



'Where Service Exceeds Expectation'

# 2021 ANNUAL REPORT



**SOLID \$aver**



*Dream*  
**WHEELS**  
AUTO LOAN



**MONI**  
BOOSTER

**PROPERTY**  
LOAN



**46<sup>th</sup>** Annual  
General Meeting

Need a **Loan**  
to get things done?  
get a



Get the **top-UP**  
you need

Borrow up to  
**\$5 million**

Up to  
**6 years**  
to repay



Offer ends:  
**August 31, 2022**

\*Conditions Apply



**Manchester Co-operative  
Credit Union (1977) Ltd.**



Mandeville - 876-556-2142  
Christiana - 876-567-3492

**www.mccuja.com**

'Where Service Exceeds Expectation'





## Manchester Co-operative Credit Union (1977) Ltd.



### **Vision Statement**

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



### **Mission Statement**

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

# *Prayer*

OF SAINT FRANCIS OF ASSISI

Lord, make me an instrument of thy peace  
Where there is hatred, let me sow love;  
Where there is injury, pardon;  
Where there is doubt, faith;  
Where there is despair, hope;  
Where there is darkness, light; and  
Where there is sadness, joy.

O Divine Master, grant that we may not  
So much seek to be consoled as to console;  
To be understood as to understand;  
To be loved as to love;  
For it is in giving that we receive;  
It is in pardoning that we are pardoned;  
And it is in dying that we are born to eternal life.





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# Manchester Co-operative Credit Union (1977) Limited

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **46th Annual General Meeting**  
of the Manchester Co-operative Credit Union (1977) Limited will be held

on

Saturday, August 13, 2022 commencing at 10 a.m. in hybrid format at the physical  
location of the **Golf View Hotel, 5 ½ Caledonia Road, Mandeville, Manchester.**

The Audited Financial Statements for the year 2021 are available on our website at  
[www.mccuja.com](http://www.mccuja.com).

Physical attendance at the meeting will be limited to a maximum of 300 persons.

Members who will be attending the meeting whether physically or virtually are required  
to register using the following link <https://iteneri.com/mccu/event/mccu/show>. For more  
information on registration, attendance, and participation, you may visit our website at  
[www.mccuja.com](http://www.mccuja.com) or call our offices at (876) 962-0401 or (876) 962-3584  
between the hours of 8:30 a.m. and 3:00 p.m.

All Covid-19 protocols will be strictly observed at the physical location, including  
temperature checks and sanitization. The link to join the meeting will be emailed to  
members upon registering online.

Online registration began on July 15, 2022 and will close on  
Wednesday, August 10, 2022 at 4 p.m.

Dated this 22nd day of July 2022.

Signed: Althea Campbell  
Secretary, Board of Directors



# 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

Board of Directors  
Treasurer's/Auditors'  
Appropriation of Surplus  
Credit Committee  
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 45TH ANNUAL GENERAL MEETING

## HELD ON SATURDAY, DECEMBER 4, 2021 AT 10:00 A.M.

### AT THE GOLF VIEW HOTEL, MANDEVILLE, MANCHESTER.

#### CALL TO ORDER

The **45th Annual General Meeting (AGM)** was called to order at 10:38 a.m. by the Chairman, Mr. Alexander Bourne. The prayer of St. Francis was repeated by all. He apologized for the late start of the AGM and expressed deep regret for the postponement of the meeting from the originally scheduled date of November 13th and for any inconvenience, anxieties or disappointments it might have caused. Mr. Bourne acknowledged the efforts of the management team, staff and

the members who went the extra mile to ensure that the AGM was a success. He also thanked the Department of Co-operatives and Friendly Societies and the Jamaica Co-operative Credit Union League for their invaluable assistance.

The Secretary, Ms, Althea Campbell ascertained that the meeting was duly constituted with one hundred and eighty-three (183) members present. She then read the Notice of the **45th Annual General Meeting of the Manchester Co-operative Credit Union (1977) Limited.**

#### WELCOME

On behalf of the Board of Directors, management, staff and other volunteers. The Chairman extended a warm welcome to all who were participating in-person and those online. Special welcome was extended to the following individuals who participated either in-person or online:

Mr. Robin Levy

Jamaica Co-operative Credit Union League (JCCUL)

Mrs. Phueona Reynolds

Jamaica Co-operative Credit Union League (JCCUL)

Ms. Tashieika Howell

Department of Co-operatives & Friendly Societies

Ms. Tanisha Facey

Department of Co-operatives & Friendly Societies

Dr. Dawkins Brown

Auditor – Crowe Horwath Jamaica

Mr. Charles Danvers

Former Volunteer and all the other former volunteers



## APOLOGIES

Apologies for absence were tendered on behalf of the following persons for various preclusions such as the Covid-19 restrictions, age compliance, comorbidity concerns, among others.

|                         |                             |
|-------------------------|-----------------------------|
| Miss Michelle Ambersley | General Manager             |
| Mrs. Althia Scott-Jones | Assistant Board Secretary   |
| Mr. George Sloley       | Board Director              |
| Mr. Raymond Harper      | Chairman – Credit Committee |
| Mr. Claude Rattray      | Former President            |

## RESOLUTION TO AMEND RULES

Proceedings of the Resolution to Amend the Rules of the Credit Union was led by the Board Secretary, Ms. Althea Campbell.

### RESOLUTION # 1

**WHEREAS** Section 11 and Regulations 41 of the Co-operative Societies Act and Regulations provide for the amendment of Rules;

**WHEREAS** Article XXII, Rule 78 allows for the amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited;

**WHEREAS** Article V, Rule 20; Article IX, Rule 44; Article XI, Rule 53; Article XI, Rule 57; Article XI Rule 58; and Article XXII Rule 78 are being proposed for amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited;

**WHEREAS** it is being the proposed amendments treat with the operations of the Credit Union and the attendance and conduct of meetings

at a physical location, or by virtual-only or by a hybrid mechanism;

**WHEREAS** electronic attendance shall be construed as if the members were present at the physical location where the meeting is being convened;

**WHEREAS** members attending meetings through electronic media shall constitute to the constitution of the quorum requirement for a legally convened meeting of members of the Society;

**WHEREAS** The Co-operative Societies (Amendment) Regulations 2021 dealing with the holding of general meetings in Co-operative Societies were promulgated on the 15th January 2021;

**WHEREAS** this Credit Union has agreed to adopt and accept all the interpretations so ascribed under the said regulations and intends that all amendments hereunder proposed are to be operational immediately and binding upon members, consequent upon approval at this general meeting of members and subject to the



Registrar of Co-operative Societies' immediate certification.

### **Motion to accept the foregoing Resolution:**

**Moved by:** Nicole Clarke

**Seconded by:** Thelma Gayle

**There were 223 persons present at the time of voting.**

| Voted     |     | In-person votes | Virtual votes |
|-----------|-----|-----------------|---------------|
| For       | 172 | 58              | 114           |
| Against   | 0   | 0               | 0             |
| Abstained | 51  | 10              | 41            |

### **Motion to amend**

**Moved by:** Daryl Palmer

**Seconded by:** Omar Greene

**NB:** *Resolutions 2, 3, 4, 5 & 7 were taken together and voted on in such manner at the Meeting.*

### **RESOLUTION # 2**

**WHEREAS** Section 11 and Regulations 41 of the Co-operative Societies Act and Regulations provide for the amendment of Rules;

**WHEREAS** Article XXII, Rule 78 allows for the

amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited;

**WHEREAS** Article II, Rule 4 is being proposed for amendment in the Rules of the Manchester Co-operative Credit Union (1977) Limited;

**WHEREAS** it is being the proposed that membership be extended to a registered society in accordance with Section 2 of the Co-operative Societies Act;

**WHEREAS** a registered society shall be entitled to join in the membership of Manchester Co-operative Credit Union (1977) Limited; and

**WHEREAS** such society shall be ascribed all the rights and privileges of membership Manchester Co-operative Credit Union (1977) Limited

### **RESOLUTION # 3**

**WHEREAS** Section 11 and Regulations 41 of the Co-operative Societies Act and Regulations provide for the amendment of Rules;

**WHEREAS** Article XXII, Rule 78 allows for the amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited;

**WHEREAS** Article IV, Rule 19 is being proposed for amendment in the Rules of the Manchester Co-operative Credit Union (1977) Limited; and

**WHEREAS** it is being proposed that the minimum deposit be increased and other methods of withdrawal be incorporated in the rules of the society.



## RESOLUTION # 4

**WHEREAS** Section 11 and Regulations 41 of the Co-operative Societies Act and Regulations provide for the amendment of Rules;

**WHEREAS** Article XXII, Rule 78 allows for the amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited; and

**WHEREAS** Article VI, Rule 22 and Article VIII, Rule 37 are being proposed for amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited.

## RESOLUTION # 5

**WHEREAS** Section 11 and Regulations 41 of the Co-operative Societies Act and Regulations provide for the amendment of Rules;

**WHEREAS** Article XXII, Rule 78 allows for the amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited; and

**WHEREAS** Article IX, Rule 41(i), Article IX, Rule 47 and Article IX, Rule 49(i) are being proposed for amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited.

