six thousand five hundred and fifty-seven (1,006,557) members.

At the end of 2019, the number of credit unions in operation in Jamaica remained at twenty-five (25).

PERFORMANCE OVERVIEW OF THE CREDIT UNION

Performance Overview

Table 2

Key Areas	2019	2018	% Change
Savings ($B)	4,515	4,057	11%
Net Loans ($B)	3,443	3,307	4%
Total Assets ($B)	6,057	5,410	12%
Institutional Capital ($M)	898	806	11%
Surplus ($M)	181	87	108%
Membership	46,909	44,169	6%

Table 2 above summaries the Credit Union's financial achievements for 2019. We experienced exceptional growth in our savings portfolio of **11%** compared to the movement's growth of **7.84%**. We also experienced significant growth in our Total Assets without a merger. This was largely due to our prudent and sound negotiation for higher return on investments; an increase in loans granted to members; and, an increase in the fair value of the retirement plan assets. Membership grew by **6%**, which is creditable as the movement experienced an overall decline during the financial year. These achievements are directly attributable to our staff's dedicated work and the fervent support of our members and volunteers.

A strong capital base also underpinned the Credit Union's financial position. The growth in Institutional Capital for the period 2019 was **$92M** or **11%** above 2018. Your Directors were very deliberate about this as it provides a good buffer for the protection of our members' savings during challenging economic periods.

Our overall operational results improved during 2019. There was an increase of **$94.52M** in our surplus when compared with the prior year's performance. This increase was due to the revaluation of our quoted and unquoted equities. This increase in surplus was achieved despite an increase of over **$48.57M** in our provision for loan impairment.

Even with the Jamaican economy's stellar performance, the lending sub-industry of the financial services sector facedthe challenges of reduced interest rates, increased individualize credit-risk, and increased competition from traditional commercial banks and non-traditional micro-financing institutions. For us to compete adequately, we developed various low-interest rate loan products for members. These products, coupled with reduced processing fees, reduced the margins earned from interest income and processing fees. In 2019 the Credit Union earned mainly from interest income instead of a service fee structure, as this was in our members' best interest.

DELINQUENCY MANAGEMENT

Our delinquency management initiatives were a mix of successes and challenges. We achieved a delinquency ratio of 6.48%, which was 1.48% over the industry standards of 5%. The delinquency reduction strategies employed throughout the year included, but were not limited to:

- Sound lending policies and detailed assessments of potential borrowers' financial obligations andtheir ability to repay the loans.
- The provision of debt consolidation facilities to give members lower monthly payments.
- The continued use of other effective delinquency collection techniques.

We implored our members to acknowledge their debt obligations and had follow-ups to ensure payments by members. In 2019 the Credit Union signed up with several credit bureaus and began sharing our members' credit information.

We reminded members of the importance of maintaining a good credit report; notwithstanding, during 2019, some members defaulted on their financial obligations.

MARKETING ACTIVITIES

The Sales & Marketing Department participated in several expositions and events that included the following:

1. JSP High Mountain Coffee Road Races
2. Lions Club's Men Who Cook
3. JCDC Festival Queen Competition
4. Manchester Business House Football Competition
5. Holmwood Technical High School Career Day
6. Spalding High School Career Day
7. Cross Keys High School Student Empowerment Day
8. RADA Open Day
9. Manchester Parish Library Reggae on the Lawn Expo
10. Mandeville Police Youth Club 5K Run/Walk
11. Made in Manchester Women's Summit
12. YWOP/YMOP Christmas Treat
13. Percy Junor Hospital's Customer Appreciation Day

Youth Activities

The Credit Union hosted its annual Debating Competition from February to April 2019. The competition, which targets schools at the secondary level, saw eight (8) schools competing for the Mavis Campbell Championship Trophy. The final match was played on April 12, 2019; Holmwood Technical High School emerged the competition's victors.

Financial Fitness Month

With April being designated as Financial Literacy Month by the Jamaica Co-operative Credit Union League, Manchester supported this initiative by executing the following activities:

- April 1-30 - Postings of Financial Literacy tips on Social Media.
- April 11 - Classroom presentation to students of Knox Community College on Budgeting and Financial Management.
- April 24 - Presentation on Budgeting and Financial Management at Town Hall Meeting.

The information and advice presented through these activities were well received by the various target audiences.

68th Anniversary Activities

On May 29, 2019, the Credit Union observed its 68th Anniversary. Activities carried out to mark the occasion include:

1. Text message blast to the general membership
2. Social media updates
3. Token distribution to all members who conducted transactions on the day
4. Provision of Refreshment

International Credit Union Week 2019

International Credit Union Week (ICU) was celebrated from October 13-19, 2019 under the theme; **"Local Service. Global Reach".** The following events were held throughout the week.

Table 3

Date	Event	Location
Oct-13	Church Service	Newport Open Bible Church
Oct-15	Soup and Soap Outreach	Caribbean Christian Centre for the Deaf (Knockpatrick Campus)
Oct-16	• Member Appreciation Day • Exhibitor Displays • Love 101 FM Broadcast • Refreshment/token distribution	Christiana Branch
Oct-17	• Member Appreciation Day • Exhibitor Displays • Love 101 FM Broadcast • Refreshment/token distribution • Lunch Hour Concert	Mandeville Branch
Oct-18	Movie Evening	Cecil Charlton Hall

The **Member Appreciation Days** were supported by an Outside Broadcast on Love 101 FM and booth displays courtesy of several organizations that included Rapid True Value, HEART Trust NTA, National College of Professional Studies, Superior Honda, and Cuna Caribbean Insurance. Members were treated to free health checks, exciting give-a-ways, lunches, tokens, and a lunch hour concert. The week of activities was well supported by our members, staff, and volunteers.

PRODUCTS & SERVICES

Savings Promotions

A Partner Plan promotion conducted from January 8 to 22 encouraged persons to start the New Year right by choosing a plan to help them save towards short term goals. The promotion highlighted the Partner Plan's four (4) draw periods throughout the year and linked each one to a specific season. The seasons were as follows:

- 12 Weeks Plan for Easter Holidays
- 20 Weeks Plan for Graduation Season
- 32 Weeks Plan for the Back to School Season
- 48 Weeks Plan for the Christmas Season

Loan Promotions

"Swap It Out" Loans Promotion

A promotional campaign dubbed "Swap It Out" was launched in the week of January 28 to promote the Credit Union's loan offerings. "Swap It Out" involved exchanging high-interest rate loans held externally for more affordable loan options offered by the Credit Union. As such, the campaign involved selling the benefits of Manchester Co-op. Credit Union's cash secured and unsecured loans to clear higher interest rate loans such as credit cards and hire purchases. The campaign was timed to coincide with the post-Christmas debt consolidation period.

Dream Wheels Auto Loan

The Dream Wheels Auto Loan product was revised at various points throughout the year to reflect several special offers. These offers included:

- 100% Financing on vehicles 0 to 5 years old
- Rates as low as 5.99% for new vehicles
- Extended repayment term up to 8 years
- Reduced service charge

Back to School Loan

A Special Back to School Loan Product was made available for the 2019/2020 Academic School year. Promotion of this Back to School Loan commenced on July 15 and continued until September 30, 2019.

The features of this product were as follows:

Name of Product:	"One in Fifty" Back to School Loan
Duration:	July 15, 2019 - September 30, 2019
Term:	48 months
Loan Amount:	Min.: $50,000.00; Max.: $500,000.00
Interest Rate:	as low as 15% p.a.
Coupon Offer:	Cashback rewards of a $1,000.00 voucher for every $50,000 net loan payout valid for redemption at participating retail outlets.

Christmas Cash Loan

This loan special, the Christmas Cash Loan, was revised and promoted once again for the Yuletide Season. The following were the features of the product:

Name of Product:	Christmas Cash Loan
Duration:	December 1- 31, 2019
Term:	30 months

Loan Amount:	Max. $500,000.00
Interest Rate:	15% p.a.
Share Requirement:	10% (Share Building Allowed)
Service Charge:	5% of the loan amount
Payment Method:	Salary Deduction & Standing Order
Pool:	$100 Million

CORPORATE SOCIAL RESPONSIBILITY

Town Hall Meetings

In keeping with the Credit Union's co-operative principle of member education, our series of Town Hall Meetings continued in 2019 to bring relevant information to residents in the communities in which they reside. The Mile Gully community was targeted for our Town Hall meeting, which was held on April 24, 2019, at the Mile Gully Community Centre. The Rural Agricultural Development Authority (RADA) and GeoLand were the entities that partnered with the Credit Union on this occasion to conduct the presentations.

Labour Day

Coming off the heels of the Town Hall Meeting, the Credit Union returned to the Mile Gully Community Centre on May 23, 2019 to carry out its Labour Day project. With support coming from staff, volunteers, and members of the community, the project focused on the repainting of the community centre building, installation of new bathroom fixtures, and a general cleanup of the grounds. The day's activities were captured on video with highlights being later aired on CVM Television during the Central Expressions programme.

Soap & Soup Outreach

The Soap & Soup Outreach saw representatives from the Credit Union visiting the Caribbean Christian Centre for the Deaf located in Knockpatrick Manchester. During the visit the students were fed with soup and a hot meal while a case of bath soap was handed over to the school's management.

MCCU Back to School Extravaganza

The Credit Union hosted a grand Back to School fair and outside broadcast on Mello FM on August 24, 2019. The fair, dubbed "MCCU Back to School Extravaganza," was held on the greens of the Cecil Charlton Park and saw scores of parents and children turning out for the day's activities. Activities included free school medicals, issuing back to school supplies to over 300 students, engaging parents to open accounts, and offering free rides and refreshments to the children.

Sydney Carter Scholarship

From a field of seventy-five (75) applicants, Mr. Javid Bryan emerged the successful candidate for the Sydney Carter Scholarship to commence the 2019/2020 Academic Year. He will receive financial assistance for a maximum of three (3) years as he pursues his Bachelor's Degree at the University of the West Indies. An additional seven (7) students from the tertiary level also received bursaries to assist with their educational expenses. The following table outlines the slate of recipients:

Table 4

Recipient	Institution	Award	Amount ($)
Javid Bryan	University of the West Indies	Scholarship	$450,000.00
Alexia Anderson	University of the West Indies	Bursary	$170,000.00
Tashari Palmer	University of the West Indies	Bursary	$170,000.00
Kadey-Ann Waite	University of the West Indies	Bursary	$170,000.00
D'Andre Lindo	University of Technology	Bursary	$170,000.00
Shakerah Pinnock	Northern Caribbean University	Bursary	$100,000.00
Rochelle Smith	University of the West Indies	Bursary	$170,000.00
Kimone Montaque	University of Technology	Bursary	$100,000.00

Collectively, the students received a total of $1,500,000.00 in financial assistance.

PEP Bursaries

Twenty (20) students received PEP 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 PEP bursary from the Jamaica Co-operative Credit Union League for the parish of Manchester. These students were selected based on their needs, saving patterns, and academic performances.Collectively, the students received a total of $420,000.00 in financial assistance.

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:

Table 5

NAME	AMOUNTS($)	NAME	AMOUNT ($)
BOUNDLESS WORD OF FAITH	8,000.00	MANDEVILLE BAPTIST BROTHERHOOD	10,000.00
LAY MAGISTRATE ASSOC. OF MANCHESTER	20,000.00	MANDEVILLE PARISH CHURCH	18,000.00
JAMAICA SISTER SOCIETY	10,000.00	MANDEVILLE PRIMARY SCHOOL	15,000.00
BETHABARA INFANT SCHOOL	20,680.00	MARANATHA SDA CHURCH	5,000.00
BRYCE UNITED CHURCH	10,000.00	MCINTOSH MEM. PRIMARY SCHOOL	10,000.00
CHRISTIANA MORAVIA PRIMARY	13,500.00	NEW BEULAH MORAVIAN CHURCH	6,000.00
CHRISTIANA SDA CHURCH	3,000.00	PIKE PRIMARY & INFANT SCHOOL	10,000.00
MEDICAL ASSISTANCE	275,000.00	PORUS BRANCH LIBRARY	8,000.00
CRAIGHEAD UNITED BRETHREN	6,000.00	PORUS HIGH SCHOOL	10,000.00
DEVON ALL-AGE SCHOOL	87,542.17	PORUS INFANT SCHOOL	20,000.00
DEVON PRIMARY SCHOOL	45,082.45	PORUS PRIMARY SCHOOL	5,000.00
EBENEZER HOME	29,200.00	RADA.	85,141.33
HATFIELD PRIMARY & JR. HIGH SCHOOL	15,000.00	RUSSELL'S SHILOH APOSTOLIC CHURCH	10,000.00
HOLMWOOD TECHNICAL HIGH SCHOOL	45,000.00	SOMERSET PRIMARY SCHOOL	10,000.00
KENDAL PRIMARY & INFANT DEPT.	20,000.00	SPALDING NEW TESTAMENT COG.	20,000.00
KNOX JUNIOR SCHOOL	7,500.00	ST. JOHN BOSCO CAREER ADVANCEMENT INST.	8,000.00
LAY MAGISTRATES ASSOC. OF JAMAICA	6,000.00	NEW GREEN COMMUNITY BACK-TO-SCHOOL FAIR	6,998.33
MANCHESTER CHAMBER OF COMMERCE	50,000.00	UNIVERSITY OF THE WEST INDIES	100,000.00
MANCHESTER INST. OF LEARNING BOOKS	44,620.47	WAIT-A-BIT ALL-AGE SCHOOL	8,000.00
MANCHESTER MUNICIPAL CORPORATION	20,000.00	WESLEY METHODIST CHURCH	5,000.00
GRAND TOTAL			**1,124,264.75**

ADMINISTRATION & HUMAN RESOURCES

Staff Welfare

The Human Resources Department provided strong organizational support in promoting the Credit Union's mission and vision during 2019 by focusing on staff engagementand health and wellness.

The following staff events were held in 2019:

- Valentine's Day Treat, Easter Treat, Staff Social, Staff Retreat and Fun Day, and Employees Award Banquet.
- Employees participated in the following events for 2019:
  - High Mountain Road Race
  - Sagicor Sigma 5K Road Race
  - Guardian Life 5K Road Race
  - Mandeville Wellness Run
- A total of **Thirty-Eight (38) study days** were granted to employees for personal development.
- Employees with children attending school and employees engaging in professional development received Back-to-School grants in 2019.

Staff Retreat

Staff Retreat 2019 was held on Saturday, July 13, 2019, at the Leo Gooden Student Lounge at Church Teachers' College. The Retreat was held under the theme **"5P's the Pathway to Success... People, Purpose, Passion, Performance, Promotion."** Our guest speaker for the Retreat was Dr. Taneisha Ingleton, Chief Executive Officer of Appreciative Voices. Dr. Ingleton gave an interactive presentation on the most effective ways to lead and the importance of maintaining good working relationships at all levels of the organization to foster employee engagement, operational efficiencies, and organizational growth.

Employee Awards Banquet

Our 2nd Employee's Awards Banquet was hosted at the Mandeville Hotel on October 26, 2019. The awards for the following categories were presented to the respective team members:

1. **Top Credit Officer of the Year 2018**
   - Christiana - Samantha Johnson
   - Mandeville - Nadine Ricketts

2. **Top Teller of the Year 2018**
   - Christiana - Jerome Thompson
   - Mandeville - Anna-Kay Bartley

3. **Branch of the Year 2018**
   - Christiana Branch

4. **Employee of the Year 2018**
   - Rajeve Stewart

5. **Corporate Office Staff of the Year 2018**
   - Hicksford Robinson

6. **Member of the Year 2018**
   - Rev. Kingsley Andrews

Mrs. Georgia Crawford-Williams, the founder of Strategic Engagements, was the guest speaker.

Training

The Credit Union continued its staff training and development tradition by using CUNA Professional Development Online (CPD Online). CPD Online is the premier web-based training service for the credit union industry. CPD Online offers over 500 courses and is continually looking to grow their list of courses created by trusted credit union professionals to meet the job-specific needs of credit unions. CPD Online is a centralized training hub that allows tracking and measuring results and encouraging independent learning. Its courses are internationally recognised, and all staff is given access to this platform. The Credit Union sets a few mandatory training courses annually for the staff to complete at their leisure.