## RESOLUTION # 7

**WHEREAS** Section 11 and Regulations 41 of the Co-operative Societies Act and Regulations provide for the amendment of Rules;

**WHEREAS** Article XXII, Rule 78 allows for the amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited; and

**WHEREAS** Article X, Rule 51, is being proposed for amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited.

## Motion to accept the foregoing Resolutions:

**Moved by:** Kennisha Briscoe-Lindo

**Seconded by:** Yvonne Allen Carter

**There were 234 persons present at the time of voting.**

| Voted     |     | In-person votes | Virtual votes |
|-----------|-----|-----------------|---------------|
| For       | 179 | 65              | 114           |
| Against   | 0   | 0               | 0             |
| Abstained | 55  | 9               | 46            |

## Motion to amend

**Moved by:** Christine Gayle-Wright

**Seconded by:** Delva Marshall

## RESOLUTION # 6

**WHEREAS** Section 11 and Regulations 41 of the Co-operative Societies Act and Regulations provide for the amendment of Rules;

**WHEREAS** Article XXII, Rule 78 allows for the amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited; and

**WHEREAS** Article XII, Rule 62, is being



proposed for amendments in the Rules of the Manchester Co-operative Credit Union (1977) Limited.

## Motion to accept the foregoing Resolution:

**Moved by:** Clifton Pryce

**Seconded by:** Kacian Pennycooke-Bennett

**There were 231 persons present at the time of voting.**

| Voted     |     | In-person votes | Virtual votes |
|-----------|-----|-----------------|---------------|
| For       | 175 | 65              | 110           |
| Against   | 2   | 0               | 2             |
| Abstained | 54  | 9               | 45            |

## Motion to amend

**Moved by:** Janet Sloley (online)

**Seconded by:** Charmaine Blake

## INTRODUCTION OF HEAD TABLE

The Board of Directors, Finance Manager, Chairman of Supervisory Committee, External Auditor who were seated at the head table were introduced to the meeting.

## CONDOLENCES

Attendees stood to observe a moment of silence

in recognition of those members who passed away during the year (Listed on page 144 of the AGM programme booklet).

## MINUTES OF THE 44th ANNUAL GENERAL MEETING

The Minutes, having been previously circulated prior to the commencement of the meeting, was taken as read on motion moved by Mr. Churton Douglas and seconded by Ms. Joyce Wallace.

### Question - Online Member

Ms. Carol King asked why the Credit Union had to be under the Bank of Jamaica. Mr. Daryl Palmer, Compliance Manager, explained that worldwide financial institutions was monitored and regulated by the Central Bank; thus, the Credit Union would fall under the Bank of Jamaica. He further explained that there was an Act to be passed that would formalize that process. He said once the Act was passed, it would become a legislation and the Credit Union would have to comply.

## CORRECTIONS TO THE MINUTES

Page 19, under Questions and Comments, third line, Claude Rattary was corrected to read Claude Rattray.

## CONFIRMATION OF MINUTES

The motion for the confirmation of the Minutes was moved by Ms. Carol Simpson and seconded by Ms. Elaine Anderson.



## MATTERS ARISING

There were no matters arising from the Minutes.

*The President welcomed Mr. Errol Gallimore, Registrar of the Department of Co-operatives & Friendly Societies who joined the AGM online.*

## BOARD OF DIRECTORS REPORT

Highlights of the Report were presented by the President (Chairman) as follows:

The President noted that it was a year of unprecedented challenges and uncertainties brought on by the Covid-19 pandemic. As a result, the Government implemented several containment measures which included the closure of schools, work-from-home directives, island-wide curfews, suspension of dividend payments and intermittent travel bans.

He also noted that the Jamaican economy experienced mixed outcomes during 2020. Jamaica's economy declined by an estimated 10.2%; the value of the local currency was also impacted, with an exchange rate of \$142.65 to US\$1. The Statistical Institute of Jamaica (STATIN) estimated an unemployment rate of 10.7%. Inflation, estimated at 6.4% for 2020, remained relatively stable.

He said despite the challenges faced due to the pandemic, the domestic financial sector registered growth in its net loans, deposits, and assets. The financial sector's overall loans growth was 9%, total deposit across the financial sector grew by 16.2%, and total assets across the industry increased by 11.7%.

## The Credit Union Movement

The President noted that the Jamaica Credit Union Movement also reported growth in its loan, savings, and assets portfolios. The Movement ended the year with net loans growth of 13.12%, savings growth of 9.87% and assets growth of 10.41%. The membership number of the Movement grew marginally by 2.82%.

## Manchester Co-operative Credit Union (1977) Ltd. (MCCU)

The President remarked that the pandemic negatively impacted MCCU. Consequently, several members with loans were unable to meet all their financial obligations. He said the Board of Directors responded to the financial obligations by approving strategies to protect members' interest and keep the staff safe. The Credit Union also contributed to community concerns and initiatives aimed at mitigating the impact of the pandemic.

## KEY PERFORMANCE INDICATORS

Despite the challenges experienced, the Credit Union performed well during 2020. There was an exceptional growth of 11.67% in the savings portfolio and 12.68% in total assets. Unfortunately, the loans portfolio registered a decline of 2.12% in net loans. The growth in Institutional Capital for 2020 was \$49 million and 2.55% in membership. The Credit Union continued to operate on revenue earned from interest income instead of service fees, as it was in the members best interest.



## DELINQUENCY MANAGEMENT

The Credit Union achieved a delinquency ratio of 5% which met industry standard. The management team employed several delinquency containment and debt collection strategies to protect MCCU's assets throughout the year, but despite those strategies, some members defaulted on their financial obligations.

## MARKETING ACTIVITIES

The Marketing Department participated in several expositions and events before the ban on public gatherings was implemented.

### Youth Activities

The Credit Union's Debating Competition got underway on February 14, 2020 with five schools participating in the first round of matches. Unfortunately, due to the pandemic the competition came to a premature end.

### 69th Anniversary Celebrations

MCCU commemorated its 69th Anniversary on May 29, 2020. In observance with the Covid-19 protocols, chief among prohibition of large gatherings and social distancing orders, several activities were scaled-down.

### International Credit Union Week 2020

International Credit Union Week was observed October 11 to 17, under the theme, "Inspiring Hope for a Global Community". Again, due to the pandemic, several activities were scaled-down to facilitate the celebrations.

## PROMOTIONAL ACTIVITIES

### Heroes of May Promotion

The Marketing Department hosted an online competition dubbed, MCCU Heroes of May, from May 8 to 25, 2020. Persons were invited to nominate members who were mothers, teachers or nurses.

### Fathers' Day Promotion

In recognition of Fathers' Day, the Marketing Department partnered with H&L Rapid True Value to conduct another online competition dubbed "MCCU Super Dad" from June 10 to 21, 2020.

## PRODUCTS & SERVICES

Several products and services were promoted during the year. Some of those products were: the Partner Plan, Golden Harvest Savings Plan, 0% Loans Promotion, 'Swap It Out' Loan Promotion, Dream Wheels Auto Loan, and MCCU Tech Loan.

## OTHER MARKETING ACTIVITIES

### Social Media Marketing

With the need to communicate and advertise more effectively in the digital space, MCCU increased its activities on the more popularly used social media platforms of Facebook, Instagram and Twitter.



## Website Enhancement

On July 13, 2020, MCCU successfully activated a Live Chat feature on its website which allows users to interact with a live agent while browsing the website.

## Outdoor Signage

The Credit Union outdoor presence was bolstered early in the year after installing a new look Superboard and Billboard in Mandeville and Christiana respectively.

## Inspirational Video

An inspirational video presentation entitled “Inspiring Hope” was created and shared with members, which featured the General Manager and other staff members appreciating members for their support throughout 2020.

## Radio Feature “MCCU Buzz”

In December 2020, the Credit Union engaged NCU FM and started a feature entitled “MCCU Buzz” which featured MCCU’s corporate social responsibility activities, involvement in various communities, loan specials among others.

## Corporate Social Responsibility

As a corporate citizen, MCCU involved itself in several corporate social activities, including Labour Day project, MCCU Toy Drive, Soap & Soup Outreach, the Sydney Carter bursaries and PEP bursaries.

## Social and Community Outreach

During 2020, MCCU spent \$805,043.60 for its social and community outreach, which benefitted several individuals and organizations.

## ADMINISTRATION & HUMAN RESOURCES

### Staff Welfare

The Human Resource Department continued to carry out different activities to enhance the department. Some of the activities carried out were staff treats and recognition, participation in Sagcor Sigma Run, implementing measures to ensure the emotional wellbeing of staff, and training & development initiatives for members of staff.

### Training

In 2020, the department coordinated the training and development of employees through the CUNA (CPD-Online) training portal and in-person.

### Promotion, Recruitment and Separation

During the year, seven (7) new employees were hired, one (1) was promoted and six (6) separated from MCCU.