In 2019 the Credit Union also participated in approximately **twenty-seven (27) face-to-face** training sessions. These sessions consisted of both internal and external training for employees and volunteers throughout the year. Some of these training sessions are listed below:

- Fundamentals of Effective Loan Interviewing,
- Forged/Questioned Documents Training,
- Meeting Chartered Accountants of Jamaica-GCT Workshop,
- Financial Modeling Workshop,

- Middle Managers Conference,
- Writing Policies and Procedures,
- Handwriting Seminars,
- Managing Fraud in a Digitized World,
- Enterprise Risk Management Workshop,
- Audit Report Writing Workshop,
- Supporting Optimal Mental Health,
- Anti-Money Laundering/Counter-Terrorism Conference,
- Securities Course, First Aid Training,
- Service Excellence Training, Customer Service Training,
- New Staff Orientation.

Promotions/Recruitment & Separation

There were changes to our staff complement during the year: nine (9) employees were promoted, three (3) temporary employees contracted, and two permanent employees hired. We had seven (7) separations: Neleasia Lambert, Andrew Richards, Chantal Jamieson, Ryan Lowe, Sandrene Bryan, Rameish Brooks, and Michael Green.

TECHNOLOGICAL ADVANCES

As the world advanced in the use of technology in the delivery of financial services, our members are now demanding an easier way of doing business. We have responded by implementing the following in 2019:

1. The Credit Union's website was redevelopment to enhance security, to enhance the look and feel of the website to allow for an improved user experience. The new address is www.mccuja.com.
2. Increase use of social media platforms to increased member engagement.
3. The Deposit feature of the ATM was also enabled as such members could do cash deposit via our ATM.
4. Increased our payment optionsfor loans and savings by equipping the branches with Point-Of-Sales machines to process debit card transactions from other financial institutions.
5. Development of new Loan Origination system.
6. Upgraded to Dedicated Internet Access 5MB internet connection that allows for a more reliable and faster internet access.
7. Creating a Credit Bureau Interface for automatic sharing of members' credit data from our core banking platform to aid in the credit assessment process.
8. Several Universa (Core Banking Platform) upgrades to strengthen internal controls.

ANNUAL GENERAL MEETINGS & CONVENTIONS

League AGM and Convention

The League AGM was held from May 30 - June 2, 2019, at the Hilton Rose Hall Hotel and Spa in Montego Bay.

Manchester Co-operative Credit Union was represented by its delegates, alternate delegates, committee members, and staff.

Caribbean Confederation of Credit Unions (CCCU) 62nd Annual International Convention and the 48th Annual General Meeting

The World Council of Credit Unions and the Caribbean Confederation of Credit Unions combined efforts for the Annual World Credit Union Conference held July 28-31, 2019, in the Bahamas, at the Atlantis Resort.

Representatives of the Caribbean Confederation of Credit Unions (CCCU) convened on Paradise Island in the Bahamas to participate in the 62nd Annual International Convention of the CCCU. The convention was held was attended by 1,600 delegates from over 30 territories in the World. Conference attendees heard from industry experts on the following topics:

- IFRS 9
- Cybersecurity
- Digital Transition
- Advocacy and Central Bank Intervention
- Blockchain Technology
- Diversity and Inclusion

GOVERNANCE

During the year, the Board continued to provide oversight of the operations of the Credit Union through the following tools:

- Approval of the strategic directions and related objectives of the Credit Union.
- Approval of the annual budget and targets and annual financial statements.
- Monitoring of the performance of the Credit Union at their Monthly Board Meetings.
- Monthly and/or periodic reports from Supervisory Committee; Credit Committee; and Board appointed Committees, such as the Arrears Committee, the Property Committee, the Delinquency Committee, the Implementation Committee, the Enterprise Risk Management (ERM) Committee, and the Marketing and Member Education Committee.
- Annual training in both the Proceeds of Crime and Anti-Money Laundering Act and the Counter Financing of Terrorism Act.
- Updated Employee handbook.

Board of Directors Meetings - 2019

The table below outlines the attendance of the Board of Directors at the Twenty-Nine (29) meetings that were held during the year:

Table 6

NAMES	POSSIBLE MEETINGS	ATTENDED	EXCUSED	ABSENT
* Claude Rattray	21	21	0	0
*Alexander Bourne	29	26	3	0
* Nicholas Spence	29	15	14	0
*Joan Smith	21	15	5	1
* Althia Scott-Jones	29	23	6	0
*Stallyn Insang	18	15	3	0
Darcia Roache	10	0	5	5
Dianna Tomlinson	10	8	2	0
* Cleveland Robinson	18	17	0	1
Marsha Deer	17	17	0	0
Geoffrey Sharpe	17	12	5	0
Astley Scott	7	6	1	0
Berresford South	7	6	1	0
Althea Campbell	7	7	0	0
Stanford Hastings	7	6	1	0

THE WAY FORWARD

As we reflect on our years as a credit union, it is clear that our philosophy and our commitment to our members has remained unchanged even as the world changed around us. That does not mean that we can be content to rest on our laurels. We must grow and adapt to the needs of our members and the world. The coming years will bring changes we cannot yet fathom. And yet, we look confidently to the future from the shoulders of those who have brought us here, equipped for what may come, and staying true to the values and principles that have guided us since our founding. In the very near future we will continue to lay a robust and scalable foundation; during the next calendar year we will: implement a new loan origination system; implement two full-service ATM at both locations; further upgrade the information technology infrastructure of the Credit Union; enhance the Credit Union's website. These and many other initiatives will form a strong foundation for increasing member engagement and propelling our beloved Manchester Cooperative Credit Union into the future.

BOARD OF DIRECTORS



Alexander Bourne
President



Althia Scott-Jones
Secretary



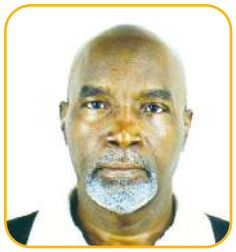
Nicholas Spence
Treasurer



Cleveland Robinson
1st Vice President



Stallyn Insang
2nd Vice President



Astley Scott
Assistant Treasurer



Althea Campbell
Assistant Secretary



Marsha Deer
Director



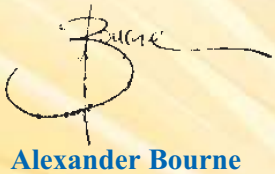
Geoffrey Sharpe
Director



Berresford South
Director

APPRECIATION

In closing, the Board takes this opportunity to express sincere thanks to the entire Management Team and all categories of staff. 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 Jamaica Co-operative Credit Union League and its subsidiaries, 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.



Alexander Bourne
President

TREASURER'S REPORT

For Financial Year Ended December 31, 2019



Nicholas Spence
Treasurer

I am pleased to present the Treasurer's Report to this the 44th Annual General Meeting of the Manchester Co-operative Credit Union (1977) Limited for the financial year ended December 31, 2019. The Audited Financial Statement is set out on pages 53 to 102, extracts of these statements are included in the Treasurer's report.

Your Credit Union was able to provide favorable results despite a challenging year and harsh economic climate.



CURRENT PERFORMANCE

Total Revenue including fair value and other adjustments increased by $159M or 28%. The Credit Union is reporting a successful performance for 2019 despite generating less Net income before honoraria of $53.6 million in comparison to $110 in 2018. However total comprehensive income increased by $94.5 million or 108% (2019) $181.6M (2018) $87M due to fair value and other adjustments on Investments and Pension Assets. Assets also grew by 12% or 647 million. The Credit Union generated interest income of $601 million, a marginally increase year upon year. The reduction in profitability is mainly attributable to increase in Expected Credit Loss of $48.5M or 411%.

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

	$
• Financial Investments	63,027,393
• Liquid Assets	81,212,394
• Loans to Members	457,034,292

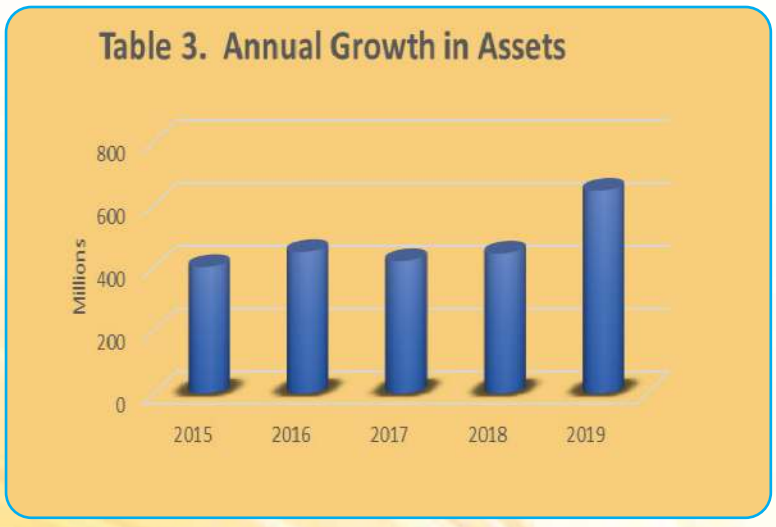
The Credit Union incurred $547 million in operational activities of running the business compared to $482 million in 2018. This was 13% increase compared to the previous year.

KEY PROFITABILITY TRENDS

Table 2 shows the trends in key profitability ratios over the past five (5) years. An ***income to asset ratio*** of 9.9% was achieved in 2019; this was on slightly below 2018. The ***return on assets ratio*** was 0.9% at the end of the financial year. This was below the 2.1% achieved in 2018. Return on assets including OCI was 3% for the year compared to 1.6% (2018).

Table 2

Profitability Indicators	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019
Total Income to Assets	11.8%	11.1%	11.0%	11.0%	9.9%
Operating Exp. to Assets	7.0%	6.8%	7.7%	7.1%	2.3%
Return on Assets	1.6%	1.70%	1.8%	2.1%	0.9%
Return on Assets including OCI	1.6%	1.85%	1.6%	1.6%	3.0%



ASSET GROWTH

Total assets ended the year at $6.05 billion. This represented an increase of 12% over the financial year 2018. **Table 3** indicates the movement in the asset base over the last five (5) years. The accumulated increase over the period was $1.9 billion or 48%, which is due to consistent growth in loans and investments.

LOANS

The loan portfolio had marginal growth for the year with gross loans increasing by 4.74%.

This increase was impacted by charged off loans of $51 million, despite this the Credit Union had growth in motor vehicle loans and real estate loans of 13.18% and 5.62% respectively, unsecured loans increased by 2.13% while cash secured loans were 0.02%.

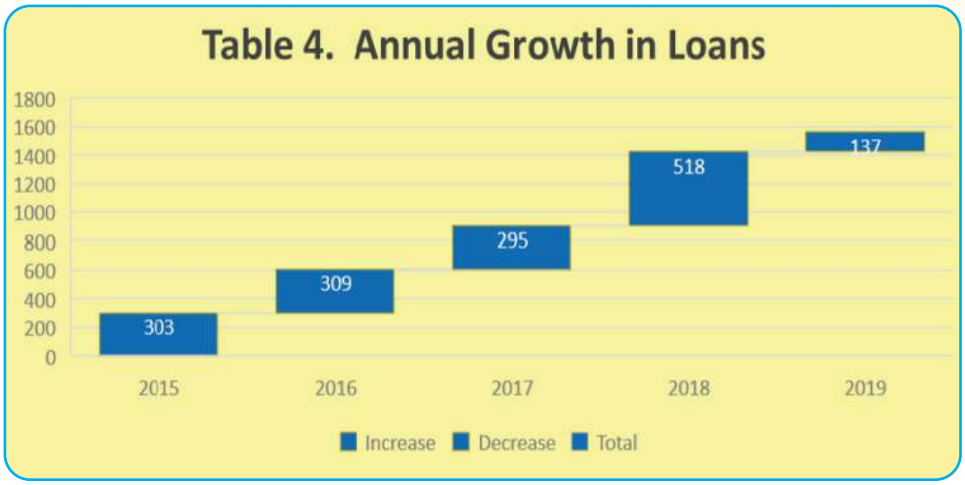


Table 4 shows the extent of the growth in net loans over the last five (5) years.

The average annual loans growth over the five-year period was 20%.

Amidst the stiff competition faced during the year, our Credit Union 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.

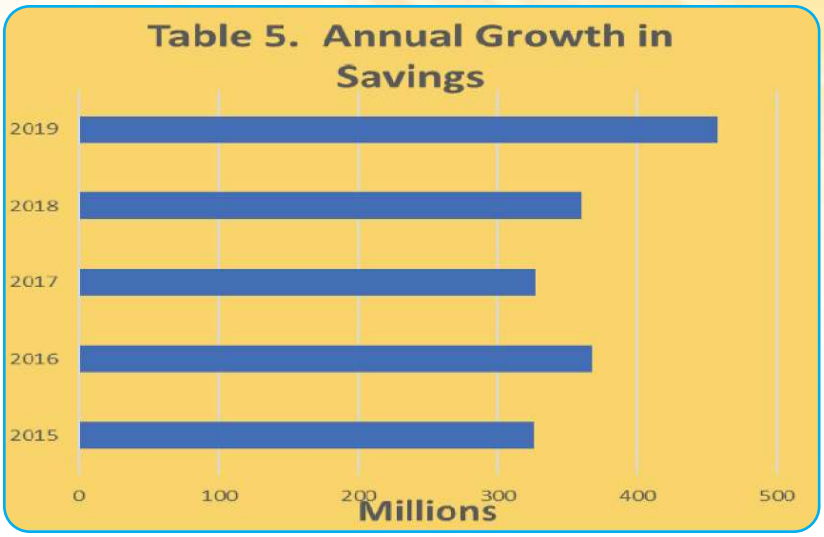
INVESTMENTS AND CASH RESERVES

The Cash and Investment portfolio closed the year at $2.42 billion, this represented an increase of 26% over 2018 and accounted for 40% of total assets. The Credit Union earned an average of 3.35% on investments during the year. This was above the 3% achieved in 2018. This is attributable to significant decline in repo rates since 2018, moving from rates as high as 6% in to a low of 2.1%.

Adequate liquidity reserves were 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 $458 million or by 11.28% during the year as shown in **Table 5**. Total Savings increased to $4.5 billion at the end of 2019. We commend Management & Staff for this achievement and assure you that our Credit Union will continue to offer competitive returns on our range of savings and investments products.



KEY FINANCIAL INDICATORS

Our Credit Union 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 decreased from 61.1% in 2018 to 56.9% in 2019. The Credit Union, with your support, aims to achieve the minimum standard of 60% over the long term.

Table 6

Key Financial Indicators	Target Standard	2019 Actual	2018 Actual
Provision for Loan Loss	100.0%	100%	88%
Institutional Capital: Total Assets	8.0%	17.2%	17.3%
Net Loans: Total Assets	60%-80%	56.9%	61.1%
Delinquent Loans: Total Loans	< or= 5%	6.5%	5.8%
Non-Earning Asstes: Total Assets	7.0%	4.6%	4.5%
Operating Expense : Total Assets	8.0%	6.7%	7.1%
Membership Growth	5.0%	6.2%	5.0%
Asset Growth	11.5%	12.0%	9.0%
Institutional Capital Growth	10.0%	11.3%	4.9%

This represented $104 million or 11% growth. The institutional capital to asset ratio decreased marginally from 17.3% in 2017 to 17.2% at the end of the 2019 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 5.75% in 2018 to 6.48% at the end of the 2019 financial year. Despite this increase 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.

The debt recovery process has become extremely challenging where the ethical values of some of our members are dubious. Members are accessing credit facility with no intention to settle their obligations. This has resulted in the Credit Union charging off $51 million for the financial year 2019. Management will implement more stringent debt collection practices which may include some of the following:

- Utilization of bailiff
- Foreclosure of real estate properties
- The employment of Attorney at Law to pursue recovery through the courts
- The publication of names of delinquent borrowers on notice boards in branch and on the Credit Union Website
- The publication of delinquent borrower's name in the print media

The effective utilization of the Credit Unionís loan facility is largely dependent on its members honoring their obligations. We ask that members protect their Credit Union by repaying credit extended to them, this will aid in us achieving the mantra of people helping people.