## TECHNOLOGICAL ADVANCES

Following the commitments made in 2019, the Board of Directors approved investments in technology to ensure business continuity, competitiveness, enhanced security and improvements in member experience.

## ANNUAL GENERAL MEETINGS AND CONVENTIONS

### League AGM and Convention

MCCU participated in the League’s AGM, held



3 October 2020, under the theme “Together We Do More”.

## THE WAY FORWARD

The President noted that for 2021, MCCU would continue with digital transformational initiatives to develop the new loan origination system, onboarding platform, transaction monitoring system and the increased use of its website to improve the ease of doing business. The initiatives would form a solid foundation to increase member engagement and propel MCCU into the future. In 2021, the Credit Union would celebrate its 70th Anniversary and was he was hopeful that MCCU would pay tribute to the generation of members who supported it since its formation.

In closing, the President expressed sincere thanks to the Management team, staff and volunteers for their commitment, dedication and hard work to ensure that the year was successful, also to the Jamaica Co-operative Credit Union League, Department of Co-operatives & Friendly Societies, other co-operators, auditors, bankers and suppliers. Special thanks were extended to the members for their continued loyal support.

## QUESTIONS/ COMMENTS/ DISCUSSION POINTS

There were no questions or comments from Board of Directors Report.

On a motion moved by Mr. Stanley Skeene and seconded by Ms. Maxcine Headley, the Report of the Board of Directors was adopted.

## TREASURER'S REPORT

### Auditor's Report

The Auditor's Report was presented by Dr. Dawkins Brown of Crowe Horwath, MCCU's external auditors.

On a motion moved by Ms. Althea Campbell and seconded by Ms. Carol Foster, the Auditor's Report was adopted.

Highlights of the Report were presented by the Treasurer, Mr. Nicholas Spence as follows:

### Current Performance

The Credit Union recorded a Net Income (before honoraria) of \$46.5 million in comparison to \$55.6 million in 2019. Assets grew by 12.7% or \$767 million. Interest Income of \$604.9 million was generated. MCCU incurred \$558 million in operational activities compared to \$545 million in 2019, which was a 2.3% increase.

### Asset Growth

Total Assets ended the year at \$6.83 billion, which reflected an increase of 12.7% over 2019.

### Loans

The Loan portfolio declined by \$45 million for 2020. The decline was exacerbated by charge-off loans of \$57 million, despite that, MCCU had a growth in motor vehicle and unsecured loans of 3.68% and 4% respectively. Cash secured and real estate loans declined by 13.41% and 6.6% respectively.

### Investments

The Cash and Investment portfolio closed the year at \$3 billion, which represented an



increase of 31.6% over 2019 and accounted for 44% of total assets. The Credit Union earned an average of 3.5% on investments during the year, which was above 3.35% achieved in 2019.

## **Savings**

Total Savings grew by \$527 million or by 11.68% for the year, which increased to \$5 billion at the end of 2020.

## **Key Financial Indicators**

The Credit Union performed well compared to the PEARL standard. The loan to asset ratio decreased from 56.9% in 2019 to 49.4% in 2020, due to significant growth in assets not being driven by loan portfolio growth.

## **Institutional Capital Reserve**

Total Institutional Capital stood at \$1.094 billion at the end of the period, which represents \$104 million or 5.5% growth. The Institutional Capital to asset ratio decreased marginally from 17.2% in 2019 to 16% at the end of 2020.

## **Delinquency**

The delinquency rate decreased from 6.48% in 2019 to 5% at the end of the 2020 financial year. The Credit Union would continue to pursue effective delinquency control and implement further measures to reduce the level of delinquency.

The Credit Union charged-off \$57 million for the financial year 2020, as members were accessing credit facility with no intention to settle their obligations.

## **Conclusion**

The Treasurer noted that although MCCU performed reasonably well, it was not complacent

in its operations as the Board and Management recognized the impact that competition could have on its viability. He said the Credit Union would focus on ensuring that members were provided with exceptional service, competitive rates and increased ease of doing business.

Mr. Spence urged everyone to continue working together to make MCCU stronger and better able to serve the members.

## **QUESTIONS /COMMENTS/ DISCUSSION POINTS**

Mr. Davion Williamson asked if there was a timeline on the progress of an online banking application or the issuing of the MasterCard. The Treasurer responded that that should have been implemented already, but there were unexpected challenges which delayed the implementation. He said that they were awaiting feedback from the League and assured the members that they would receive their MasterCards in short order. In responding to the question on the online banking application, the Finance Manager, Mr. Dawson said that MCCU had developed some internal tools that would help members to execute third party electronic transfers online. He expounded that it was tested and would be rolled out in January 2022. The Finance Manager implored members to sign up to the I-Bank.

Ms. Kathleen Green suggested that MCCU needed to offer more competitive interest rates and asked why the interest rates of the Credit Union was higher than the commercial banks. Mr. Dawson implored members to speak with the Credit Officers as MCCU had very competitive rates, such as the Moni-Booster



Loan which had an interest rate of 14.5% and the Cash-secured loan which had a 6% rate and a 0% processing fee. Mr. Bourne reminded the members that they did not have to physically visit the Credit Union as the website had a chat feature which allowed members to speak online with a live representative.

Mrs. Kimberly Nelson-Facey asked why the ATM was so regularly out of service. Mr. Dawson responded citing three major problems (i) general network issues, (ii) updating of the MasterCard and (iii) reloading of the ATM at a particular time of the day.

Ms. Chantal Jamieson pointed out that over the years several credit unions made the decision to expand their reach through mergers or acquisitions in an effort to remain viable, and asked what plans were in place to expand MCCU's market share and ultimately increase its profitability. The Treasurer responded that the some of the resolutions passed earlier that morning would assist in achieving those two

points. He said several conversations were had in the past regarding mergers, but unfortunately those conversations were suspended for various reasons. The Treasurer said MCCU had always been looking at ways to merge, as together, credit unions were stronger. He concluded that whenever the opportunity presented itself, it would be evaluated and where fitting, capitalized upon.

Mr. Seaton Walters said interest rates were high and asked if anything could be done to reduce them. Mr. Dawson answered MCCU continued to review its products so it could serve the members as best as possible. He said during the year, interest rates were reviewed and reduced to which made it more competitive and that MCCU would continue to review its products so it could better serve the members.

On a motion moved by Mr. Benaldo Spencer and seconded by Ms. Lillieth Skeene, the Treasurer's Report was adopted.

## APPROPRIATION OF NET SURPLUS

The Treasurer took the meeting through the Appropriation of the Net Surplus as outlined below.

**UNDISTRIBUTED NET SURPLUS** **\$ 44,824,358**

### APPROPRIATIONS:

|                           |                  |
|---------------------------|------------------|
| INSTITUTIONAL CAPITAL     | \$ 32,000,000.00 |
| SOCIAL OUTREACH           | \$ 1,324,358.00  |
| DISASTER RELIEF           | \$ 1,000,000.00  |
| DIVIDEND (3%)             | \$ 7,000,000.00  |
| SYDNEY CARTER SCHOLARSHIP | \$ 1,500,000.00  |
| HONORARIUM                | \$ 2,000,000.00  |

**TOTAL** **(\$ 44,824,358)**



The Treasurer then moved a motion for the acceptance of the Appropriation of the Net Surplus as outlined. It was seconded by Mrs. Nicole Clarke and carried.

## **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.

Mr. Nicholas Spence moved a motion for the acceptance of the Fixing of the Maximum Liabilities. It was seconded by Ms. Carol Foster and carried.

Ms. Althea Campbell, Board Secretary was excused from the meeting.

## **CREDIT COMMITTEE REPORT**

Highlights of the Credit Committee Report were presented by committee member, Mrs. Claudette Gayle-Foster on behalf of the Chairman, Mr. Raymond Harper.

The Committee expressed that due to the Covid-19 pandemic, MCCU had to find creative ways to remain relevant with the member's interest being forefront in the strategic plans.

The Committee reported that lending was curtailed between March and June of 2020 to monitor the severity of the various government restrictions on the members' ability to repay. As Jamaica saw the concept of stability being shifted, it was important for MCCU to meet the

needs of its members by shifting the focus from lending to certain business sectors to assistance through moratoriums.

To counteract the negative impact on the overall portfolio, MCCU employed several loan growth initiatives to retain and attain new loans.

### **Profile of Loans Distributed by Security**

The MoniBooster Unsecured Loan product was the largest category accounting for 66% of the categories of loans in 2020; with loans secured by Motor Vehicles being the next highest at 13%.

### **Profile of Loans Distributed by Purpose**

Home improvement accounted for the largest category distributed in 2020 at \$471 million. Motor Vehicle Purchase, Debt Consolidation, Educational Expense, and Business Investment completed the top five list of purposes for loan distributed.

### **Loan Growth Initiatives**

The following were some of the loan growth initiatives for 2020:

- Introduction of Swap It Out loan promotion
- Introduction of Unsecured Loan Special at 14.5% interest rate
- Increase in Motor Vehicle loan repayment time to maximum 10 years
- Extension on Dream Wheels special
- Introduction of Tech Loan Special
- Introduction of 0% Loan Special



## Waivers

Waivers were granted on Real Estate and Unsecured loans during 2020.