SUMMARY OF INCOME & EXPENSES

Table 7

Income & Expenditure	Year 2019	Year 2018	Increase/ Decrease	% Change
Total Income	601,274,079	593,035,019	8,239,060	1.4%
Total Expenses	-545,618,071	-482,674,878	-62,943,193	13.0%
Surplus	55,656,008	110,360,141	-54,704,133	*-49.6%*
Add Undistributed Surplus	172,663,740	79,371,310	93,292,430	117.5%
Less Transfers	-188,177,183	-17,067,721	-171,109,462	1002.5%
Available for Appropriation	40,142,565	172,663,730	-132,521,165	-76.8%

Table 8

Assets, Liabilities & Reserves	Year 2020	Year 2019	Increase/ Decrease	% Change
We The Members Own:				
Institutional Capital	898,075,495	806,944,292	91,131,203	11.3%
Permanent Shares	141,458,975	128,830,494	12,628,481	9.8%
Other Reserves	394,855,684	182,053,958	212,801,726	116.9%
Undistributed Surplus	40,142,565	172,663,740	-132,521,175	-76.8%
Total	1,474,532,719	1,290,492,484	184,040,235	*14.3%*
The Money Was Used For:				
Net Loans to Members	3,443,976,033	3,307,188,570	136,787,463	4.1%
Cash & Investments	2,333,092,686	1,859,562,742	473,529,944	25.5%
Fixed Assets	77,669,127	88,518,150	-10,849,023	-12.3%
Other Assets	202,535,176	155,181,130	47,354,046	30.5%
Total Assets	6,057,273,022	5,410,450,592	646,822,430	*12.0%*
Less Savings & Other Liabilities	4,582,740,303	4,119,958,108	462,782,195	11.2%
Our Credit Union's Net Worth	1,474,532,719	1,290,492,484	184,040,235	*14.3%*

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 credit union 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
CHARITIES AUTHORITY, JAMAICA
Ministry of Industry, Investment, and Commerce
2 Musgrave Avenue, Kingston 10
Jamaica, W.I.
Tel: (876) 927-4912 | 927-6572 | 978-1946
E-mail: dcfs@cwjamaica.com **Website: www.dcfs.gov.jm**

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

S1
R459-962/10/20 **October 6, 2020**

The Secretary
Manchester Co-operative Credit Union (1977) Limited
P.O. Box 533
2 Main Street
Mandeville
Manchester

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2019.

The Annual General Meeting (AGM) must be convened under ***Regulation 19 and 21*** 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 (b)*** of the Co-operative Societies Regulations should be forwarded to this office.

An AGM Protocol Document developed by the Department, should be used as a guide in preparing for the Meeting, along with a copy of the ***Exceptions to Prohibition on Public Gathering Exceeding Fifteen persons*** is available to Societies under the Risk Management Order No.12.

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,

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

HOPE GARDENS
Hope Gardens, Kingston 6
(876) 977-2277 / 927-1948
Fax (876) 977-2698

MANDEVILLE, MANCHESTER
23 Caledonia Road
(RADA Bldg.)
(876) 615-9083

MONTEGO BAY, ST. JAMES
10 Delisser Drive
(The Office of the Prime Minister)
(876) 952-7913

MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LTD.

2019
ANNUAL REPORT



Manchester Co-operative Credit Union (1977) Limited

Financial Statements

As at 31 December 2019

FOR THE YEAR ENDED 31ST DECEMBER 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

INDEX

PAGES

FINANCIAL STATEMENTS:

Statement of Financial Position	53
Statement of Comprehensive Income	54
Statement of Changes in Equity - Summary	55
Statement of Changes in Equity - Non-Institutional Capital	57
Statement of Changes in Equity - Institutional Capital	59
Statement of Cash Flows	60
Notes to the Financial Statements	61

Crowe

Crowe Horwath Jamaica
Corporate Head Office
47-49 Trinidad Terrace
Kingston 5
Main 876 926 5210
Fax 876 754 7935
www.dawgen.global

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 ("the entity") which comprise the statement of financial position as at 31st December 2019, the statement of comprehensive income, statements of changes in equity, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at 31st December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Co-operative Societies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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.

Key Audit Matter	**How the matter was addressed during the audit**
Expected Credit Loss ('ECL') on Financial Assets	**Our procedures in this area includes the following:**
IFRS 9 was implemented by the entity on January 1, 2018. The adopted standard is new and complex and requires the entity to recognize expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires management to make significant judgment and estimates. The key areas requiring greater management judgment include the identification of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposure at default and the implication of forward-looking information. Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL computations, which increase the risk of material misstatement. We therefore determined that impairment on loans receivable and investment securities has a high degree of estimated uncertainty. In addition, disclosure regarding the entity's application of IFRS 9 are key to understanding the change from IAS 39 as well as explaining the key judgments and material inputs to the IFRS 9 ECL results.	▪ Obtaining an understanding of the models used by the entity for the calculation of expected credit losses including governance over the determination of key judgments. ▪ Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into IFRS 9 impairment models for investments. ▪ Testing the completeness and accuracy of the data used in the models of the underlying accounting records based on a sample basis. ▪ Evaluation of the appropriateness of the entity's impairment methodology including (SICR) criteria presented. ▪ Assessment of the assumptions for probability of default, loss given default and exposure at default. ▪ Assessment of the adequacy of the disclosure of the key assumption and judgments as well as the details of transition adjustment for compliance with IFRS 9.

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)

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 identified above when it becomes available 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 in this other information, we are required to report that matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for maintenance of adequate accounting records in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and 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.

Auditor's 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.

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)

Auditor's 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:

- 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of the Credit Union of which we are the independent auditors.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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)

Auditor's Responsibilities for the Audit of the Statements (Cont'd)
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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, given the information required by the Co-operatives Societies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Simone Powell.

Crowe Horwath Jamaica

47-49 Trinidad Terrace
Kingston 5
Jamaica

September 24, 2020

STATEMENT OF FINANCIAL POSITION
As at 31st December 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2019 $	2018 $
ASSETS:			
EARNING ASSETS:			
Liquid Assets	4	1,586,607,609	1,580,624,363
Loans to Members after Provision	5	3,443,976,033	3,307,188,570
Financial Investments	7	746,485,077	278,938,379
Total Earning Assets		5,777,068,719	5,166,751,312
NON-EARNING ASSETS:			
Liquid Assets	8	91,128,149	66,210,740
Other Assets	9	43,143,027	45,224,390
Property, Plant and Equipment	10	77,669,127	88,518,150
Retirement Benefit Asset	11	68,264,000	43,746,000
Total Non-Earning Assets		280,204,303	243,699,280
TOTAL ASSETS		6,057,273,022	5,410,450,592
LIABILITIES:			
INTEREST BEARING LIABILITIES:			
Members' Voluntary Share Capital	12	2,346,093,083	2,125,376,493
Savings Deposits	13	2,169,060,629	1,932,120,968
Total Interest Bearing Liabilities		4,515,153,712	4,057,497,461
NON-INTEREST BEARING LIABILITIES:			
Accruals	14	18,732,312	17,296,787
Payables	15	35,197,957	28,526,869
Others	16	13,656,322	16,636,991
Total Non-Interest Bearing Liabilities		67,586,591	62,460,647
TOTAL LIABILITIES		4,582,740,303	4,119,958,108
EQUITY:			
Members' Permanent Share Capital	17	141,458,975	128,830,494
Non-Institutional Capital	18	434,998,249	354,717,698
Institutional Capital	19	898,075,495	806,944,292
Total Capital		1,474,532,719	1,290,492,484
TOTAL LIABILITIES AND EQUITY		6,057,273,022	5,410,450,592

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

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON SEPTEMBER 24, 2020 AND SIGNED ON ITS BEHALF BY:

MR ALEXANDER BOURNE
PRESIDENT

NICHOLAS SPENCE
TREASURER

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2019 $	2018 $
INTEREST INCOME:			
Liquid Assets		45,533,553	53,589,572
Loans to Members		457,034,292	445,042,169
Financial Investments		27,724,343	15,759,349
		530,292,188	514,391,090
INTEREST EXPENSE:			
Interest Expense on Members' Voluntary Shares		42,559,156	38,427,137
Savings Deposits		20,968,142	26,719,542
Other Financial Costs	20	17,065,411	16,921,585
		80,592,709	82,068,264
NET INTEREST INCOME		449,699,479	432,322,826
Less Provision for Loan Impairment	6	60,375,566	11,802,494
Less Reimbursement to Members for ATM Fraud		771,380	514,708
NET INTEREST INCOME AFTER PROVISION		388,552,533	420,005,624
NON - INTEREST INCOME			
Other Income	21	70,981,891	78,643,939
		70,981,891	78,643,939
GROSS INCOME		459,534,424	498,649,563
Less Operating Expenses	22	403,878,416	386,229,412
NET INCOME BEFORE HONORARIA		55,656,008	112,420,151
Honoraria Payment		(2,000,000)	(2,000,000)
NET INCOME AFTER HONORARIA		53,656,008	110,420,151
OTHER COMPREHENSIVE INCOME			
Items that will or may be reclassified to profit or loss:			
Revaluation- Available for Sale Investments		103,418,414	3,256,914
Items that will not be reclassified to profit or loss:			
Pension Expense	11	24,518,000	(26,548,000)
Minimum Business Tax		-	(60,000)
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA		181,592,422	87,069,065

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2019

(Expressed in Jamaican Dollars unless otherwise indicated)

SUMMARY

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
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 brought forward	116,423,581	313,101,589	769,460,262	1,198,985,432
Total Surplus for the Year	-	110,420,151	-	82,583,592
Other Comprehensive Income				
Revaluation - Available for Sale Investments	-	3,256,914	-	45,039
Pension Income	-	(26,548,000)	-	(2,224,000)
Minimum Business Tax	-	(60,000)	-	(60,000)
	-	(23,351,086)	-	(2,238,961)
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 as previously reported	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 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

SUMMARY (CONT'D)

	Members' Permanent Share Capital	Non-Institutional Capital	Institutional Capital	Total
	$	$	$	$
Balance at 31st December 2018 as restated brought forward	128,830,494	354,717,698	806,944,292	1,290,492,484
Total Surplus for the Year	-	53,656,008	-	53,656,008
Other Comprehensive Income				
Revaluation - Available for Sale Investments	-	103,418,414	-	103,418,414
Pension Expense	-	24,518,000	-	24,518,000
Minimum Business Tax	-	-	-	-
	-	127,936,414	-	127,936,414
Total Comprehensive Income for the Year after Honoraria	-	181,592,422	-	181,592,422
Transactions with Owners				
Permanent Share Capital Subscribed	12,628,481	-	-	12,628,481
Appropriations of Net Surplus for 2018				
Dividends on Permanent Shares	-	(6,571,331)	-	(6,571,331)
Institutional Capital	-	(80,000,001)	80,000,001	-
Capital Development Reserves	-	(15,000,000)	-	(15,000,000)
Social Outreach Programme	-	(2,000,000)	-	(2,000,000)
Sydney Carter Scholarship	-	(1,500,000)	-	(1,500,000)
Disaster Relief Fund	-	(1,000,000)	-	(1,000,000)
Loan Loss Reserve	-	(50,000,000)	-	(50,000,000)
Transfer to Capital Development Programme	-	15,000,000	-	15,000,000
Transfer to Social Outreach Programme	-	2,000,000	-	2,000,000
Transfer to Sydney Carter Scholarship	-	1,500,000	-	1,500,000
Transfer to Disaster Relief Fund	-	1,000,000	-	1,000,000
Transfer to Loan Loss Reserve	-	50,000,000	-	50,000,000
Redemption of Permanent Shares	-	(4,937)	-	(4,937)
Payments made from Other Non-Qualifying Reserves	-	(3,604,400)	-	(3,604,400)
Transfer to Statutory Reserve	-	(11,131,202)	11,131,202	-
	12,628,481	(101,311,871)	91,131,203	2,447,813
Balance at 31st December 2019	141,458,975	434,998,249	898,075,495	1,474,532,719

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

NON-INSTITUTIONAL CAPITAL

	(i) Capital Reserves $	Other Reserves $	Loan Loss 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 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 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 Income	-	-	-	-	(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 from 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)
Retained Undistributed Earnings	-	-	-	-	-	-	-	-	-
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 as restated carried forward	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 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

NON-INSTITUTIONAL CAPITAL (CONT'D)

	(i) Capital Reserves	Other Reserves	Loan Loss Reserves	(ii) Capital Development Reserves	Retirement Benefit Reserves	Other Non - Qualifying Reserves	Permanent Share Transfer Fund	Undistributed Net Income	Total
	$	$	$	$	$	$	$	$	$
Balance at 31st December 2018 as restated brought forward	8,725,445	19,678,277	-	85,000,000	43,746,000	19,871,860	5,032,376	172,663,740	354,717,698
Total Surplus for the Year	-	-	-	-	-	-	-	53,656,008	53,656,008
Other Comprehensive Income									
Revaluation - Available for Sale Investments	-	103,418,414	-	-	-	-	-	-	103,418,414
Pension Expense	-	-	-	-	24,518,000	-	-	-	24,518,000
Minimum Business Tax	-	-	-	-	-	-	-	-	-
	-	103,418,414	-	-	24,518,000	-	-	-	127,936,414
Total Comprehensive Income for the Year after Honoraria	-	103,418,414	-	-	24,518,000	-	-	53,656,008	181,592,422
Transactions with Owners									
Appropriations of Net Surplus for 2018									
Dividends on Permanent Shares	-	-	-	-	-	-	-	(6,571,331)	(6,571,331)
Transfer to Institutional Capital	-	-	-	-	-	-	-	(80,000,001)	(80,000,001)
Capital Development Reserves	-	-	-	15,000,000	-	-	-	(15,000,000)	-
Social Outreach Programme	-	-	-	-	-	2,000,000	-	(2,000,000)	-
Sydney Carter Scholarship	-	-	-	-	-	1,500,000	-	(1,500,000)	-
Disaster Relief Fund	-	-	-	-	-	1,000,000	-	(1,000,000)	-
Loan Loss Reserve	-	-	50,000,000	-	-	-	-	(50,000,000)	-
Transfer of 20% of Net Income for the Year before Honoraria	-	-	-	-	-	-	-	(11,131,202)	(11,131,202)
Transfer to Permanent Share Transfer Fund	-	-	-	-	-	-	(4,937)	-	(4,937)
Payments made from Non-Qualifying Reserve	-	-	-	-	-	(3,604,400)	-	-	(3,604,400)
Transactions with Owners	-	-	50,000,000	15,000,000	-	895,600	(4,937)	(167,202,534)	(101,311,871)
Balance at 31st December 2019	8,725,445	123,096,691	50,000,000	100,000,000	68,264,000	20,767,460	5,027,439	59,117,214	434,998,249

(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 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

Institutional Capital

	Statutory and Legal Reserves	Revenue Reserves	Total
	$	$	$
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
Transfer of 20 % of Net Income for the Year before Honoraria	11,131,202	-	11,131,202
Transfer from Undistributed Net Income to Institutional Capital	-	80,000,001	80,000,001
Balance at 31st December 2019	321,128,239	576,947,256	898,075,495

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

STATEMENT OF CASH FLOWS
For the year ended 31st December 2019
(Expressed in Jamaican Dollars unless otherwise indicated)

	2019 $	2018 $
Cash flows from Operating Activities		
TOTAL COMPREHENSIVE INCOME AFTER HONORARIA	181,592,422	87,069,065
Non- cash items included in income		
Depreciation - Property, Plant and Equipment	14,619,637	15,887,427
(Gain)/Loss on Disposal of Property, Plant and Equipment	-	(500)
Pension Income	(24,518,000)	26,548,000
Adjustment to Undistributed Net Earnings	-	123,732
Gain on Revaluation of Investments	(103,418,414)	(3,256,914)
Provision for Loan Impairment	60,375,566	11,802,494
	128,651,211	138,173,304
(Increase) in Operating Assets		
Other Assets	2,081,363	15,826,087
(Decrease)/Increase in Operating Liabilities		
Accruals	1,435,525	(1,449,332)
Payables	6,671,089	(2,790,053)
Others	(2,980,669)	64,103
Net Cash Provided by Operating Activities	**135,858,519**	**149,824,109**
Cash Flows from Investing Activities:		
Addition to Property, Plant & Equipment	(3,770,615)	(18,928,811)
Proceeds in Disposal of Property,Plant & Equipment	-	500
Financial Investments	(364,128,284)	79,098,288
Loans to Members	(2,218,702,005)	(1,582,674,488)
Repayment of Loans by Members	2,021,538,976	1,096,253,869
Net Cash Used in Investing Activities	**(565,061,928)**	**(426,250,642)**
Cash Flows from Financing Activities:		
Voluntary Share Capital	220,716,590	222,749,975
Permanent Share Capital	12,628,481	12,406,913
Savings Deposits	236,939,661	136,820,247
Social Outreach	(1,999,062)	(515,783)
Permanent Share Transfer Fund	(4,937)	(13,725)
Dividend on Permanent Shares	(6,571,331)	(6,607,423)
Share Building Reserves	32,592	44,273
Disaster Relief Fund	(137,930)	-
Sydney Carter Scholarship Fund	(1,500,000)	(1,000,000)
Net Cash Provided by Financing Activities	**460,104,064**	**363,884,477**
Increase in Liquid Assets	30,900,655	87,457,944
Liquid Assets at Beginning of Year	1,646,835,103	1,559,377,159
Liquid Assets at End of Year	**1,677,735,758**	**1,646,835,103**
Liquid Assets - Earning	1,586,607,609	1,580,624,363
Liquid Assets - Non - Earning	91,128,149	66,210,740
	1,677,735,758	**1,646,835,103**

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

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 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.

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):

- **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.

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.

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:

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.

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.

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.

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.

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.

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.

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.

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

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

		$
Undistributed Net Income:		
Balance as at December 31, 2017		172,663,740
Impairment provison as at December 31, 2017 under IAS 39:		
On Loans to Members	73,519,658	
On Financial Investments	4,000,000	
	77,519,658	
Expected Credit Loss as at January 1, 2018 under IFRS 9		
On Loans to Members	(73,519,658)	
On Financial Investments	(4,000,000)	
	(77,519,658)	
Recognition of expected credit loss under IFRS 9		-
Opening balance under IFRS 9 (Jan. 1. 2018)		172,663,740

(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.

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% (2018 - 0.20%) of total assets. Stabilisation dues are fixed at a rate of 0.15% (2018 - 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 17.2% (2018 - 17.3%) which is in compliance with the requirements.

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

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.

4. Earning Assets - Liquid Assets:

	2019 $	2018 $
Savings Account Balances	154,123	154,133
Foreign Currency Savings Accounts	33,822,548	49,419,484
Placement with JCCUL	427,574,158	562,026,103
Held to Maturity		
Placement with Other Financial Institutions	1,125,056,780	969,024,643
	1,586,607,609	1,580,624,363

5. Loans To Members:

	2019 $	2018 $
Balance at Beginning of Year	3,380,708,228	2,920,072,600
Loans Granted	2,172,656,653	1,556,889,497
	5,553,364,881	4,476,962,097
Less Repayments and Transfers	2,021,538,976	1,096,253,869
	3,531,825,905	3,380,708,228
Less: Allowance for Expected Credit Loss (IFRS 9)	(87,849,872)	(73,519,658)
Balance at End of Year	3,443,976,033	3,307,188,570

6. Allowance for Expected Credit Loss:

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

	2019 $	2018 $
Total Non-Performing Loans	485	325
Balance, 1st January	73,519,658	87,489,332
Remeasurement arising on January 1, 2018	-	12,823
Allowance/Provision for the Year	60,375,566	11,802,494
	133,895,224	99,304,649
Recoveries during the Year	5,118,169	5,393,015
Charged off during the year	(51,163,521)	(31,178,006)
Balance, 31st December	87,849,872	73,519,658
Regulatory loan loss provision	106,824,521	88,083,789
Less: Allowance for Expected Credit Loss (IFRS 9)	(87,849,872)	(73,519,658)
Excess of Regulatory Loan Impairment over IFRS Provision	18,974,649	14,564,131

Although the provision determined in accordance with the JCCUL rules exceeds the IFRS requirements, an adjustment to the Expected Credit Loss was not necessary as appropriations to the Loan Loss Reserve 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 %	2019 PROVISION FOR LOAN LOSSES $	2018 PROVISION FOR LOAN LOSSES $
1 Month	-	-	-	-
2 - 3 Months	13,337,504	10	1,333,749	5,791,956
3 - 6 Months	50,522,477	30	15,156,743	16,056,056
6 - 12 Months	43,337,207	60	26,002,324	24,644,834
Over 12 Months	64,331,704	100	64,331,704	41,590,943
	171,528,892		106,824,521	88,083,789

6. Allowance for Expected Credit Loss (cont'd):

(c) Delinquent Loans:

MONTHS IN ARREARS	NO. OF LOANS IN ARREARS	DELINQUENT LOANS	PORTION SAVINGS HELD AGAINST LOANS	COVERED BY / (IN EXCESS OF) SAVINGS
	#	$	$	$
1 month	103	57,439,735	16,999,762	40,439,973
2 to 3 months	34	13,337,504	4,678,355	8,659,149
3 to 6 months	112	50,522,477	15,956,411	34,566,066
6 to 12 months	127	43,337,207	15,600,158	27,737,049
Over 12 months	109	64,331,704	17,549,347	46,782,357
	485	228,968,627	70,784,033	158,184,594

(d) The Directors estimate the value of the chattels held as security against the outstanding loans to be $70,784,033. (2018 - $78,627,726). At 31st December 2019 there were 485 delinquent loans (2018 - 472).

7. Earning Assets - Financial Investments:

	2019	2018
	$	$
Available for Sale		
Placement with JCCUL	12,221,351	12,079,076
Placement with Other Financial Institutions	549,951,820	220,000,000
	562,173,171	232,079,076
Un-quoted Equity Securities	136,421,531	48,873,080
Quoted Equity Shares	51,890,375	1,986,223
Expected Credit Losses/Provision for losses on unquoted shares	(4,000,000)	(4,000,000)
	184,311,906	46,859,303
	746,485,077	278,938,379

8. Non Earning - Liquid Assets:

	2019	2018
	$	$
Cash and Bank	91,128,149	66,210,740

9. Non Earning - Other Assets:

	2019	2018
	$	$
Accrued Income	37,328,681	40,334,972
Receivables	5,814,346	4,889,418
	43,143,027	45,224,390

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 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
Additions	-	531,325	1,320,212		-	1,919,078	3,770,615
Transer			736,997	(736,997)			-
Disposals/Write Off	-	-	(52,763)	-	-	(1,799,639)	(1,852,402)
31st December 2019	11,109,483	45,255,022	71,894,895	2,941,294	8,103,151	58,305,131	197,608,976
Depreciation:							
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
Charge for year	-	1,101,914	5,869,614	-	-	7,648,109	14,619,637
Released on Disposal	-	-	(52,762)	-	-	(1,799,639)	(1,852,401)
31st December 2019	-	16,475,059	49,158,837	-	8,103,151	46,202,802	119,939,849
Net Book Values:							
31st December 2019	11,109,483	28,779,963	22,736,058	2,941,294	-	12,102,329	77,669,127
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

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

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 2019.

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

	2019 $	2018 $
Present Value of funded obligations	277,400,000	265,340,000
Fair Value of Plan Assets	(345,664,000)	(309,086,000)
	(68,264,000)	(43,746,000)
Effect of Asset Ceiling	-	-
Asset in the Statement of Financial Position	(68,264,000)	(43,746,000)

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

	2019 $	2018 $
Current service cost	8,642,000	6,388,000
Interest cost on Obligation	18,571,000	17,036,000
Interest Income on Plan assets	(21,902,000)	(22,956,000)
Administrative Expenses	2,122,000	1,945,000
Pension Expense	7,433,000	2,413,000

The actual return on plan assets was $36,579,000 (2018 - $26,972,000)

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

	2019 $	2018 $
Net Asset at beginning of year	(43,746,000)	(70,294,000)
Pension Expense	7,433,000	2,413,000
Remeasurement	(24,249,000)	31,550,000
Contributions Paid	(7,702,000)	(7,415,000)
Closing Net Asset at End of Year	(68,264,000)	(43,746,000)

11. Retirement Benefit Asset (cont'd):

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

	2019	2018
Discount Rate	7.50%	7.00%
Expected rate of return on plan assets	N/A	N/A
Future salary increases	5.00%	5.00%

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:

	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000
Fair Value of plan assets	234,287	253,824	282,114	309,086	345,664
Defined benefit obligation	167,488	179,960	211,820	265,340	277,400
Surplus	66,799	73,864	70,294	43,746	68,264
Experience adjustments-					
Fair value of plan assets	15,095	(3,700)	5,077	3,719	9,188
Defined benefit obligation	3,873	(12,416)	3,981	427	(1,999)

12. Members' Voluntary Share Capital:

	2019	2018
	$	$
Balance at Beginning of Year	2,125,376,493	1,902,626,518
Add Amount Subscribed	1,774,694,324	1,781,425,077
	3,900,070,817	3,684,051,595
Less Withdrawals & Transfers	1,553,977,734	1,558,675,102
Balance at End of Year	2,346,093,083	2,125,376,493

13. Savings Deposits:

		2019	2018
		$	$
i.	Term Deposits	520,548,180	525,009,897
ii.	Members' Regular Deposits	910,176,220	749,141,211
iii.	Golden Harvest Deposits	57,171,794	62,843,527
iv.	Insurance Savings Club	9,190,641	8,093,559
v.	Youth Savings	89,318,424	84,301,412
vi.	Partner Plan Plus Deposits	91,641,463	72,159,533
vii.	Solid Saver Deposits	237,989,803	191,345,379
viii.	Horizon 55	323,705	315,872
ix.	Wealth Accelerator Savings	249,474,297	237,207,041
x.	Standing Order Holding	3,226,102	1,703,537
		2,169,060,629	1,932,120,968

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.

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:

	2019	2018
	$	$
Accrued Interest on Deposits	3,636,369	6,641,853
Other Accruals	15,095,943	10,654,934
	18,732,312	17,296,787

15. Payables:

	2019	2018
	$	$
Collector of Taxes	7,123,569	5,731,088
Salary Deductions Payable	24,387,659	18,294,670
Other Payables	3,686,729	4,501,111
	35,197,957	28,526,869

16. Non - Interest Bearing Liabilities - Others:

	2019	2018
	$	$
Estate Accounts	13,656,322	16,636,991
	13,656,322	16,636,991

This amount represents unsettled claims in respect of deceased members.

17. Members' Permanent Share Capital:

	2019	2018
	$	$
Balance at Beginning of Year	128,830,494	116,423,581
Add Permanent Share Capital Subscribed	12,628,481	12,406,913
Balance at End of Year	141,458,975	128,830,494

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:

	2019	2018
	$	$
Capital Reserves (Unrealised) (Note 24)	8,725,445	8,725,445
Other Reserves	123,096,691	19,678,277
Loan Loss Reserves	50,000,000	-
Capital Development Reserves	100,000,000	85,000,000
Retirement Benefit Reserves (Note 11)	68,264,000	43,746,000
Other Non-qualifying Reserves (Note 26)	20,767,460	19,871,860
Permanent Share Transfer Fund	5,027,439	5,032,376
Undistributed Net Income	59,117,214	172,663,740
	434,998,249	354,717,698

19. Institutional Capital:

	2019	2018
	$	$
Retained Earnings Reserves at Beginning of Year	496,947,255	481,947,255
Appropriation of Net Surplus	80,000,001	15,000,000
Retained Earnings Reserves at End of Year	576,947,256	496,947,255
Statutory & Legal Reserves (Note 25)	321,128,239	309,997,037
	898,075,495	806,944,292

20. Other Financial Costs:

	2019	2018
	$	$
Life Savings Insurance	6,047,754	5,543,294
Loan Protection Insurance	8,574,441	7,529,430
Bank Charges and Interest	2,443,216	2,509,125
Fair Value Loss	-	1,339,736
	17,065,411	16,921,585

21. Other Income:

	2019	2018
	$	$
Commitment Fees - Service Charge on Loans	33,736,748	43,180,599
Mortgage Charges (Net)	500	(49,500)
Miscellaneous	4,534,510	10,022,052
Gain on Foreign Exchange	7,932,322	1,749,700
FIP Administration Fee	3,594,045	3,594,824
ABM Fees	1,421,885	1,118,097
Standing Order Fees	861,131	855,067
Account User Fee	18,900,750	18,173,100
	70,981,891	78,643,939

22. Operating Expenses:

	2019	2018
	$	$
Personnel Expenses:		
Employee Salaries & Allowances	229,562,214	223,732,447
Employee Benefits	22,419,580	13,610,839
Education & Training	3,136,845	3,242,064
Staff Travel & Related Expenses	4,533,874	6,134,073
Others	4,858,336	587,396
	264,510,849	247,306,819

	2019	2018
	$	$
Administrative Expenses:		
Rental	923,500	920,000
Utilities	7,124,447	6,624,834
Depreciation and Impairment	14,619,634	15,887,424
Audit and Supervision - Current Year	3,180,000	3,180,000
Repairs & Maintenance (Office)	16,355,168	11,807,078
Telecommunications	5,014,635	4,483,438
Printing, Stationery & Supplies	7,361,591	6,074,961
Insurance Premiums	3,549,779	4,814,072
Professional & Consulting Fees	403,444	3,270,057
Subscriptions & Other Administrative Expenses	28,295,679	32,759,583
Loss on Write-off of Property, Plant and Equipment	-	-
	86,827,877	89,821,447

22. Operating Expenses - (cont'd):

	2019	2018
	$	$
Marketing & Promotion:		
Publicity & Promotion	18,446,878	18,530,461
Public Relations	515,835	336,154
	18,962,713	18,866,615

	2019	2018
	$	$
Representation & Affiliation:		
League and Other Dues	16,802,204	15,315,884
Seminars & Meetings	5,853,790	4,315,390
Board of Directors & Committees	4,990,155	6,484,347
Annual General Meetings	5,861,428	3,860,962
Meeting/ Special Functions	69,400	257,948
	33,576,977	30,234,531
TOTAL OPERATING EXPENSES	403,878,416	386,229,412

23. Appropriations:

	2019	2018
	$	$
Dividend on Permanent Shares	6,571,331	6,607,423
Social Outreach Programme	2,000,000	1,000,000
Sydney Carter Scholarship	1,500,000	1,000,000
Disaster Relief Fund	1,000,000	100,000
Capital Development Reserves	15,000,000	5,000,000
Loan Loss Reserve	50,000,000	-
Unsecured Loan Reserve	-	35,000,000
Institutional Capital	80,000,001	15,000,000
	156,071,332	63,707,423

24. Capital Reserves:

	2019	2018
	$	$
Balance at Beginning of Year	8,725,445	8,725,445
Balance at End of Year	8,725,445	8,725,445

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

25. Statutory and Legal Reserves:

	2019 $	2018 $
Balance at Beginning of Year	309,997,037	287,513,007
20% (2018- 20%) Transfer from Net Income	11,131,202	22,484,030
Balance at End of Year	321,128,239	309,997,037

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:

	2019 $	2018 $
Special Reserve	57,587	57,587
Sydney Carter Scholarship Fund	4,191	4,191
Social Outreach Programme	1,500,589	1,499,651
Disaster Relief Fund	2,859,684	1,997,614
Share Building Fund	2,635,295	2,602,703
Stabilization Fund Reserves	1,210,114	1,210,114
Business Development Fund	12,500,000	12,500,000
	20,767,460	19,871,860

27. Staff Costs:

Staff costs for the year amounted to $264,510,849 (2018: $247,306,819).

28. Comparison of Ledger Balances:

	Permanent Shares	Voluntary Shares	Deposits	Loans
	$	$	$	$
General Ledger	141,458,975	2,346,093,083	2,169,060,629	3,531,825,905
Personal Ledger Listing	141,458,975	2,346,093,083	2,169,067,551	3,531,826,087
Differences as at 31st December 2019	-	-	(6,922)	(182)
Differences as at 31st December 2018	(1)	(1)	-	(204)

29. Related Party Transactions:

At 31st December 2019, the eleven (11) members of the Credit Union's Board of Directors had savings totalling $11,995,105. Of these Directors, ten (10) had loans totalling $10,769,065. Twenty Eight (28) Committee Members had savings totalling $24,190,575. Of these Twenty Eight (28) Committee Members, seventeen (17) had loans totalling $40,880,806.

Of the sixty seven (67) Credit Union Staff, all had savings of $49,187,807 and fifty-seven (57) had loans including interest totalling $261,413,525. 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 2019, 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.

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:

	2019 $	2018 $
Loans to members (net)	3,443,976,033	3,307,188,570
Liquid assets - earning	1,586,607,609	1,580,624,363
Financial investments	746,485,077	278,938,379
Liquid assets - non-earning	91,128,149	66,210,740
Non earning assets - other	43,143,027	45,224,390
	5,911,339,895	5,278,186,442

(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.

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, 2019, an estimate of the fair values of collateral held against loans to members are as follows:

	2019	2018
Type of Collateral	$	$
Motor Vehicles	537,422,436	465,488,202
Real Estate	1,061,783,548	1,105,157,359
	1,599,205,984	1,570,645,561

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.