## Conclusion

As members continued to put their trust in MCCU, the members of the Credit Committee were grateful for the opportunity given to serve in the capacity. The Committee, in the spirit of the community, would continue to work closely with the Board of Directors, all committees, the management team and staff member, particularly the Credit Department to ensure the stability of the members through the granting of affordable loans.

The Committee expressed sincere appreciation to the members for choosing MCCU as their financial partners.

## QUESTIONS/COMMENTS/ DISCUSSION POINTS

Mr. Benaldo Spencer asked why Mr. Nigel Reid was absent from all seven (7) meetings. Mrs. Gayle - Foster informed the meeting that he had a medical condition which made him unable to attend any of the meetings.

On a motion moved by Ms. Jacqueline Scott and seconded by Mr. Kingsley Andrews, the Credit Committee's Report was adopted.

## SUPERVISORY COMMITTEE REPORT

Highlights of the Supervisory Committee Report were presented by the Chairman, Mrs. Dahlia Brown-Dawson as follows:

Mrs. Brown-Dawson remarked that despite the challenges, MCCU had surpassed expectations and continued to be creative in its implementation of innovative and successful strategies to ensure the members' interest.

She noted that the Committee worked assiduously with the Internal Audit Department to ensure the Board of Directors and Management Team strategically served the interest of the members as well as safeguard MCCU's resources.

Mrs. Brown -Dawson said the Committee's role was one of monitoring to ensure that best practices were maintained within legal stipulations. She added that the Committee provided monthly reports to the Board of Directors to facilitate transparency and aid in decision-making. The Committee also embarked on various activities to audit the reliability and authenticity of the functional and operational functions.

## Cash, ATM and Treasury Counts

It was observed that proper controls were being adhered to. Some discrepancies were identified, and recommendations made; of which Management was informed.

## Bank Reconciliation

The audit revealed that the Bank Reconciliations were prepared in a timely manner. Deficiencies identified were communicated to Management and recommendations made.

## Fixed Assets

The audit revealed that there was general compliance by MCCU to documentation, acquisition, disposal, insurance and maintenance of fixed assets. Where deficiencies were



identified, recommendations were made.

## **Teller End of Day**

The audit revealed that there were commendable improvements by the Branches in ensuring the Teller's End of Day Prints were reviewed by supervisors. Several exceptions were observed, and recommendations made to Management, which were being addressed.

## **Enterprise Risk Management ERM Review**

The audit revealed that the MCCU had well-documented Enterprise Risk Management Policy. Risk Registers were developed for several areas and there was an active Risk and Compliance Committee that reported to Management on a monthly basis. Several areas of concerns were identified and communicated to Management who made a commitment to addressing the concerns.

## **Telecommuting Policy**

The audit of the Telecommuting Policy involved the assessment of the policy for industry best practice, legal requirements, procedures and policies of MCCU. Queries and recommendations were presented to the General Manager.

## **Access Control**

The audit revealed some deficiencies. They were communicated to Management for which corrective actions were initiated.

## **Loan Book**

The audit was conducted to ascertain total loan balance, types of loan facilities offered, if loans were properly secured and if they were approved. No significant discrepancies were discovered.

## **Dormant and Inactive Accounts**

The audit concluded that there was general conformance with the applicable policies and procedures. Recommendations were made to Management.

## **Know Your Customer (KYC) – New Member Applications**

The new Members' Accounts for both branches revealed that there was general compliance with the Credit Union's AML Know Your Customer Policy; a few discrepancies were identified for corrective measures to be taken.

## **Estate Payables**

Observations relative to the disbursement of funds for unsettled accounts were noted with reasons being "unable to locate/contact beneficiaries. The Supervisory Committee made recommendations to Management to consider additional measures to locate beneficiaries.

## **Fraud Risk Management**

The Internal Audit Unit conducted a fraud risk assessment relating to cash disbursement which concluded that the transactions appeared authentic.

## **Special Audits**

Findings and recommendations from the audit were submitted to Management for which the appropriate corrective measures were taken. Recommendations were also advanced to minimize recurrence.

## **ATM Incident**

Members' ATM cards were affected by fraud for which Management took swift action to 'hot' those cards to mitigate and minimize the impact



of the financial loss to the members and the institution. The findings and recommendations from the audit were passed to Management for further corrective actions.

### **Board of Directors Minutes**

It was observed that the Board of Directors were involved in setting the strategic direction of the organization, approved significant organizational and strategic initiatives, approved budgets and key performance indicators. Policies and procedures implemented/updated were also approved.

A number of queries was made by the Supervisory Committee and submitted to the Board of Directors.

### **Credit Committee Minutes**

It was observed that the Credit Policy was adhered to by the Credit Committee in completing its mandate and the waivers granted. Several queries were made by the Supervisory Committee and were subsequently submitted to the Credit Committee.

### **Heads of Department Minutes**

It was observed that Management adhered to best practice governance standards. However, a number of queries was made by the Supervisory Committee and submitted to the General Manager for action.

### **Activity Reports (Monitoring)**

With the level of risk associated with Know Your Employee (KYE), the Supervisory Committee conducted ongoing monitoring of staff accounts as a part of the organization's review exercise. There were no discrepancies noted for the period January to December 2020.

### **Closing Remarks**

The Chairman noted that the Supervisory Committee remained committed that the members' interests were protected, and for MCCU to remain a viable choice in the financial sector.

Mrs. Brown Dawson expressed gratitude to the Board of Directors, the Audit Unit, Management and Staff and the various Committees for their support throughout the year. She also expressed gratitude to the members for allowing the Supervisory Committee the opportunity to be their custodians.

### **QUESTIONS/COMMENTS/ DISCUSSION POINTS**

There were no questions or comments.

On a motion moved by Mrs. Christine Gayle-Wright and seconded by Ms. Marva White, the Supervisory Committee's Report was adopted.

### **NOMINATING COMMITTEE REPORT**

Mr. Lemuel Sharpe, Chairman, of the Nominating Committee, referred to rules governing the nomination. The members of the Committee comprised:

- Mr. Lemuel Sharpe - Director/Chairman
- Mr. Claude Rattray - Member
- Mrs. Kenisha Dwyer-Powell - Member
- Mr. Arlando Dawson - Staff Liaison Officer



Mr. Sharpe read the Report to outline to the members, all the volunteers who were retiring and those who were nominated to serve on the Board of Directors and Committees. He pointed the membership to the new nominees' profiles found on pages 128 - 130 of the Programme Booklet.

On a motion moved by Mr. Clifton Pryce and seconded by Mrs. Lileith Skeene, the Nominating Committee's Report was adopted.

## Election of the Board of Directors and Committees

The election proceedings were conducted by Ms. Tanisah Facey, Director of Inspectorate from the Department of Co-operatives and Friendly Societies. Ms. Facey asked for the Report to be taken as presented on a motion moved by Mr. Clifton Pryce and seconded by Mrs. Lileith Skeene.

There being no nominations from the floor, the following members were elected to serve on the Board of Directors, Credit Committee and Supervisory Committee for the administrative year 2021 to 2022.

## BOARD OF DIRECTORS

| PRESENTLY SERVING               | STATUS     | TERM    |
|---------------------------------|------------|---------|
| Mr. Alexander Bourne            | Continuing | 1 Year  |
| Dr. Cleveland Robinson          | Continuing | 1 Year  |
| Mr. Lemuel Geoffrey Sharpe      | Continuing | 1 Year  |
| Mr. Astley Scott                | Continuing | 2 Years |
| Mr. Berresford South            | Continuing | 2 Years |
| Ms. Althea Campbell             | Continuing | 2 Years |
| Mr. George Sloley               | Continuing | 1 Year  |
| Mr. Courtney Henry              | New        | 2 Years |
| Mr. Dalton Campbell             | New        | 2 Years |
| Mrs. Helen Campbell-Wint        | New        | 2 Years |
| Mrs. Paulette Stephenson-Taylor | New        | 2 Years |



## CREDIT COMMITTEE

| PRESENTLY SERVING           | STATUS     | TERM    |
|-----------------------------|------------|---------|
| Mr. Clive Dunkley           | Continuing | 1 Year  |
| Ms. Elaine Brooks           | Continuing | 2 Years |
| Mrs. Claudette Gayle-Foster | Continuing | 2 Years |
| Ms. Lileith Sutherland      | New        | 2 Years |
| Ms. Althea Humber           | New        | 2 Years |

## SUB-CREDIT COMMITTEE

| NAMES                        | STATUS     | TERM    |
|------------------------------|------------|---------|
| Mr. Churton Douglas          | Continuing | 1 Year  |
| Mrs. Michelle Pinto-Campbell | New        | 2 Years |
| Mrs. Saadia Lindsay-Johnson  | New        | 2 Years |

## SUPERVISORY COMMITTEE

| NAMES                      | STATUS     | TERM   |
|----------------------------|------------|--------|
| Ms. Michelle Douse         | Continuing | 1 Year |
| Mrs. Patreena Bailey-Green | Continuing | 1 Year |
| Ms. Elaine Bailey          | Continuing | 1 Year |
| Ms. Camoi Burford          | Continuing | 1 Year |



## SUB-SUPERVISORY COMMITTEE

| NAMES                    | STATUS     | TERM    |
|--------------------------|------------|---------|
| Rev'd Kingsley Andrews   | Continuing | 1 Year  |
| Mr. Glenroy Griffiths    | Continuing | 1 Year  |
| Mrs. Dahlia Brown-Dawson | Continuing | 1 Year  |
| Mr. Dean Spence          | New        | 2 Years |

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

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

On a motion moved by Mr. Stanley Skeene and seconded by Mrs. Thelma Griffiths-Gayle, the Board of Directors were empowered with the authority to elect representatives to the Jamaica Co-operative Credit Union League Limited and other Co-operative Societies.