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 under IFRS 9

Loans:

As per Expected Credit Loss (ECL) Report	Gross Carrying Amount		Expected Credit Loss	
	2019	2018	2019	2018
	$	$		
Stage 1 (12- month ECL)	3,302,296,502	3,187,130,021	33,022,964	52,029,928
Stage 2 (Lifetime ECL)	69,969,465	18,543,186	6,275,668	1,849,643
Stage 3 (Lifetime ECL)	159,559,938	175,035,223	48,551,240	19,640,087
Total	**3,531,825,905**	**3,380,708,430**	**87,849,872**	**73,519,658**
As per General ledger	**3,531,825,905**	**3,380,708,228**	**87,849,872**	**73,519,658**
Difference	-	-	-	-

The gross carrying amount of financial assets above represents the maximum exposure to credit risk on these assets.

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

a) Credit Risk- (Cont'd)

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

For items not on the statement of financial position, see below representing a worst case scenario of credit risk exposure to the Credit Union at 31st December 2019, without accounting for any collateral held or other credit enhancements.

(i) Changes in Credit quality since initial recognition:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount on Loans as at January 1, 2019	3,187,130,021	18,543,186	175,035,223	**3,380,708,430**
Financial Assets derecognized during the period other than write offs	(1,327,400,570)	(14,542,889)	(40,099,935)	**(1,382,043,394)**
Transfers between Stages				**-**
Transfer from Stage 1 to 2	(62,332,747)	62,332,747	-	**-**
Transfer from Stage 1 to 3	(81,487,525)	-	81,487,525	**-**
Transfer from Stage 2 to 1	791,169	(791,169)	-	**-**
Transfer from Stage 2 to 3	-	(13,875,554)	13,875,554	**-**
Transfer from Stage 3 to 1	24,793,610	-	(24,793,610)	**-**
Transfer from Stage 3 to 2	-	3,459,510	(3,459,510)	**-**
New Financial Assets originated	1,560,802,544	14,843,634	8,678,212	**1,584,324,390**
Loan Write offs	-	-	(51,163,521)	**(51,163,521)**
Gross Carrying Amount on Loans as at December 31, 2019	3,302,296,502	69,969,465	159,559,938	3,531,825,905

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Expected Credit Loss as at January 1, 2019	52,029,928	1,849,643	19,640,087	**73,519,658**
Transfers between Stages				
Transfer from Stage 1 to 2	(1,072,510)	1,072,510	-	**-**
Transfer from Stage 1 to 3	(2,244,190)	2,244,190	-	**-**
Transfer from Stage 2 to 1	112,871	(112,871)	-	**-**
Transfer from Stage 2 to 3	-	(1,272,542)	1,272,542	**-**
Transfer from Stage 3 to 1	4,048,299	-	(4,048,299)	**-**
Transfer from Stage 3 to 2	-	81,979	(81,979)	**-**
ECL on New Financial Asset originated	18,004,433	2,017,793	245,009	**20,267,235**
Net movement due to Asset derecognition and changes PD/LGDs/EADs factors	(37,855,867)	394,966	31,523,880	**(5,937,021)**
Expected Credit Loss as at December 31,2019	**33,022,964**	**6,275,668**	**48,551,240**	**87,849,872**

a) Credit Risk- (Cont'd)

Write-off policy

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

ii) Deposits and investment securities

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

iii) Non-Earning Asset

Liquid Assets

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

Others

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

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

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

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 37% (2018: 41%) 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.

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	825,072,983.00	333,960,469.00			427,574,157	1,586,607,609
Loans	20,213,550.00	61,832,657.00	2,081,526,058	1,245,910,283	34,493,485	3,443,976,033
Financial Investments	-	-	80,000,000	270,000,000	396,485,077	746,485,077
NON-EARNING ASSETS:						
Liquid Assets	-	-	-	-	91,128,149	91,128,149
Other Assets	-	43,143,027	-	-	-	43,143,027
Property, Plant & Equipment	-	-	-	-	77,669,127	77,669,127
Retirement Benefit Asset	-	-	-	-	68,264,000	68,264,000
Total Assets	845,286,533	438,936,153	2,161,526,058	1,515,910,283	1,095,613,995	6,057,273,022

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 Capital	2,346,093,083	-	-	-	-	2,346,093,083
Savings Deposits	465,717,486	740,839,353	899,739,221	62,764,569	-	2,169,060,629
NON-INTEREST BEARING LIABILITIES & CAPITAL:						
Accruals	18,732,312	-	-	-	-	18,732,312
Payables	35,197,957	-	-	-	-	35,197,957
Others	13,656,322	-	-	-	-	13,656,322
Capital and Reserves	-	-	-	-	1,474,532,719	1,474,532,719
Total Liabilities & Capital	2,879,397,160	740,839,353	899,739,221	62,764,569	1,474,532,719	6,057,273,022
Net Liquidity Gap	(2,034,110,627)	(301,903,200)	1,261,786,837	1,453,145,714	(378,918,724)	-
Cumulative Liquidity Gap	(2,034,110,627)	(2,336,013,827)	(1,074,226,990)	378,918,724	-	-
	<----------2018---------->					
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	-	-

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:

	2019	2018
Liquid Assets - Earning		
United States dollar	$ 121,321	$ 240,538
Canadian dollar	$ 113,496	$ 133,236
Pound Sterling	£ 38,664	£ 36,172
Financial Investments		
United States dollar	$ 636,000	$ 328,882

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 2020	135.39	95.33	169.17
31st December 2019	132.57	100.15	171.62
31st December 2018	127.72	95.86	163.85

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 2018 to December 2019. Over the twelve months ended 31st December 2019, the exchange rate movement for the United Sates dollar, Canadian dollar and the Pound Sterling has shown an increase of 3.8%, 4.5% and 4.7% 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			
	2019	2018	2019	2018
	%	%	J$	J$
Liquid Assets - earning				
United States dollar	4	2	643,341	614,413
Canadian dollar	5	-2	568,331	(255,441)
Pound Sterling	5	-2	331,776	(118,536)
Financial Investments				
United States dollar	4	2	3,372,581	840,071

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2018.

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:

	2019		2018	
	Interest Rate		Interest Rate	
	%	$	%	$
Financial Assets				
Liquid Assets				
Local Savings Accounts	0.10	154,123	0.10	154,133
Foreign Savings Accounts	0.01 - 0.05	33,822,548	0.05 - 0.15	49,419,484
Foreign Currency Investments	1.85 - 5.5	84,223,504	1.85 - 5.5	42,202,674
Amortised Cost Investments	2.35 - 6.70	1,040,833,276	2.9 - 6.70	926,821,969
Loans to Members	5.99 - 27.2	3,443,976,033	9.9 - 27.2	3,307,188,570
Financial Investments	4.5 - 7.25	562,173,171	6.45 - 7.25	232,079,076
		5,165,182,655		4,557,865,906
Financial Liabilities				
Members' Voluntary Share Capital	1.80	2,346,093,083	1.80	2,125,376,493
Savings Deposits	0.1 - 3.25	2,169,060,629	0.1 - 4.25	1,932,120,968
		4,515,153,712		4,057,497,461
		650,028,943		500,368,445

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 2019 to November 2019, interest rates have moved downwards, with the BOJ 3-6 months deposit rates moving by approximately 70 basis points from 3.28 to 2.58. 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:

	2019		2018	
	Interest Rate		Interest Rate	
	%	$	%	$
Financial Assets				
Liquid Assets				
Foreign Savings Accounts	-0.07	(23,676)	0.025	12,355
Foreign Currency Investments	0.00	-	1.475	622,489
Amortised Cost	-0.3	(2,862,292)	-0.9	(7,877,987)
Loans to Members	-1.955	(67,329,731)	2.05	67,797,366
Financial Investments	-1	(5,621,732)	0.125	290,099
		(75,837,430)		60,844,322
Financial Liabilities				
Members' Voluntary Share Capital	0	-	0.3	6,376,129
Savings Deposits	-0.5	(10,845,303)	-0.275	(5,313,333)
		(10,845,303)		1,062,797
		(64,992,127)		59,781,525

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	825,072,983.00	333,960,469.00	-	-	427,574,157	1,586,607,609
Loans to Members	20,213,550.00	61,832,657.00	2,081,526,058	1,245,910,283	34,493,485	3,443,976,033
Financial Investments	-	-	80,000,000	270,000,000	396,485,077	746,485,077
	845,286,533	395,793,126	2,161,526,058	1,515,910,283	858,552,719	5,777,068,719
Non-Earning Assets						
Liquid Assets	-	-	-	-	91,128,149	91,128,149
Other Assets	-	43,143,027	-	-	-	43,143,027
Property, Plant & Equipment	-	-	-	-	77,669,127	77,669,127
Retirement Benefit Asset	-	-	-	-	68,264,000	68,264,000
	-	43,143,027	-	-	237,061,276	280,204,303
	845,286,533	438,936,153	2,161,526,058	1,515,910,283	1,095,613,995	6,057,273,022

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	2,346,093,083	-	-	-	-	2,346,093,083
Savings Deposits	465,717,486	740,839,353	899,739,221	62,764,569	-	2,169,060,629
	2,811,810,569	740,839,353	899,739,221	62,764,569	-	4,515,153,712
Non Interest-Bearing Liabilities						
Accruals	-	-	-	-	18,732,312	18,732,312
Payables	-	-	-	-	35,197,957	35,197,957
Others	-	-	-	-	13,656,322	13,656,322
	-	-	-	-	67,586,591	67,586,591
Equity						
Members' Permanent Share Capital	-	-	-	-	141,458,975	141,458,975
Non-Institutional Capital	-	-	-	-	434,998,249	434,998,249
Institutional Capital	-	-	-	-	898,075,495	898,075,495
	-	-	-	-	1,474,532,719	1,474,532,719
	2,811,810,569	740,839,353	899,739,221	62,764,569	1,542,119,310	6,057,273,022
Net Interest Rate Gap	(1,966,524,036)	(301,903,200)	1,261,786,837	1,453,145,714	(446,505,315)	-
Cumulative Interest Rate Gap	(1,966,524,036)	(2,268,427,236)	(1,006,640,399)	446,505,315	-	-

	<----------2018---------->					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-rate Sensitive	Total
	$	$	$	$	$	$
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	-	-

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.

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 2019 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.

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Available-for-sale Investments -				
Unquoted Investments at Fair Value	-	-	136,421,531	136,421,531
Quoted Investments at Fair Value	101,343,341	-	-	101,343,341
	101,343,341	-	136,421,531	237,764,872

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

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.

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;

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
	2019	2019	2018	2018
	$	$	$	$
Assets				
Earning Assets				
Liquid Assets	1,586,607,609	1,586,607,609	1,580,624,363	1,580,624,363
Loans to Members (net)	3,443,976,033	3,443,976,033	3,307,188,570	3,307,188,570
Financial	746,485,077	746,485,077	278,938,379	278,938,379
Non Earning Assets				
Liquid Assets	91,128,149	91,128,149	66,210,740	66,210,740
Other Assets	43,143,027	43,143,027	45,224,390	45,224,390
Liabilities				
Interest Bearing Liabilities				
Members' Vol. Share Capital	2,346,093,083	2,346,093,083	2,125,376,493	2,125,376,493
Savings Deposits	2,169,060,629	2,169,060,629	1,932,120,968	1,932,120,968
Non-Interest Bearing Liabilities				
Accruals	18,732,312	18,732,312	17,296,787	17,296,787
Payables	35,197,957	35,197,957	28,526,869	28,526,869
Others	13,656,322	13,656,322	16,636,991	16,636,991

33. Subsequent Events

COVID-19 (Non-adjusting)

As at December 31, 2019, the World Health Organization (WHO) received its first report of a virus of unknown cause. There was no evidence of widespread human to human transmission as at December 31, 2019. There was also no evidence of adverse effects on economic activities and businesses as at that date.

Subsequent to December 31, 2019, the novel coronavirus, COVID-19 has affected economic activities and businesses globally.

The Credit Union's team of management have considered and assessed the potential impact of COVID 19 and have implemented the following mitigating actions.

1. Tighter management of the Credit Union's cash flows;
2. Deferral of significant capital expenditure, until the COVID-19 pandemic has passed;
3. Extension of moratorium & payment holidays to members;
4. Tighter management and supervision of the Credit Union's delinquency portfolio;
5. Consistent stress testing, through use of ratio analysis, trends and cash flow projections.

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, 2019.

UNDISTRIBUTED NET SURPLUS	**$59,117,214.00**
APPROPRIATIONS:	
INSTITUTIONAL CAPITAL	$40,000,000.00
SOCIAL OUTREACH	$ 1,000,000.00
DISASTER RELIEF	$ 1,000,000.00
DIVIDEND (3%)	$ 4,000,000.00
GENERAL LOAN LOSS RESERVES	$ 2,000,000.00
SYDNEY CARTER SCHOLARSHIP	$ 1,500,000.00
HONORARIUM	$ 2,000,000.00
TOTAL	**($51,500,000.00)**
BALANCE C/FWD TO NEXT YEAR	**7,617,214.00**

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 ended 2020, shall not exceed a ratio of twelve (12) times the Capital and Reserve Fund.

CREDIT COMMITTEE REPORT



Raymond Harper
Chairman

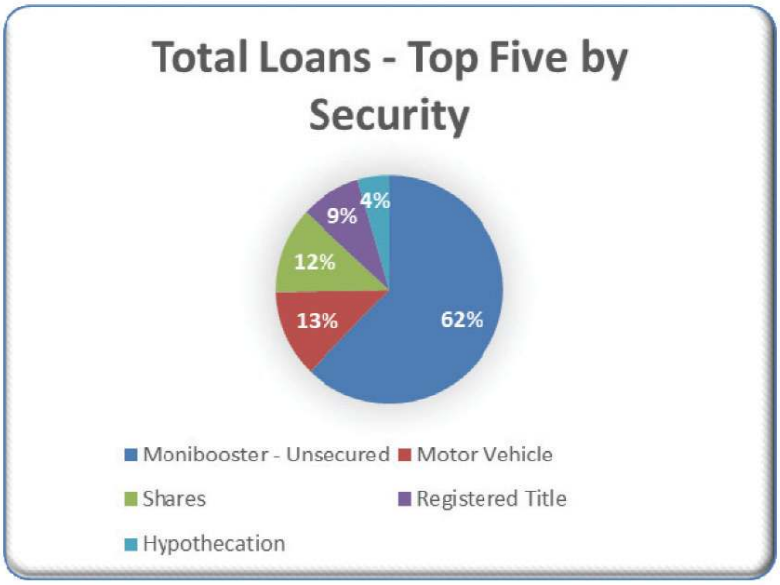
INTRODUCTION

Reduction in key macroeconomic indicators such as unemployment rates, public debt and domestic interest rates contributed to a relatively buoyant economy. Financial institutions in Jamaica continued to feel the effect of these indicators on interest rates for both loans and savings, which resulted in them being forced to decrease their rates on loans. This had an adverse impact on the Credit Union's loan portfolio as we saw an aggressive push from commercial banks to consolidate other financial institutions' loans.

To counteract the negative impact, MCCU (1977) Ltd employed several loans growth initiatives in an attempt to retain and attain new loans. We sought to meet our members' needs while seeking a competitive advantage. This resulted in a subdued loans growth of 4.47% in comparison to the 15.77% for 2018.

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 62% of the categories of loans in 2019, with loans secured by Motor Vehicles being the next highest at 13%.