Ms. Facey reminded the Board and the other committees that they were to convene within ten (10) days to elect officers for the various committees and forwarded the information to the Department of Co-operatives & Friendly Societies, the Jamaica Co-operative Credit Union League, the Bank of Jamaica, and the other affiliates.

## PRESENTATIONS

Ms. Vanaya Jack, HR and Facilities Manager, made presentations to the following volunteers who came to the end of their tenure. She noted that those individuals served with much zeal and devotion and so used the opportunity to express appreciation to them:

- Mr. Nicholas Spence
- Mrs. Althia Scott Jones
- Mr. Stallyn Insang
- Mr. Raymond Harper
- Ms. Marsha Deer
- Mr. Christopher Tyme

## Congratulatory Resolution

Mr. Astley Scott read the congratulatory resolution for Mr. Claude Rattray who served MCCU for over twenty (20) years.



On a motion moved by Mr. Astley Scott and seconded by Mrs. Paulette Walters-Murphy, the congratulatory resolution for Mr. Claude Rattray who volunteered over 20 years of service to MCCU was accepted.

## **Congratulatory Resolution**

Mr. Berresford South read the congratulatory resolution for the Rev'd Charles Danvers who served MCCU for over twelve (12) years.

On a motion moved by Mr. Berresford South and seconded by Ms. Ann-Marie Reid, the congratulatory resolution for the Rev'd Charles Danvers who volunteered over 12 years of service to MCCU was accepted.

## **ANY OTHER BUSINESS**

Mr. Churton Douglas recommended that greater consideration be exercised when servicing the ATM, citing the example of withdrawing \$30,000 from the ATM and receiving six (6) \$5000 notes. He recommended that smaller notes be loaded for more convenience to members.

Mr. Dermot Hall, a member participating online, suggested that members be given the choice of selecting denominations to add greater functionality to the machine. Mr. Bourne responded that some features were left to the capability of the machine. The IT Manager, participating online, responded that it was not easy to add that feature to the ATM. Mr. Bourne said the suggestion was noted and same would be investigated.

## **ANNOUNCEMENTS**

- The Finance Manager, Mr. Arlando Dawson informed the members that the Special Moni-Booster with at an interest rate of 14.5%, payment term of six (6) years and service fee discounted by 50% was launched in 2019. The interest rate on Cash Secured Loan was 6%; he encouraged the membership to utilize those loan products.
- He thanked the members for saving with MCCU and encouraged them to continue to utilize the savings products.
- Mr. Bourne advised the members that there was going to be some changes to the Mandeville location, upstairs would be re-designed to create addition office space.

## **PRIZES**

Mr. Michael Gottshalk, Marketing Manager presented prizes to the listed members who stayed the full duration of the AGM (Register, Join, Stay on & Win):

- Mr. Gerald Jackson - a Weekend for Two
- Ms. Charmaine Blake - a 32" Television
- Ms. Tamika Elliott - Cash Prize of \$20,000.00

## **VOTE OF THANKS**

In giving the vote of thanks, Director Dr. Cleveland Robinson, firstly thanked God whose grace and mercy enabled MCCU to have navigated the challenging times. He expressed thanks to the following groups and individuals who contributed to the success of the AGM.



External partners who travelled from far to participate:

- The Representatives from the League
- The Auditors
- Representatives from the Department of Co-operatives and Friendly Societies who conducted the election of volunteers
- The Management team and all staff
- Chairs of various committees for presenting the reports
- Mr. Bourne for chairing the meeting
- The Technical Team and Media
- The members who were in attendance
- The Board of Directors, Supervisory Committee and Credit Committee.

## CLOSURE

There being no other business, the Chairman closed the meeting with the singing of the National Anthem. Mr. Bourne reminded the committees of the meetings to be scheduled in the following week to elect their officers. The meeting ended at 2:28 p.m.

.....  
**Ms. Althea Campbell**  
SECRETARY

.....  
**Mr. Alexander Bourne**  
PRESIDENT



## BOARD OF DIRECTORS REPORT

**Alexander Bourne**

*President of the Board of Directors*

### Introduction

Fellow cooperators, friends all; on behalf of the Board of Management, I extend warm greetings to you with the hope that you are well. This report is an account of the stewardship of the Board of Directors for the year 2021, a milestone year for our credit union; the year we celebrated our 70th anniversary. Despite the unprecedented challenges of the COVID-19 pandemic, we dug in and worked hard to help our members attain their financial goals. This report summarises the activities undertaken and the key performance results achieved. The report also provides a summary of the performance of the credit union movement and the Jamaican economy in 2021.

### The Jamaican Economy

The year 2021 proved more promising than the financial year 2020, despite the continued challenges brought about by the pandemic. In 2021 the country's real GDP was estimated to have increased by 4.4%. The country experienced growth in both the goods-producing and service sectors. These improvements also lead to increased employment during the year. For the first half of 2021, the Bank of Jamaica maintained the policy rate at 0.5% per annum;

however, during the fourth quarter of the year, the rate was revised each month upward, and the year ended with a rate of 2.5%. The increase in the policy rate was a move to guide inflation back to the target range of 4% to 6% by increasing borrowing costs to reduce private consumption and limit the impact of demand on prices. The inflation rate for the calendar year was 9.1%. Despite the increased borrowing rates and other setbacks, the domestic financial sector registered growth in loans, deposits and assets. In 2021 the financial sector recorded an overall increase of 10.1% in loans; deposits grew by 13.1%, and total assets in the financial sector grew by 13.4%.

### The Credit Union Movement

The Jamaica Credit Union Movement also reported growth in its loans, savings, and total assets in 2021. The Movement ended the year with a net loans' growth of 6.1%, savings growth of 10.4%, and assets growth of 9.8%. The membership across the movement decreased marginally by **3.4%** to close the year at 1,000,157 members, down from 1,034,962 members the previous year. Table 1 indicates the key result areas of the movement.



**Table 1 – Key Performance Indicators for the Credit Union Movement**

| Key Areas          | 2021      | 2020      | Annual Growth 2021 | Annual Growth 2020 |
|--------------------|-----------|-----------|--------------------|--------------------|
| Savings (\$M)      | 116,722   | 105,724   | 10.4%              | 9.9%               |
| Net Loans (\$M)    | 96,934    | 91,346    | 6.1%               | 3.1%               |
| Total Assets (\$M) | 150,399   | 136,976   | 9.8%               | 10.4%              |
| Membership         | 1,000,157 | 1,034,962 | -3.4%              | 2.8%               |

At the end of 2021, Jamaica's number of credit unions remained at twenty-five (25).

## Key Performance Indicators

Despite the challenges brought about by the pandemic, our Credit Union performed reasonably well in 2021. Table 2 summarizes the key performance metrics.

**Table 2 – Performance Overview**

| Key Areas                   | 2021   | 2020   | Annual Growth 2021 | Annual Growth 2020 |
|-----------------------------|--------|--------|--------------------|--------------------|
| Savings (\$M)               | 5,477  | 5,042  | 8.63%              | 11.67%             |
| Net Loans (\$M)             | 3,413  | 3,370  | 1.28%              | -2.12%             |
| Total Assets (\$M)          | 7,347  | 6,825  | 7.65%              | 12.68%             |
| Institutional Capital (\$M) | 995    | 947    | 5.07%              | 5.46%              |
| Net income (\$M)            | 81.52  | 46.54  | 75.16%             | -13.25%            |
| Membership                  | 49,076 | 48,105 | 2.02%              | 2.55%              |

The Organisation experienced growth in all our key performance indicators. We reversed the previous year's dismal performance in net loans and net income. While trending up, the growth rate of net loans is still below expectations. We are working at improving our off-lending, but we implore all members to help in this regard. Make MCCU your first and only stop for loans and help to encourage others to join and borrow from us.



It is noteworthy that our Credit Union maintained a solid capital base and was one of only 11 credit unions that achieved an asset growth above the inflation rate of 9.1%. The Credit Union had to find ways to navigate the instability and economic uncertainties. Through sound financial management, the team addressed potential obstacles. It maintained capital adequacy and liquidity ratios whilst creating a buffer in absorbing and averting losses and supporting the lending process in the business operations.

The Board commends the management team, staff, and volunteers for their hard work to improve savings, Net Loans, Total Assets, Institutional Capital, Net Income, and Membership.

## **Delinquency Management**

Our delinquency management initiatives were a mix of successes and challenges. We achieved a delinquency ratio of 5.47%, which was above the industry standards of 5%. The management team employed several delinquency-containment and debt-collection strategies to protect the Credit Union's assets throughout the year. Unfortunately, even with these efforts, some members defaulted on their financial obligations due to the economic pressure brought on by the pandemic. As we continue to reduce delinquency, we implore our members who have loans to prioritize their debt obligations and make their loan payments on time, every time.

## **Marketing Activities**

The continued effects of the COVID-19 pandemic in 2021 resulted in restrictions on public gatherings throughout the year. Within this context, the Marketing Department was able to participate in the following events:

1. Virtual presentation at Frankfield Primary School's Career Day
2. Virtual presentation on Financial Literacy to the 1st Formers of Manchester High School
3. JCCUL Virtual Reality Fair

## **Virtual Town Hall Meeting**

In promoting and facilitating Member Education, the Credit Union hosted its first Virtual Town Hall Meeting on April 22, 2021, under the theme, "Aligning Your Financial Goals." There were three presentations that focused on the following areas:

- a) The Credit Union Advantage
- b) Loans Explained
- c) The Assurance of Insurance

The event was streamed live on Facebook through the Zoom platform and received over 463 views when the live event ended.



## 70th Anniversary Celebrations

The Credit Union commenced its 70th Anniversary Celebrations on Friday, May 28, 2021, one day before the official anniversary date of May 29. Throughout the rest of the year, the anniversary celebrations were conducted under the theme, “Building Communities...Fostering Growth.” The following table outlines the activities that were completed:

**Table 3 – 70th Anniversary Events**

| No. | Date     | Activity                                                                                                                                                                                                                                                                                                                     |
|-----|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | May 28   | Unveiling of hand washing stations at Garlogie Primary School. Additional hand washing stations were subsequently donated to Campbell’s Castle Primary School and Woodlawn School of Special Education.                                                                                                                      |
| 2   | May 28   | Branch activities to include: <ul style="list-style-type: none"><li>◇ Anniversary Décor</li><li>◇ Wearing of Anniversary Polo Shirts by staff</li><li>◇ Staff Grab bag challenge</li><li>◇ Serving of packaged refreshments to members</li><li>◇ Token distribution to members</li><li>◇ Radio interviews (NCU FM)</li></ul> |
| 3   | May 29   | (i) Church service hosted by Spur Tree SDA Church<br>-Virtual attendance & limited in-person attendance<br>(ii) Email and SMS blast to members                                                                                                                                                                               |
| 4   | May 30   | Publication of anniversary advertisement in the Gleaner and Observer Newspapers<br>Ad. Caption: “Thank you Manchester for 70 Great Years”                                                                                                                                                                                    |
| 5   | June 20  | 70th Anniversary Supplement/ Special Advertising Feature in the Sunday Gleaner, June 20, 2021                                                                                                                                                                                                                                |
| 6   | December | “Cash-In This Christmas” Anniversary Loan Special                                                                                                                                                                                                                                                                            |



## International Credit Union Week 2021

International Credit Union Week was celebrated from October 17-22, 2021, under the theme “Building Financial Health for a Brighter Tomorrow.” As we continued to navigate through the COVID-19 pandemic, several activities were carried out, which allowed us to show appreciation to our members and the broader community while at the same time adhering to the measures outlined under the Disaster Risk Management Act. The following table summarises the activities that were completed during the week of celebrations:

**Table 4 – Events of International Credit Union Week 2021**

| <b>Date</b>                                   | <b>Event</b>                                                        | <b>Location</b>                                         |
|-----------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------|
| Sunday, October 17                            | National Church Service (spear-headed by JCCUL)                     | YouTube live-streaming from the Webster Memorial Church |
| Tuesday, October 19 and Wednesday, October 20 | Food Drive Collection                                               | Mandeville & Christiana Branches                        |
| Wednesday, October 20                         | Christiana Member Appreciation Day                                  | Mandeville & Christiana Branches                        |
| Thursday, October 21                          | International Credit Union Day & Mandeville Member Appreciation Day | Mandeville Branch                                       |
| Thursday, October 21                          | Food Drive Presentation                                             | Hanbury Home for Children                               |
| Friday, October 22                            | Movie Evening for Staff                                             | Mandeville Branch                                       |

## Family Day Promotions

A marketing promotion dubbed “Family Day” was conducted at the Mandeville and Christiana Branches on August 20 and September 3, respectively. Activities conducted on each day included the following:

- Spin the Wheel
- Family Portrait Booth
- Auto Loan Sale & Car Show
- Trivia Questions posted on social media
- Refreshment and token distribution



## Products and Services

### Partner Plan

At the start of the year, a Partner Plan promotion was conducted in January to highlight this product as the ideal instrument for saving towards specific short-term goals. Similarly, the product retook the spotlight in July as the “20 Weeks of Christmas” promotion invited members to start a 20 weeks partner plan to receive a draw in time for Christmas.

### Wealth Accelerator Plan

The Wealth Accelerator Plan was widely promoted during the first quarter of the year. It was positioned as an ideal product for investing lump sum amounts such as the contribution refunds, and partner draws that persons were accessing at the time.

### Cash Secured Loan Special

During the year, a special offer was created for the Cash Secured Loan product. Members could access cash secured loans at the rate of 6% per annum with no processing fee using funds held at the Credit Union. For funds held externally, the rate was 7% per annum, and the processing fee charged was 0.5% of the loan amount plus GCT.

### Moni Booster and Dream Wheels Auto Loans Promotion

The Moni Booster and Dream Wheels Auto Loan specials that were previously approved in 2020 were extended throughout 2021. These products were marketed with the following features:

#### Dream Wheels Auto Loan

- Financing for vehicles up to 10 years old
- Interest rates ranging from 7.5% to 9.99%
- Up to 10 years to repay
- Service charge reduced to 2%
- Pre-approved Line of Credit of \$50,000.

#### Special Moni Booster Unsecured Loan

- Access up to \$3 million
- Up to 6 years to repay
- Interest rate of 14.5%
- Approval within 48 hours



## Cash-In this Christmas Unsecured Loan

The Cash-In Unsecured Loan special was made available in December to serve the dual purpose of the 70th Anniversary product and a Christmas loan special. The product offered the following features:

- Loan amounts up to \$3 million
- Up to 6 years to repay
- 50% discount on processing fees
- Interest rate 13.99% per annum

## Corporate Social Responsibility

### Birthday Messages

On March 1, 2021, the credit union commenced an emailing campaign to send electronic birthday greeting cards to members on their birthday. This campaign was successfully maintained throughout the year. We encourage members who have not received their electronic birthday card to update their accounts with a valid email address.

### Tablet Distribution

To assist with the online learning modality due to the COVID-19 pandemic, the Credit Union embarked on the distribution of tablets to several institutions throughout the parish. Table 5 indicates the beneficiaries of the Credit Union's tablet distribution project.

**Table 5 – Tablet Distribution**

| <b>Institution</b>                      | <b>No. of Tablets</b> |
|-----------------------------------------|-----------------------|
| Frankfield Primary & Infant School      | 10                    |
| Caribbean Christian Centre for the Deaf | 20                    |
| Manchester Health Department            | 1                     |
| Mount Olivet Boys' Home                 | 9                     |
| Bellefield Primary & Infant School      | 10                    |
| Garlogie Primary & Infant School        | 10                    |
| <b>Total</b>                            | <b>60</b>             |



## Sydney Carter Bursaries

A total of thirteen (13) tertiary level students received one-off bursaries valued at \$70,000.00 each to assist with their educational expenses for the 2021/2022 academic year. Due to the restrictions on public gatherings, the annual awards ceremony was replaced by individual presentations in the Credit Union's Board Room. The recipients are indicated in Table 6.

**Table 6 – Recipients of Sydney Carter Bursaries**

| First Name | Last Name  | School                                   |
|------------|------------|------------------------------------------|
| Khedijha   | Bailey     | Church Teachers' College                 |
| Avery      | Grant      | Northern Caribbean University            |
| Jevaughn   | Beaumont   | Church Teachers' College                 |
| Chadwin    | Headlam    | University of the Commonwealth Caribbean |
| Sonya      | Bailey     | Church Teachers' College                 |
| Kaydia     | King-Kirby | Church Teachers' College                 |
| Janiel     | Beezer     | University of the West Indies            |
| Tamoya     | Gayle      | University of the Commonwealth Caribbean |
| Jodi-Ann   | Bennett    | University of the West Indies            |
| Olivia     | Valentine  | Universidad de Montemorelos              |
| Rianna     | Tracey     | University of the West Indies            |
| Shannelle  | Schloss    | University of Technology                 |
| Racquel    | Robinson   | Northern Caribbean University            |

## PEP Bursaries

A total of eleven (11) youth savers were awarded with bursaries valued at \$20,000.00 each for the 2021/2022 academic year. Individual presentations were made at the corporate office because of the restrictions on public gatherings at the time.