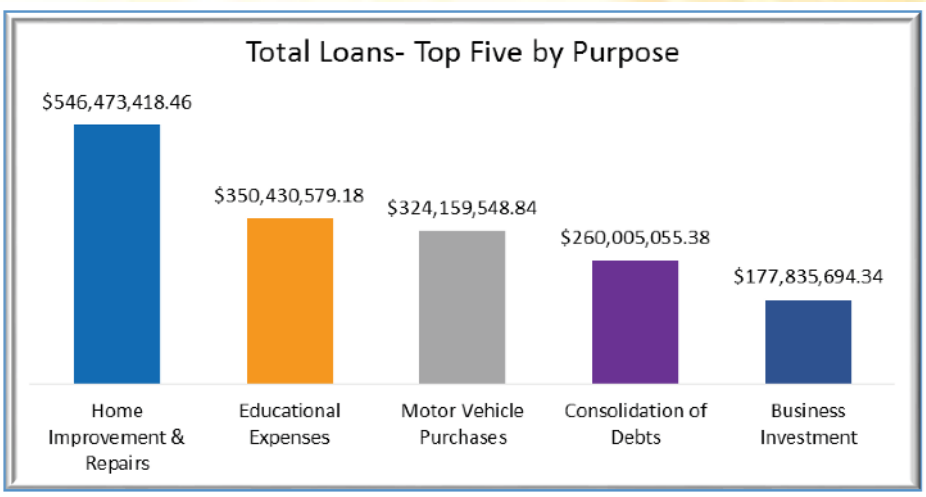


Comparison of Loans Disbursed by Security for 2018 and 2019

Types of Security	Number of Borrowers			Amount Disbursed		
	2018	2019	Variance	2018	2019	Variance
Hypothecation	249	218	**(31)**	$55,738,405.27	$94,737,590.47	**$38,999,185.20**
Registered Title	45	40	**(5)**	$212,731,229.82	$182,152,500.00	**($30,578,729.82)**
Comaker	15	8	**(7)**	$3,792,610.75	$2,078,200.00	**($1,714,410.75)**
Shares	1119	1226	**107**	$153,378,909.07	$256,043,894.04	**$102,664,984.97**
Insurance Policy - Cash Surrender Value	0	3	**3**	$0.00	$840,000.00	**$840,000.00**
Fixed Deposits	105	80	**(25)**	$23,887,592.90	$22,042,585.83	**($1,845,007.07)**
Bill of Sale - Motor Vehicle	110	133	**23**	$186,415,101.56	$264,025,145.00	**$77,610,043.44**
Golden Harvest	20	17	**(3)**	$2,225,890.96	$3,626,625.24	**$1,400,734.28**
Solid Saver	13	18	**5**	$2,112,460.97	$3,245,150.00	**$1,132,689.03**
Hypothecation - Other Financial Institution	12	3	**(9)**	$3,399,943.37	$5,009,800.00	**$1,609,856.63**
Line of Credit - Unsecured	5	0	**(5)**	$285,000.00	$0.00	**($285,000.00)**
Line of Credit - Secured	295	158	**(137)**	$14,368,842.46	$9,007,752.40	**($5,361,090.06)**
Monibooster – Unsecured	2834	2008	**(826)**	$826,224,211.27	$1,314,037,360.18	**$487,813,148.91**
Wealth Accelerator	20	12	**(8)**	$5,546,426.52	$2,372,400.00	**($3,174,026.52)**
Christmas Cash - Unsecured	3	66	**63**	$600,000.00	$15,143,000.00	**$14,543,000.00**
Totals	**4,845**	**3,990**	**(855)**	**$1,490,706,624.92**	**$2,174,362,003.16**	**$683,655,378.24**

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 2019 at $546.47 million and 74% of the dollar value disbursed for 2018. Educational Expense, Motor Vehicle Purchase, Debt Consolidation, 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. While there was a dollar value increase over 2018, it must be noted that there was a change in how the loans disbursed was reported in January of 2019 which now includes the members previous loan balance and the new loan amount. This resulted in the figures being inflated for 2019. The number of loans disbursed is a better indicator of the comparison between 2018 and 2019.



Comparison of Loans Disbursed (Purpose) for 2018 and 2019

Purpose	Number of Borrowers			Amount Disbursed		
	2018	2019	Variance	2018	2019	Variance
Consolidation of Debts	575	407	-168	$228,492,620.28	$260,005,055.38	$31,512,435.10
Purchases of Land & Building	50	45	-5	$116,926,815.00	$93,026,350.00	($23,900,465.00)
Home Improvement & Repairs	957	866	-91	$313,861,516.66	$546,473,418.46	$232,611,901.80
Agriculture	192	195	3	$26,446,164.65	$62,980,032.55	$36,533,867.90
Medical Expenses	112	99	-13	$18,914,429.01	$50,968,120.00	$32,053,690.99
Motor Vehicle Repairs	230	227	-3	$37,819,215.17	$103,899,022.75	$66,079,807.58
Motor Vehicle Purchases	296	242	-54	$292,907,166.59	$324,159,548.84	$31,252,382.25
Educational Expenses	861	603	-258	$174,144,118.09	$350,430,579.18	$116,558,104.50
Vacation and Travel	50	82	32	$9,341,961.77	$17,937,400.00	$8,595,438.23
Household Appliance Purchase & Repairs	326	178	-148	$59,864,050.99	$79,735,107.96	$19,871,056.97
Business Investment	596	461	-135	$152,697,107.07	$177,835,694.34	$25,138,587.27
Miscellaneous Expenses	211	351	140	$24,818,375.75	$57,586,013.59	$32,767,637.84
Wedding Expenses	6	17	11	$1,933,248.18	$8,045,000.00	$6,111,751.82
Funeral Expenses	35	44	9	$6,112,681.86	$23,263,001.78	$17,150,319.92
Legal Expenses	48	14	-34	$11,773,311.39	$8,968,405.93	($2,804,905.46)
Moni-Tree Line of Credit	300	159	-141	$14,653,842.46	$9,049,252.40	($5,604,590.06)
Totals	4,845	3,990	-855	$1,490,706,624.92	$2,174,362,003.16	$390,810,812.65

LOAN GROWTH INITIATIVES

- Introduction of a Business Development Unit comprising of two (2) staff members tasked with soliciting new business
- Increase in unsecured loan limit to $3,000,000.00
- Motor Vehicle Loans Special with rates as low as 5.99%

- Increase in Motor Vehicle loan limit $9,000,000.00
- 1 in 50 Education Loan Special at reduced interest rate
- Christmas Loan Special at reduced interest rate
- Enhanced marketing activities

WAIVERS

The following waivers were granted for five (5) loans during 2019:

Reasons for waivers	Number of Loans	Dollar Value
Increase loan ceiling	2	$13,171,000.00
Staff debt-to-income ratio greater than 70%	1	$757,000.00
Age of motor vehicle greater than 10 years old	1	$1,170,000.00
***Reduce Escrow for Over-the-counter repayment.**	1	$22,000,000.00
***Extend loan term to greater than 20 years**		
***Bonds hypothecated externally for cash collateral.**		

One (1) member received three (3) waivers.

CREDIT COMMITTEE MEMBERS ATTENDANCE FOR 2019

The Credit Committee and Sub-Credit Committee held Twenty-three (23) 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
Raymond Harper	23	22	1	0
Vivinne Grant	14	10	4	0
Clive Dunkley	21	18	3	0
George Sloley	23	18	5	0
Paul Grant	8	5	2	1
Elaine Brooks	9	8	1	0
Claudette Gayle-Foster	9	8	1	0
Sub-Committee	**Possible meetings**	**Attended**	**Excused**	**Absent**
Helen Campbell-Wint	13	10	3*	0
Christopher Tyme	13	13	0	0
Nigel Reid	13	5	8*	0

*A member of the Credit Committee was a part of the meetings.

CREDIT COMMITTEE



Raymond Harper
Chairman



Clive Dunkley
Chairman



George Sloley
Secretary



Elaine Brooks
Assistant Secretary



Claudette Gayle-Foster
Member

SUB-CREDIT COMMITTEE

Helen Campbell-Wint
Chairman

Nigel Reid
Secretary



Christopher Tyme
Member

CONCLUSION

The members of the Credit Committee are grateful for the opportunity given to serve in this capacity. We continue to work closely with the Board of Directors, all committees, the management team and the staff members, particularly those of the Credit Department to ensure the growth and continuity of our Credit Union. The combined efforts have enabled the Credit Union to remain relevant in this competitive environment.

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

We look forward to serving you in 2020 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

SUPERVISORY COMMITTEE REPORT



Ann Julette Rowe (Mrs.)
Chairman

Manchester Co-operative Credit Union (1977) Limited (hereinafter referred to as "the Credit Union") operates in an extremely competitive environment which has therefore required greater accountability from stakeholders. It is against this background that the Credit Union has, over the year in review, continued to focus on navigating the myriad of challenges to maintain our viability and to remain competitive. 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 innovative products and services to attract existing and new members. We believe that the Credit Union will continue to make life changing transformations.

The Supervisory Committee, of the Credit Union, is tasked with the responsibility of ensuring that members' interests are protected. In fulfilling our responsibility, the Supervisory Committee and the Internal Audit Department worked diligently to ensure the highest operational and financial integrity of the institution. The Committee's ultimate objective is to ensure that the Board of Directors and the Management team serves the interests of the members as well as safeguard the resources entrusted to them. In satisfying this directive, the Supervisory Committee oversees the Internal Audit function to verify that policies and procedures, and applicable external regulations are adhered to.

In completing its mandate, the Supervisory Committee undertook various activities including the execution of independent and objective audits that assess the financial and operational functions of the Credit Union.

During the financial year, January to December 2019, seventeen (17) regular committee meetings were held. The attendance of the members is outlined in the following table:

Members	Meetings Held	Possible Attendance	Meetings Attended	Excused	Absent
Ann Julette Rowe	17	17	14	3	0
Michelle Douse	17	17	13	4	0
Elaine Bailey	17	17	16	1	0
Dahlia Brown-Dawson	17	17	14	3	0
Claudette Griffiths-M^{c}Kenzie	17	17	14	3	0
Glenroy Griffths	17	17	14	3	0
Ruthan Smile-Smikle	17	8	8	0	0
Kingsley Andrew	17	13	11	2	0
Patreena Bailey-Green	17	9	8	1	0

AUDITS EXECUTED

The activities conducted during the year are summarized as follows:

Staff and Volunteers' Loans

The Staff and Volunteers' Loans were examined to ascertain whether loans granted were in accordance with the stipulations of the Loan Policy, and whether the payments on these accounts were up-to-date and that the relevant securities were current. The audits revealed general compliance with the Loan Policy and established procedures.

It was observed that some loan files were not updated in a timely manner; other minor discrepancies observed were addressed during the Audit.

Golden Harvest

The audit of Golden Harvest was done to establish whether the accounts were maintained, up-to-date and in accordance with the conditions of the individual Golden Harvest contracts and the Savings Plan and whether there was proper accounting and compliance with other applicable procedures.

The audit revealed that there was general compliance with the policy governing Golden Harvest accounts. Discrepancies observed were addressed by management.

Fraud Investigations

The Audit Team, with the assistance of the Supervisory Committee, completed two (2) fraud investigations during the period of review. These reviews were undertaken as follows:

i. To verify and analyze accounts with transactions that were in question as disputed by a member. Members' accounts were scrutinized for correlations based on details from transfers, deposits and withdrawals. The member's claims were confirmed by the audit.

ii. To identify possible irregularities completed on members accounts. An irregularity was observed in the completion of accounts being charged off.

Based on the reviews completed, two (2) irregularities were observed. Multiple recommendations were advanced by the Supervisory Committee including the implementation of more information technology-based internal control measures in the system which will serve to detect and minimize future eventualities. Management has implemented some controls as recommended and others are currently being implemented in order to strengthen the internal controls.

Members' Balances Verification

The verification of Members' Balances was completed to authenticate members' accounts and their respective balances and to support the investigation completed for the fraud audits.

The confirmations were drafted and sent out to a sample of members. Some confirmations were returned by the members with no discrepancies noted. Additional measures were also utilized to verify member balances and staff transactions. The additional measure revealed no discrepancy.

Records Disposal

A Records Disposal exercise was completed and assessed to ensure that written authorization for destruction of records was received prior to actual destruction and to verify that the method utilized was in accordance with the disposal policy. The disposal site was also visited to verify adherence to policy.

Discrepancies were identified during the audit and communicated to the respective managers along with relevant recommendations. Management has subsequently developed and implemented measures to address concerns that were raised during the audit.

Teller overages and shortages

The Teller overages and shortages review was done to ascertain whether the overage/shortage policy is being adhered to by the Tellers, Supervisors and Management.

The audit revealed that the Teller Overage and Shortage Policy has not been updated since May 2006. Various procedures that are stipulations of the Policy are not being undertaken by the Operations Department. Disciplinary actions were not undertaken in accordance with the policy and recovery measures were not evidenced in accordance with the policy.

Management has committed to review and update the policy as recommended to ensure that the policies noted are in line with regulations.

Staff Trainings Review

This activity was undertaken to examine the trainings that were undertaken within the year and to assess the appropriateness and benefits of the trainings undertaken. Deficiencies observed were highlighted and communicated to management.

The diagram below illustrates the allocation of training based on category of staff.



Recommendations were made to management and some of the required deliverables were provided upon finalization of the audit. Management has subsequently implemented training measures to address some concerns raised.

Policy Review

The following policies were reviewed to ascertain whether or not these were in line with best practices and applicable regulations:

- Fraud Policy Draft
- Disaster Management Policy
- Teller Over/Shortage Policy

Human Resources

Department - General Review

The objective of this review was to identify if there were any gaps/irregularities in the implementation of the policies, procedures, and practices of the Human Resources Department and to suggest corrective measures.

Some deficiencies were noted which included the need for updated job descriptions and structured orientation of staff based on job role. In addition, improvement was needed in terms of performance management, health, wellness and safety, appraisals and the organizational structure.

A number of discrepancies that were highlighted were corrected and in some cases implemented.

Know Your Customer (KYC) - New Members' Account

The reviews of New Members' Accounts were undertaken to ascertain whether there was compliance with the Credit Union's Anti -Money Laundering (AML) - Know-Your-Customer (KYC) policy and that other stipulations for membership are being adhered to and to verify that all New Member accounts were correctly generated on the system.

The New Members Accounts that were presented for both the Mandeville and Christiana Branches revealed that there was general compliance with the Credit Union's AML Know-Your-Customer Policy except for a few discrepancies that were highlighted for adjustment by the relevant office.

Management is in the process of addressing some of the concerns that have been raised by the Supervisory Committee.

Standing Order Review

The audit objectives included the following:-

- to verify whether or not the Standing Order files are adequately completed by the relevant personnel;
- to ascertain whether or not the amounts noted as Standing Orders are actually being deducted from the member's account; and
- to ensure that the amounts being collected for Standing Orders are correct and are allocated to the appropriate General Ledgers or paid over to third parties.

The audit revealed some discrepancies and areas of concern which were highlighted for managements' attention.

Management has committed to taking the necessary corrective actions.

Blank Cheques Review

The blank cheques review was conducted in order to:-

- verify that the procedures completed for the purchase of Blank Cheques are properly followed and is operating as designed;
- ensure that the cheques received and in storage are in unbroken sequential order;
- ensure that the number of cheques received agrees with the request as per the cheque requisition; and
- verify that cheques are kept under dual custody.

During the review of the governance of Blank Cheques and our general review of the Member Services Department, we observed that there was adequate control. Commendations were extended to the department for the vast improvements that were noted in the control measures being implemented and practiced since the last audit completed.

Investment Audit

The main objectives of this exercise was to obtain assurance of the effectiveness of the system of internal controls in place and the level of compliance with guidelines in ensuring that the Credit Union's operations are in line with the Investment Policy, IAS 39 (which relates to Financial Instruments: Recognition and Measurement) and 'Best Practices'.

This review was completed to identify if the investment policy is being adhered to in undertaking investment decisions, to verify ownership of the respective investments as per the investment schedules, recalculate interest receivables as per investments that have been noted and to verify interest income and ensure that the respective General Ledgers are correctly updated.

The relevant findings were presented to Management along with the relevant recommendations.

Management has acknowledged the recommendations and have committed to the update of the Investment Policy to ensure that the necessary policies and best practices are adhered to.

Bank Reconciliations

The objectives of quarterly reviews of Bank reconciliations were to ascertain the timeliness and accuracy of same being completed by the Accounting Department.

A re-performance of Bank Reconciliations was completed spanning the year 2019. These activities were undertaken by verifying documents such as encashed cheques, lodgment slips, bank statements, credit memos and other related documents. This review did not unearth/reveal 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.

The Bank reconciliations that were reviewed were all prepared and approved in a timely manner. Unpresented Cheques, Outstanding Lodgments and other adjusting items were also appropriately presented.

Teller End of Day

The Teller End of Day review was undertaken to verify whether proper supervisory checks of the Teller End of Days were being completed to ensure that transactions were authentic.

Reviews were completed at the Mandeville Branch; assessing the review and approval process of teller prints by the Member Service Department, Credit Department and Delinquency Unit. Deficiencies identified were advanced to Management and recommendations made. Follow-up reviews were undertaken which verified that Management was adhering to control measures and recommendations that were made by the Supervisory Committee.

Cash, Automated Teller Machine (ATM) and Treasury Counts

The objective of the quarterly cash count, ATM and Treasury Counts were to verify the existence of Cash on Hand, to determine whether monies were properly accounted for and that there are adequate safeguards in place governing the process.

It was observed that the cash held by the Tellers and Treasury were properly safeguarded, accounted for and proper controls are in place. There was no exception to report as it relates to the Cash Count as the differences observed were immaterial. There was also no exception to report for the ATM and Treasury counts as the funds held by Treasury was adequately safeguarded and accounted for.

SPECIAL REVIEW OF STAFF TRANSACTIONS

The Internal Audit Unit, with the assistance of the Supervisory Committee, completed three (3) special audits. This included the analysis of members' and staff accounts, assessing various transactions completed.

Deficiencies were noted within the reviews and communicated to Management. Recommendations were also advanced to minimize reoccurrence.

ACTIVITY REPORTS (MONITORING)

The audit included monitoring of accounts and activity logs with the objective being to review, verify and analyze transactions being completed within the Credit Union. To date no exceptions have been observed.

SUPERVISORY COMMITTEE



Ann Juliet Rowe
Chairman



Dahlia Brown- Dawson
Secretary



Michelle Douse
Member



Glenroy Griffiths
Member



Patreena Bailey-Green
Member

SUB-SUPERVISORY COMMITTEE



Kingsley Andrews
Chairman



Elaine Bailey
Secretary



Claudette Griffiths-McKenzie
Member

THE BOJ (CU) REGULATIONS 2011 (DRAFT)

The objective of this audit was to identify the requirements necessary re: licensing and operational readiness to become compliant with the Bank of Jamaica's Standard of Sound Business Practices and BOJ Licensing Requirements for Deposit Taking Entities.

This process included the review of the applicable BOJ regulations/requirements to identify all the areas in which the Credit Union is presently non-compliant and therefore needs to be addressed.

The findings of the investigation revealed that not all the Policies and Procedures are currently in place or up-to-date and that there are a number of policies to be reviewed and updated.

It was strongly recommended to Management that these policies be developed and where updates of existing policies are needed, they be undertaken in order to effect the Credit Union's process of BOJ's licensing.

Management is currently working on the development and implementation of the necessary Policies and Procedures to ensure that the Credit Union complies with the necessary requirements.

ACKNOWLEDGEMENT

The Supervisory Committee and the Audit Team express our heartfelt appreciation to the Board of Directors, the Credit Committee, Management and Staff for their support and co-operation during our audits. We remain committed to ensuring that members' interests are safeguarded, and that the organization remains the best option for its members. To the membership, we would like to express our profound gratitude for having allowed the Committee the opportunity to be stewards of your investments. We are committed to ensuring that our collective goals are realized.



Ann Julette Rowe (Mrs.)
Chairman

NOMINATING COMMITTEE REPORT



Stallyn Insang
Chairman

In accordance with the provisions of Rule 62 (i), the Board of Directors of Manchester Co-operative Credit Union (1977) Limited, which states in part,

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

Mr. Stallyn Insang	-	Director/Chairman
Rev. Charles Danvers	-	Member
Mrs. Vanessa Lawrence-Williams	-	Member
Mrs. Ruth Anderson-Burnett	-	Staff Liaison Officer

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

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mr. Alexander Bourne	Retiring	Mr. Alexander Bourne
Mr. Nicholas Spence		Mr. Nicholas Spence
Mrs. Althia Scott-Jones		Mrs. Althia Scott-Jones
Mr. Stallyn Insang		Mr. Stallyn Insang
Mr. Cleveland Robinson	Retiring	Mr. Cleveland Robinson
Ms. Marsha Deer	Retiring	Ms. Marsha Deer
Mr. Lemuel Sharpe (*also known as Geoffrey Sharpe*)	Retiring	Mr. Lemuel Sharpe (*also known as Geoffrey Sharpe*)
Mr. Astley Scott		Mr. Astley Scott
Mr. Beresford South		Mr. Beresford South
Ms. Althea Campbell		Ms. Althea Campbell
Mr. Stanford Hastings	Resigned	Mr. Courtney Henry *(to complete term for Mr. Stanford Hastings)*

CREDIT COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mr. Raymond Harper		Mr. Raymond Harper
Mr. Clive Dunkley	Retiring	Mr. Clive Dunkley
Mr. George Sloley	Retiring	Mr. George Sloley
Ms. Elaine Brooks		Ms. Elaine Brooks
Mrs. Claudette Gayle-Foster		Mrs. Claudette Gayle-Foster

SUB-CREDIT COMMITTEE

PRESENTLY SERVING	RETIRING (Position Vacant)	NOMINATED
Mr. Nigel Reid	Retiring (not seeking re-election)	Mr. Churton Douglas (*completing term for Mr. Nigel Reid)*
Mr. Christopher Thyme		Mr. Christopher Thyme
Mrs. Helen Campbell-Wint		Mrs. Helen Campbell-Wint

SUPERVISORY COMMITTEE

PRESENTLY SERVING	RETIRING	NOMINATED
Mrs. Ann Julette Rowe	Retiring (end of term)	Mr. Dalton Campbell
Mrs, Dahlia Brown-Dawson	Retiring	Mrs. Dahlia Brown-Dawson
Miss Michelle Douse	Retiring	Miss Michelle Douse
Mr. Glenroy Griffiths	Retiring	Mr. Glenroy Griffiths
Mrs. Claudette Griffiths-McKenzie	Retiring (end of Term)	Miss Camoi Burford

SUB-SUPERVISORY COMMITTEE

PRESENTLY SERVING	RETIRING	NOMINATED
Mr. Kingsley Andrews	Retiring	Mr. Kingsley Andrews
Miss Elaine Bailey	Retiring	Miss Elaine Bailey
Mrs. Patreena Bailey-Green	Retiring	Mrs. Patreena Bailey-Green

APPENDIX

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

BOARD OF DIRECTORS

PRESENTLY SERVING	STATUS	TERM
Mr. Alexander Bourne	Continuing	2 Years
Mr. Nicholas Spence	Continuing	1 Year
Mrs. Althia Scott-Jones	Continuing	1 Year
Mr. Stallyn Insang	Continuing	1 Year
Mr. Cleveland Robinson	Continuing	2 Years
Ms. Marsha Deer	Continuing	2 Years
Mr. Lemuel Sharpe	Continuing	2 Years
Mr. Astley Scott	Continuing	1 Year
Mr. Beresford South	Continuing	1 Year
Ms. Althea Campbell	Continuing	1 Year
Mr. Courtney Henry	New	1 Year

CREDIT COMMITTEE

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

SUB-CREDIT COMMITTEE

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

SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Miss Michelle Douse	Continuing	1 Year
Mrs. Patreena Bailey-Green	Continuing	1 Year
Miss Elaine Bailey	Continuing	1 Year
Mr. Dalton Campbell	New	1 Year
Miss Camoi Burford	New	1 Year

SUB-SUPERVISORY COMMITTEE

NAMES	STATUS	TERM
Rev. Kingsley Andrews	Continuing	1 Year
Mr. Glenroy Griffiths	Continuing	1 Year
Mrs. Dahlia Brown-Dawson	Continuing	1 Year

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

The Nominating Committee is recommending that 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.

Stallyn Insang
Chairman

PROFILE OF NOMINEES

MR. COURTNEY HENRY

Mr. Henry is a graduate of the University of Reading/College of Estate Management with a MBA in Construction and Real Estate. He also holds a B.Sc. (Hon) in Urban Estate Management from the University of Westminster (formerly Polytechnic of Central London) and a Hons. Diploma in Land Economy and Valuation Surveying from the University of Technology (formerly CAST).

He also works as a part-time Lecturer and is the Deputy Commissioner Land Valuations and a member of the Royal Institution of Chartered Surveyors (MRICS). In his spare time he is a Member of the Manchester Club, Pandaz Badminton Club and the Association of Land Economists and Valuation Surveyors (ALEVS).

He has been a member of the Manchester Co-operative Credit Union (1977) Limited since March 1999. Mr. Henry has been nominated to serve on the Board of Directors.

MR. CHURTON DOUGLAS

Mr. Douglas is the holder of a BSc in Programme & Project Management from the International University of the Caribbean. He also holds a Diploma in General Management from MIND; a Diploma in Agriculture from the Jamaica School of Agriculture, among other qualifications.

He has worked with the:

- Ministry of Agriculture as an Area Extension Officer
- Coffee Industry Board for thirteen (13) years as Regional Manager
- Forestry Department as a Client Services Forester for the Southwestern Region of the

He has been a member of Manchester Co-operative Credit Union (1977) Limited since January 1978 and is a past member of its Sub-Supervisory Committee, past Chairman of the Credit Committee and past member of the Board of Directors. He is also the Chairman of the Finance Committee of the Beulah Missionary Church. Mr. Douglas has been nominated to serve on the Sub-Credit Committee.

PROFILE OF NOMINEES

MR. DALTON CAMPBELL

Mr. Campbell is a graduate of the York St. John University, York Business School in the United Kingdom with a MBA in Leadership and Management (currently writing his dissertation). He also possesses a B.Sc. in Mathematics from the Northern Caribbean University, Mandeville, Manchester. He is currently employed to the Barita Investments Limited as a Senior Business Analyst.

Mr. Campbell also held the posts of:-

- Assistant Vice President - Operations Manager (Barita Investments Limited)
- Senior Operations Supervisor (Barita Investments Limited) - restructuring of Government Debt to meet the IMF agreement, February 2013
- Operations Supervisor (Barita Investments Limited) - restricted government Debt to meet the IMF agreement, January 2010 and is at present actively working on a Business Process Reengineering and Enterprise Risk Management exercise for his organization.

He has been a member of the Manchester Co-operative Credit Union (1977) Limited since December 2004. Mr. Campbell has been nominated to serve on the Supervisory Committee.

MISS CAMOI BURFORD

Miss Burford is a Compliance Officer with the Manchester Municipal Corporation, Hargreaves, Mandeville, Manchester. She has also held the position of Trust Accounting Officer at the Administrator General's Department and Junior Traffic Clerk at the May Pen Parish Court.

She is the holder of:

- a Certificate in Supervisory Management (HEART Trust STA);
- a Certificate in Secretarial Qualifying Examinations (UWI Open Campus);
- an Associate of Science Degree in Human Resource Management (MIND);
- a Certificate in Minute Writing (Bellefield Skills Training Centre);
- and a Level One Certification in Data Operations (Justice Training Centre).

She has been a member of the Manchester Co-operative Credit Union (1977) Limited since September 2017. Ms. Burford has been nominated to serve on the Supervisory Committee.

OUTREACH ACTIVITIES

















Soup and Soap Outreach at the Caribbean Christian Centre for the Deaf

"The Credit Union continues to extend a hand to the community in Manchester by undertaking several community projects."

OUTREACH ACTIVITIES



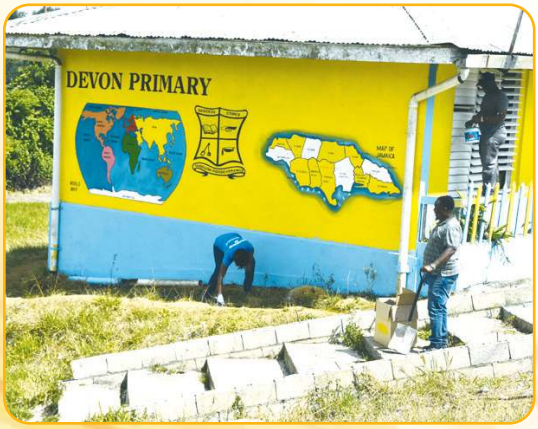
Labour Day Project at Mile Gully Community Centre

"The Credit Union's Labour Day Project involved helping the Mile Gully community by repainting the community centre and supplying bathroom fixtures."

Jamaica Credit Union Managers' Associaton (JCCUM) Work Day











OUTREACH ACTIVITIES













Back to School Fair
at Cecil Charlton Park, Mandeville

"Our children were treated with books, stationery and free medical at our Back to School fair in the summer."

ANNUAL GENERAL MEETING











"Members, Staff and Volunteers in attendance at the 43rd Annual General Meeting which was held on August 7th at the Golf View Hotel."

INTERNATIONAL CREDIT UNION WEEK








Member Appreciation Day

"Our members were feted at our Christiana and Mandeville branches as we marked International Credit Union Week in the month of October."















Movie Night

"We ended the week with a Night at the Movies, showing "I Can Only Imagine", at the Cecil Charlton Hall."

INTER-SECONDARY SCHOOLS' DEBATING COMPETITION











"The Credit Union continues to encourage our youth to use their voices. This was facilitated through our Debating Competition which saw Holmwood Technical High and deCarteret College contesting the finals, of which Holmwood Technical emerged the victors."

SYDNEY CARTER SCHOLARSHIP & PEP BURSARIES











"Just under $2m was awarded to several students at the tertiary and primary levels in 2019 at the Sydney Carter Scholarship and PEP Bursaries Awards Ceremony."

TOWN HALL MEETING













"We continued throughout the year to meet our members in their communities at our Town Hall Meetings to discuss the way forward, and to inform them of what their Credit Union is doing to help."

AWARDS BANQUET



















“Several staff members were awarded for their excellent performance during the year in their respective departments. We also awarded the Christiana Branch for being the top branch and Rev. Kingsley Andrews for Member of the Year.”

STAFF LIST

ADMINISTATION DEPARTMENT

1.	Miss Michelle Ambersley	-	General Manager
2.	Miss Carol Bowen	-	Executive Secretary.
3.	Miss Vanaya Jack	-	Human Resource and Facilities Manager
4.	Mrs. Caroline Green	-	Administrative/HR Assistant
5.	Miss Natalie Bailey	-	Internal Auditor
6.	Mr. Daryl Palmer	-	Risk & Compliance Manager
7.	Mrs. Sherylee Duricka-Chin	-	Risk & Compliance Assistant
8.	Miss Jeniffer Haslam	-	Audit Officer
9.	Mrs. Lavene Gyles-Marshal	-	Business Development Officer
10.	Miss Maureen Peterkin	-	Registry Clerk
11.	Miss Renee Taylor	-	Office Assistant
12.	Miss Roxanne Hall	-	Office Attendant
13.	Mrs. Nicole Robinson-Gayle	-	Office Attendant
14.	Mr. William Allen	-	Messenger
15.	Mr. Damion Simpson	-	Parking Attendant
16.	Ms. Anecia King	-	General Clerk

ACCOUNTS & DELINQUENCY DEPARTMENT

17.	Mr. Arlando Dawson	-	Finance Manager
18.	Mrs. Delrose James	-	Senior Accounting Officer
19.	Mr. Oliver Harrison	-	Accounting Officer
20.	Mrs. Shelly Daley-Broomfield	-	Accounting Officer
21.	Miss Kimeisha Robinson	-	Accounting Officer
22.	Mr. Michael Ringrose	-	Credit Control Supervisor
23.	Mr. Mark Brown	-	Credit Control Officer
24.	Mrs. Claudia Pitter-Lewis	-	Credit Control Officer
25.	Mrs. Gail Taylor	-	Credit Control Officer
26.	Mr. Bonito Daley	-	Credit Control Officer
27.	Miss Sancia Malcolm	-	Temporary Credit Control Officer

STAFF LIST

IT DEPARTMENT

28.	Mr. Omar Greene	-	Information Technology Manager
29.	Mrs. Jacqueline Kennedy	-	Systems Administrator

MARKETING DEPARTMENT

30.	Mr. Michael Gottshalk	-	Marketing Manager
31.	Mrs Vasiana Miller-Hewitt	-	Marketing and Social Media Coordinator
32.	Mr. Kimani Eaton	-	Temporary Marketing Representative

MANDEVILLE BRANCH

33.	Miss Shevaun Hart	-	Branch Manager
34.	Miss Debbie Barrett	-	Utility Officer
35.	Mrs. Asheika Ebanks-Newell	-	Member Service Officer
36.	Mrs. Loye Richards	-	Credit Supervisor
37.	Miss Nadine Ricketts	-	Credit Officer
38.	Mr. Richard Barrett	-	Credit Officer
39.	Miss Jannese Francis	-	Credit Officer
40.	Mrs. Tamara Francis-Ebanks	-	Junior Credit Officer
41.	Mr. Jerome Thompson	-	Junior Credit Officer
42.	Mrs. Ruth Anderson-Burnett	-	Securities Officer
43.	Mr. David Samuels	-	Securities Clerk
44.	Miss Rajeve Stewart	-	Senior Member Service Representative
45.	Miss Jenice Green	-	Member Service Representative
46.	Mr. Davion Williamson	-	Member Service Representative
47.	Mr. Shamar Mullings	-	Member Service Representative
48.	Miss Princess Walters	-	Member Service Representative
49.	Mr. Jardane Green	-	Member Service Representative
50.	Mrs. Shannon Thompson-Green	-	Member Service Representative
51.	Mr. Kirkton Richards	-	Driver/Member Service Representative