## Social and Community Outreach

An amount of \$833,429.69 was donated as part of our social and community outreach programme in 2021. Table 7 indicates individuals and organizations that benefited from the social and community outreach donations.



**Table 7**

| NAME                                     | AMOUNT     | NAME                                 | AMOUNT              |
|------------------------------------------|------------|--------------------------------------|---------------------|
| THE MICO UNIVERSITY COLLEGE              | 100,000.00 | OPTIMIST CLUB OF MANDEVILLE          | 10,000.00           |
| SOUTHERN REGIONAL HEALTH AUTHORITY       | 236,325.00 | FRIENDS OF PORUS BRANCH LIBRARY      | 8,000.00            |
| CHRISTIANA SEVENTH DAY ADVENTIST ECI     | 10,000.00  | MANCHESTER CHAMBER OF COMMERCE       | 45,000.00           |
| PERCY JUNOR HOSPITAL                     | 10,000.00  | DONATION OF GROCERIES                | 9,612.68            |
| DONATION OF TABLETS                      | 26,835.31  | NEW GREEN PRIMARY SCHOOL             | 65,524.70           |
| MANCHESTER DIVISIONAL INTELLIGENCE UNIT  | 10,000.00  | NATIONAL SECONDARY STUDENTS' COUNCIL | 7,000.00            |
| SPONSORSHIP TO PURCHASE MEDICAL SUPPLIES | 287,132.00 | CHRISTIANA MORAVIAN PRIMARY SCHOOL   | 8,000.00            |
| <b>GRAND TOTAL</b>                       |            |                                      | <b>\$833,429.69</b> |

## Risk and Compliance

The Credit Union ensured our compliance with all applicable regulations. We also addressed action items and resolved noted audit findings and recommendations whilst working to address outstanding items in relation to the BOJ Licensing regime. The team has worked and continues to work to ensure we will meet the conditions of the Bank of Jamaica Credit Unions (Special Provisions) Bill.

## Transaction Monitoring/Reporting

In keeping with the Proceeds of Crime Act (POCA), the Proceeds of Crime Money Laundering Prevention Regulations, United Nations Security Council Special Resolutions Implementation Act (UNISCRIA), and the Terrorism Prevention Act (TPA), reports were made on Threshold Transaction Reporting (TTR), Suspicious Activity

Report, Suspicious Transaction Report, Listed Entity Report and Proscribed Entity Report were made to the FID through the goAML platform.

We also responded to several formal orders from the Supreme Court under the UN Sanctions List, Customer Information Orders, and Requisitions and Production requests from the FID.

## AML Software Onboarding

Delays were encountered with implementing the anti-money laundering (AML) monitoring software, so onboarding did not materialize in June 2021; we ended the year without completing the process. However, much effort has been put into enabling the onboarding of RiskCALM – another important software to help with risk assessment and monitoring. Our team worked assiduously to collaborate and coordinate with the providers of our core



banking software to facilitate the onboarding process.

## Compliance Training

In 2021, we conducted several training sessions focused of anti-money laundering, risk-based assessment, anti-fraud strategies, fire drills and fire awareness. The annual POCA training for staff and volunteers was completed in November to meet our regulatory obligations. Among other things, the POC training looked at critical aspects of the TPA, UNSCRIA, BOJ Guidance Notes, and FATF Recommendations. Sensitization sessions were also had on Data Protection and the BOJ Fit & Proper regime. Throughout the year, regulatory information and critical industry news were shared with staff and volunteers through emails.

## Administration & Human Resources

### Staff Welfare

Our staff is our most precious asset; the success of the Credit Union depends on its Human Resources. Several activities were carried out to ensure the welfare of staff members and to show appreciation for their work and worth. Below are some of the main staff welfare activities completed during the period:

- Staff treats and recognition for Valentine's Day, Mother's, Father's Day, Easter, and Christmas.
- On July 30, 2021, the Credit Union held its first "Games Night" since the COVID-19 pandemic began. We had employees participating in dominoes,

ludo and virtual FIFA games.

- Our Health and Wellness programme continued and involved fitness classes on Tuesdays and Thursdays and Healthy tips/talks.
- Constant & robust communication to allay fears concerning the pandemic and to keep connected
- Organized COVID-19 testing of staff at the Mandeville Health Department & Percy Junor Hospital.
- Implemented enhanced measures to ensure employees' emotional wellbeing through the Employee Assistance programme (which offers confidential counselling to employees and their immediate family).
- Coordinated the training and development of employees via online platforms.
- Offered assistance to employees in the form of supermarket vouchers.

### Promotions/Recruitment & Separation

In 2021, the management hired seven (7) new staff members, six (6) temporary and one (1) permanent. During the year, there were five (5) separations: Arlando Dawson, Vasiona Miller-Hewitt, Hyacinth Spurgeon, Lavender McKenzie and Nickoli Brown.



## Annual General Meetings & Conventions

### League AGM

The Jamaica Co-operative Credit Union League held their 80th Annual General Meeting at Sullivan Hall, Credit Union House, on Saturday, June 5, 2021. Delegates and alternate delegates from MCCU attended the AGM. Also in attendance were delegates from other credit unions, JCCUL Group Board members, JCCUL

Group staff, the Registrar, and other observers.

Caribbean Confederation of Credit Unions (CCCCU) 64th Annual International Convention and the 50th Annual General Meeting

Our Credit Union was represented at the Caribbean Confederation of Credit Unions Annual Conference, held virtually from June 21 – 24, 2021.

## Board of Directors Meetings - 2021

Table 8 outlines the attendance at meetings of the Board of Directors held during the year:

**Table 8**

| NAMES                      | POSSIBLE MEETINGS | ATTENDED | EXCUSED | ABSENT |
|----------------------------|-------------------|----------|---------|--------|
| *Alexander Bourne          | 37                | 36       | 1       | 0      |
| *Althea Campbell           | 37                | 37       | 0       | 0      |
| * Nicholas Spence          | 33                | 25       | 8       | 0      |
| * Cleveland Robinson       | 37                | 34       | 3       | 0      |
| *Stallyn Insang            | 33                | 32       | 1       | 0      |
| * Astley Scott             | 21                | 14       | 7       | 0      |
| *Lemuel Sharpe             | 21                | 20       | 1       | 0      |
| Althia Scott-Jones         | 17                | 13       | 4       | 0      |
| Berresford South           | 19                | 17       | 2       | 0      |
| Courtney Henry             | 19                | 10       | 9       | 0      |
| George Sloley              | 15                | 10       | 5       | 0      |
| Helen Campbell-Wint        | 2                 | 2        | 0       | 0      |
| Dalton Campbell            | 2                 | 2        | 0       | 0      |
| Paulette Stephenson-Taylor | 2                 | 2        | 0       | 0      |

\*Members of the Executive Committee



# BOARD OF DIRECTORS



**Alexander Bourne**  
President



**Althea Campbell**  
Secretary



**Astley Scott**  
Treasurer



**Cleveland Robinson**  
1st Vice President



**Geoffrey Sharpe**  
2nd Vice President



**Helen Campbell-Wint**  
Assistant Secretary



**Dalton Campbell**  
Assistant Treasurer



**Courtney Henry**  
Director



**Poullette Stephosn-Taylor**  
Director



**Berresford South**  
Director



**George Sloley**  
Director



## Appreciation

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 pooling of resources would improve the members' lives and help them better their lives by attaining key financial goals. We are proud that we have achieved and exceeded our founders' vision in many respects. From humble beginnings, we have grown to over 49,000 members and over \$7 Billion of assets under management. In 2021 we marked our 70th anniversary; we celebrated and paid tribute to the generations of members who have supported their Credit Union over the past seven decades. We would not be the award-winning credit union we are today without them.

In that same vein, the Board takes this opportunity to express sincere thanks to the Management Team, staff, and volunteers for their commitment, dedication, and hard work in ensuring that the year was successful despite the challenges. 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.

While we have grown and the world around us has changed and continues to change, our philosophy and commitment to our members remain unchanged. We are inspired and hopeful for a bright future. We are innovating to ensure we give our members the best service and financial products. The opportunity to be a trusted financial partner is a privilege we take seriously. We are deeply committed to being the financial institution of choice. We aim to provide innovative and competitive products and services in a warm and friendly environment to enhance our members' economic and social wellbeing. All the while, exceeding expectations.

.....  
Alexander Bourne  
President



## TREASURER'S REPORT

**Astley Scott**  
*Treasurer*

I am pleased to present the Treasurer's Report to this the 46th Annual General Meeting of the Manchester Co-operative Credit Union 1977 Limited for the financial year ended December 31, 2021. The Audited Financial Statement is set out on pages 57 to 111 and excerpts from these statements are included in this, the treasurer's report.

Our Credit Union was not immune to the challenges of the year 2021, made worst by the impact of COVID-19. Nevertheless, with the unwavering support of you the members, and the hardworking staff and volunteers, we achieved favorable results in most areas of the Credit Union's operations.

### FINANCIAL PERFORMANCE

Our Credit Union recorded Net Income on operations of \$81.5 million in comparison to \$46.5 million in 2020. This represents a 75.1% increase year over year.