STAFF LIST

52.	Mrs. Kimblee Elliott	-	Member Service Representative
53.	Mr. Andre Campbell	-	Member Service Representative
54.	Miss Khimesha Wallace	-	Member Service Representative
55.	Ms. Mikalia Lawrence	-	Records Clerk (Contract)

CHRISTIANA BRANCH

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

PART TIME EMPLOYEES

Mrs. Hyacinth Spurgeon	-	Office Attendant
Miss Beverley White	-	Office Attendant
Mrs. Carletta Myers	-	Office Attendant
Ms. Sharia Levy	-	Temporary Office Attendant
Mrs. Maxine Griffiths-Beckford	-	Temporary Office Attendant
Mr. Bevin Samms	-	Casual Worker

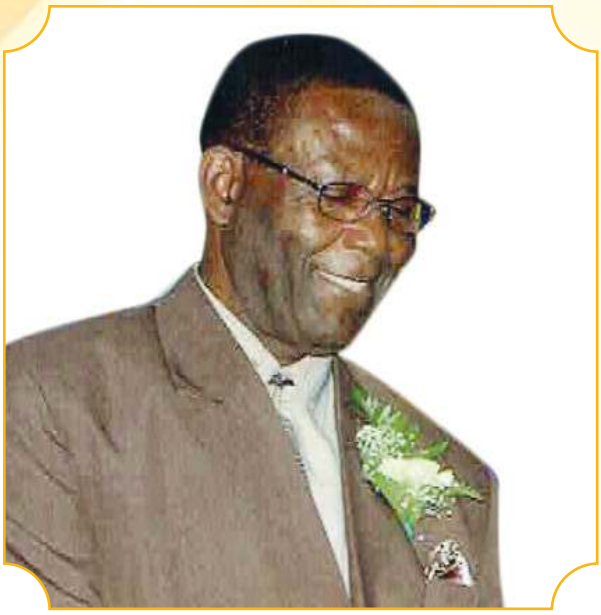


Condolences



Albert Lyle
Allison Plummer
Alton Cross
Andrew Bingham
Angella Morgan
Angella Stewart
Ann-Marie Drummond-Barrett
Audrey McPherson
Bernice Smith
Bryan Knight
Calwood Thomas
Cardiff Graham
Carl Mullings
Charles Rodney
Clarabelle Wright
Claudia Reid-Williams
Cleston Pinnock
Clive Hickey
Colleen Whittick
Constantine Harris
Dagerie Bell
Daphne Williams
Delano Ferrel
Delbert C. Powell
Denise Hyman Brooks
Donald Webb
Dorothy McWhinnie
Dorret Sergeant
Elio Delgado
Ena Thompson
Eric Fritz
Ericka Lawrence
Ethline Edwards
Eugent Powell
Eunice Miller-Forbes
Fabian McKenzie
Fitz Thomas
Floralee Miller
George Allen
Godfrey Mason
Grace Lewis
Grace McLean-Allen
Hermine Palmer
Horace Kennedy
Hubert Hall
Ionie White
Islin Wallace
Ivor Wong
Jack Duncan
John Clarke
John McKenzie
Lascelve Margan
Lena Reid-Jennings
Lettice Lawrence
Lisa Rowe
Lola Markland-Richards
Lousia Williams
Lycett Lewis
Lydia Harriott
Margaret James
Maudlyn Ellison-Folks
Mavis Campbell
Mavis Grant
Melvin Powell
Michael Miller
Mobre Whyne
Morvene Wade-Wilky
Nadine Senior
Neil Henry
Olive Hall
Olive Tyndale
Patsie Young-Anderson
Paulette Codner
Pauline Levy
Pearlina Gilfillian
Phillis Haye-Plummer
Phyllis Thomas
Reuben Swaby
Robert Smith
Rohan Smith
Ronald Martin
Rowan Beckford
Rupert Levy
Salky Palmer
Sean Hylton
Selvyn Pinnock
Sherman Clarke
Talbert Stanley
Tedal Carnegie
Thomas Auld
Veronica Gordon
Veronica Turner
Viviene Tomlin

TRIBUTE TO JOSIAH DELANO BROWN



Jovial
Dedicated
Brave

J Delano Brown, JD, Mr. Brown, Jus,are some of the names he was called. He was also called Justice because he was a Justice of the Peace, and JDB to which he would respond 'Expect I' - (that was the tagline of the Jamaica Development Bank while it was in operation). Regardless of what he was called, everyone loved and respected him. This Credit Union Stalwart to whom we are paying tribute was the first employee of the then Manchester Co-operative Credit Union Limited. This Organization was started in Mandeville in 1972 and later merged with the Central Co-operative Credit Union in Christiana in 1977 to form The Manchester Co-operative Credit Union (1977) Limited. Mr. Brown was employed from the inception until 2004; serving the Institution with distinction and pride for 32 years.

Mr. Brown proudly told his colleagues that he was the only paid employee at the Mandeville office until the two entities merged. He was the Supervisor, the Loan Officer, the Teller and the Office Attendant. He was well rounded and the Credit Union was his life.

It was therefore no surprise that after the merger and there was need for the creation of additional positions, Mr. Brown was promoted to the position of Delinquency Field Officer. He also had responsibility for overseeing the operations of the then Porus and New Forest sub-branches. As the Credit Union continued to grow he was promoted to the position of Senior Delinquency Field Officer. He enjoyed his job and performed his tasks with dignity. He was very passionate about what he did and although he had to interact with the members who did not honour their loan obligations in a timely manner, they all respected him. One could hardly tell if it was a member with a delinquent loan or someone who needed the services of a Justice of the Peace that was sitting at Mr. Brown's desk.

We can proudly say that due to the excellent job that JD did during his tenure as Delinquency Officer Manchester Credit Union has always maintained a low delinquency rate.

That was one of the criteria that helped us to be selected by the World Council of Credit Unions as one of five Model Credit Unions in Jamaica in 1993. Thanks JD for setting the pace.

JD was very helpful, encouraging and supportive; always willing to go the extra mile. We remember those days when he was one of the few staff members who owned a motor vehicle. He would take us anywhere we wanted to go. His word was his bond so when he was not able to offer assistance he would let you know ahead of time. On a rainy afternoon you would often hear him asking persons how they were getting home. He was willing to take home as many persons as possible, even if it meant making several trips in the process. He treated the younger staff members as his little brothers and sisters.

It is break time and Mr. Brown walks into the lunch room. 'Miss Macky can I have a cup Milo?' We thought that he was a spoilt child and husband because he couldn't make a cup of tea to save his life. We can recall him saying that he didnít drink green tea because it makes you get old before time. Before leaving the lunch room on any given day he would ask 'Miss Macky what you cooking for lunch today Tripe and Bean? (He Loved Tripe and beans) if her answer was yes he would say 'I am coming back for lunch and I want plenty tripe and bean'. Mr. Brown is back in the lunch room at lunch time. He is served his lunch and is having the meal but was also served a drink. After some time you would hear 'Miss Macky I am choking' then he would say to the other staff members at the table 'me drink more than how me eat yu no.'

Mr. Brown loved cricket and when cricket was being played, especially test cricket he could be seen everywhere with his transistor radio. One would often wonder if the radio was working because he held it so close to his ear and no matter how near you were to him you could not hear anything from it.

JDB had two other passions - church and politics. Once you get close to him he would tell you that he is a Moravian and also which political party he was affiliated to.

In 2013 after the death of the then Arbitrator for the Credit Union, we needed to appoint someone to the position in short order (of course we wanted to maintain our low delinquency rate.) After brainstorming for sometime and going through a long list of names one staff member recommended JD Brown. When he was approached, without hesitation he said yes I would be willing to serve. He even reminded us that he was well trained in that field and promised to do his best if offered the position. Oh how relieved we were when his application was accepted by the Registrar of Co-operatives and Friendly Societies. He served as Arbitrator until the time of his passing and as he promised, he did an excellent job.

We can truly say that J Delano Brown made the world a better place, both for those of us who had the privilege of knowing him, and for many thousands who never met him, but have benefited from his work. We posthumously salute this stalwart of a man who was there since the Credit Union's inception and served for over 32 years.

TRIBUTE TO IVAN HARRIS



The Success of the Credit Union Movement has been its ability to attract volunteers with various skills and expertise.

The late Ivan Harris was a founding member of the then Manchester Co-operative Credit Union Limited where he served as a director. After the amalgamation of Central and Manchester Credit Unions to form Manchester Co-operative Credit Union (1977) Limited he continued to serve in the same capacity. He demitted office in 1993 after serving as volunteer for over 20 years. His love and passion for the Credit Union Movement led him to serve on the Building and Planning Committee for some time after retiring from the Board of Directors.

Ivan Harris brought to the Manchester Co-operative Credit Union (1977) Limited the important skill of Industrial Relations. He could quietly and expertly calm any explosive industrial situation no matter how volatile the threat may have been.

Present and past staff members remember him as the very humble, supportive and caring director who always had an encouraging word for everyone. During his tenure on the Board he could be relied upon to stop at the Head Office on his way to work every morning to sign cheques.He was also recognized for his sterling contribution to the Credit Union on more than one occasion.

His commitment to Manchester Co-operative Credit Union (1977) Limited transcendedall other interest and pursuit and he personified the high ethical standards of the Credit Union Movement.

In 2016, the Manchester Co-operative Credit Union (1977) Limited celebrated its 65th Anniversary. This significant milestone was marked with the awarding of the Ivan Harris Scholarship to a student that was pursuing CAPE studies in the parish of Manchester.

Mr. Ivan Harris served as a Jamaica Co-operative Credit Union League Board member from 1987 to 1990 which was a very difficult time for the League.

He assisted the League in resolving many issues and gave measured advice and wise counsel. He was a very quiet and reserved person but one who spoke with authority and when he did everyone listened to him and took note.

The Manchester Co-operative Credit Union (1977) limited posthumously salutes Mr. Ivan Harris for his dedicated and exemplary service as a founding member of this noble institution.

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.

THE ROLES OF THE BOARD AND COMMITTEES

SUPERVISORY COMMITTEE

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

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

- Determining compliance with the Rules of the Credit Union, the Co-operative Societies Act and Regulations, the rules of the League and the Bank of Jamaica (Credit Unions) Regulations, when enacted.
- Ensuring that no irregular or unauthorized transactions are carried out by either employees or volunteers or any parties connected to these persons.
- Checking on the Credit Union's Credit Administration to ensure that delinquency is kept under control and that securities are adequately endorsed in the Credit Union's favour.
- Evaluating whether the policies and procedures established by the Board of Directors are documented and adhered to.
- Ascertaining whether the established systems of internal control provide reasonable assurance to the members that the assets of the Credit Union are adequately protected to ensure safeguards against errors, carelessness and fraud.
- Evaluating the Credit Union's compliance with applicable legislation and making recommendations to the Board of Directors where necessary.
- Receive and investigate any complaint made by any member affecting the proper running of the Credit Union

PARLIAMENTARY RULES OF ORDER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FIT AND PROPER CRITERIA FOR CREDIT UNION DIRECTORS AND OFFICERS

WHAT IS THE FIT AND PROPER CRITERIA?

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

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

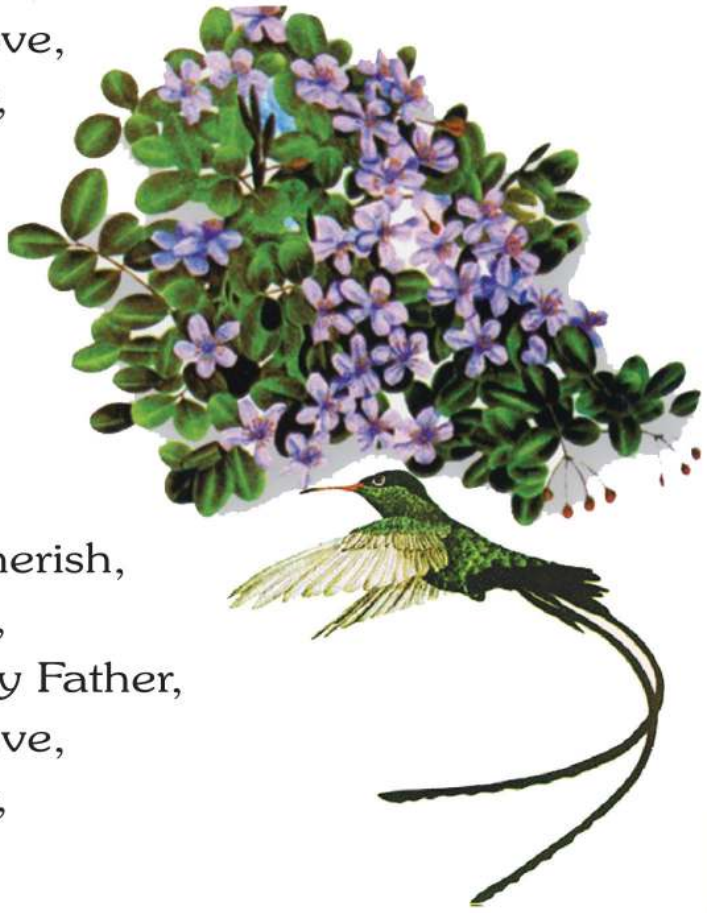
HOW DOES THE PROCESS WORK?

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

National Anthem

Eternal Father, Bless our Land,
Guide 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

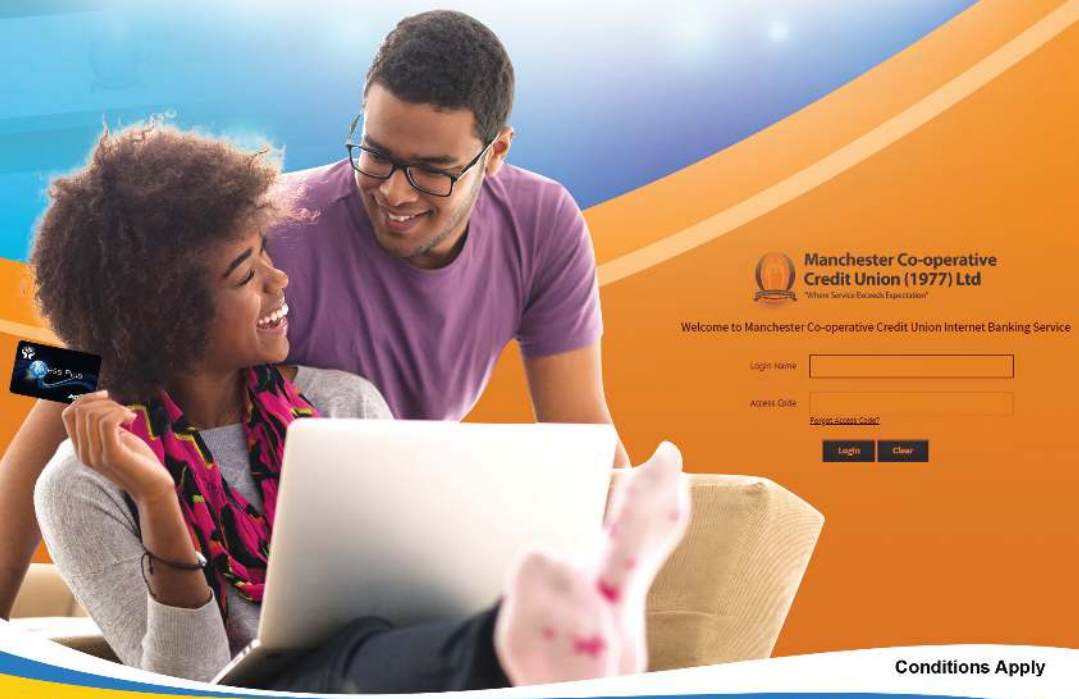
Notes

Why wait in Lines?

Easi Banking

(Online banking through MCCU I-Bank)

- View Account Balances
- Transfer funds to your loans and other accounts
- Transfer funds to another member's account
- Sign up at any of our branches to access this service



Conditions Apply

Manchester Co-operative Credit Union (1977) Ltd.

Mandeville Tel: 876-962-0401
Christiana Tel: 876-964-3648

www.mccuja.com

'Where Service Exceeds Expectation'

Manchester Co-operative Credit Union (1977) Ltd.

44th Annual General Meeting

2019 **ANNUAL** **REPORT**

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