Our Assets also grew by 7.7% or \$523 million for the year. The Credit Union generated total

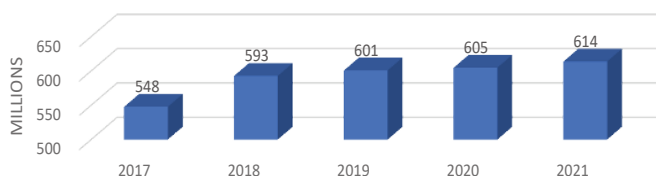
income of \$613.8 million, a marginal increase of 1.5% more than 2020.

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

|                         | \$          |
|-------------------------|-------------|
| • Financial Investments | 68,336,302  |
| • Liquid Assets         | 101,735,606 |
| • Loans to Members      | 443,778,979 |

Our Credit Union incurred expenses of \$532 million in operational activities, compared to \$558 million in 2020. This was a 4.7% decrease compared to the previous year.

REVENUE TREND





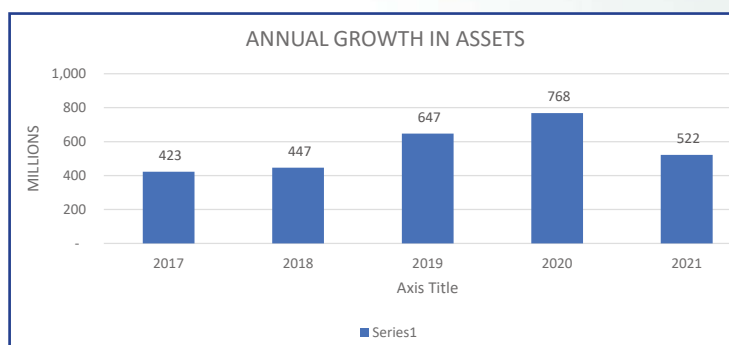
## KEY PROFITABILITY TRENDS

Profitability Indicators below, show the trends in key profitability ratios over the past five (5) years. An income to asset ratio of 8.4% was achieved in 2021; this was 0.05 % below that achieved for 2020. The return on assets ratio was 1.11% at the end of the financial year. This was above the 0.68% achieved in 2020.

| Profitability Indicators |       |       |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|
|                          | 2017  | 2018  | 2019  | 2020  | 2021  |
| Total Income to Assets   | 11.0% | 11.0% | 9.9%  | 8.9%  | 8.4%  |
| Operating Exp. To Assets | 7.7%  | 7.1%  | 6.7%  | 5.7%  | 5.5%  |
| Return on Assets         | 1.8%  | 2.1%  | 0.92% | 0.68% | 1.11% |

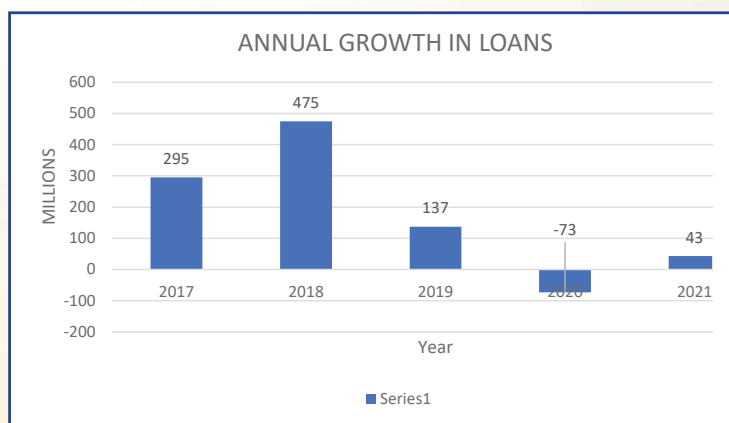
## ASSET GROWTH

Total assets ended the year at \$7.35 billion. This represented an increase of \$522 million or 7.65% over the financial year 2020. The Annual Growth in Assets chart shows the movement in the asset base over the last five (5) years. The accumulated increase over the period was \$2.8 billion or 38% of the Credit Union's total assets.



## LOANS

Our credit union managed to increase the loan portfolio by \$43M for 2021 when compared to 2020 despite the downturn in some areas and the increased competition in the industry in Jamaica. Our Credit Union had growth in motor vehicle and real estate loans of 3% and 6% respectively. Cash secured and unsecured loans however declined by 3% and 0.42% respectively.



The Annual Growth in Loans table shows the net growth in loans over the last five (5) years.



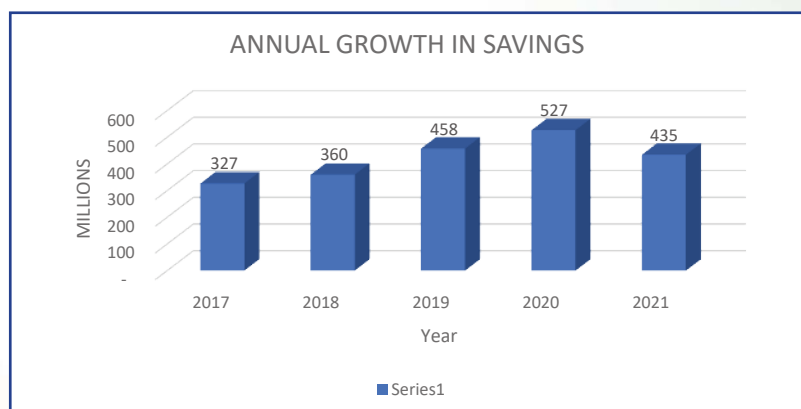
## INVESTMENTS AND CASH RESERVES

The Cash and Investment portfolio closed the year at \$3.3 billion; this represents an increase of 18% over 2020 and accounted for 47% of total assets. The Credit Union earned an average of 3.4% on investments during the year. This is below the 3.5% achieved in 2020 and is attributable to declines in repo rates since 2018.

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 Cumax Wealth Management Limited, formerly Credit Union Fund Management Company (CUFMC).

## SAVINGS

Total Savings grew by \$435 million or by 8% for the year as shown by the Annual Growth in Savings chart. Total Savings increased to \$5.5 billion at the end of 2021. We commend Management, Staff, and you our loyal members for this achievement and assure you that our Credit Union will continue to offer competitive returns on our range of savings and investment products.



## KEY FINANCIAL INDICATORS

Our Credit Union was able to meet some of the PEARL standards in its operations for 2021. Some of these indicators are outlined in the Financial Indicators table. The loan to asset ratio decreased from 49.4% in 2020 to 46.5% in 2021, due to significant growth in assets and less than satisfactory growth in the loan portfolio. Our Credit Union, with your support will continue efforts to achieve this most important standard of 60%-80% in the not-too-distant future.



## Financial Indicators

| Metrics                              | Target Standard | 2021 Actual | 2020 Actual |
|--------------------------------------|-----------------|-------------|-------------|
| INSTITUTIONAL CAPITAL : TOTAL ASSETS | 10%             | 13.55%      | 16.0%       |
| NET LOANS : TOTAL ASSETS             | 60%-80%         | 46.46%      | 49.4%       |
| DELINQUENT LOANS: TOTAL LOANS        | < or = 5%       | 5.47%       | 5.0%        |
| NON-EARNING ASSETS: TOTAL ASSETS     | 7%              | 6.93%       | 8.2%        |
| OPERATING EXPENSE : TOTAL ASSETS     | 8%              | 5.5%        | 5.7%        |
| MEMBERSHIP GROWTH                    | 5%              | 2%          | 2.6%        |
| INSTITUTIONAL CAPITAL GROWTH         | 8%              | 5.1%        | 5.5%        |

### INSTITUTIONAL CAPITAL RESERVE

Our Credit Union was able to strengthen its capital base during the year. Institutional capital stood at \$996 million at the end of the period. This represented \$48 million or 5% growth. The institutional capital to asset ratio decreased from 16% in 2020 to 13.55% at the end of the 2021 financial year. This ratio, however, 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% in 2020 to 5.47% at the end of the 2021 financial year. We continue our efforts for effective delinquency control and will take further measures to reduce the level of delinquency. We anticipate the co-operation of our members in this regard.

The debt recovery process continues to be challenging. We continue to see members giving very low priority to servicing their Credit Union obligations, when they experience difficulties.

This has resulted in our Credit Union having

to charge off \$31 million in non-performing loans during the financial year 2021. This has significant negative effects on our Credit Union.

These are funds that could have increased our operational surplus for the year. This is a direct loss to our Credit Union's bottom line and negatively impacts benefits that could be extended to members and our community. Management will continue to execute stringent debt collection practices which include the following:

- Utilization of bailiff
- Foreclosure of real estate properties
- The utilization of an Attorney at Law to pursue recovery through the courts
- The publication of names of delinquent borrowers on notice boards in the branches and on the Credit Union's website
- The publication of delinquent borrowers' names in the print media

The effective utilization of the Credit Union's 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, as this will aid in us achieving the mantra of 'people helping people.'



## FINANCIAL SUMMARY

| Summarized Income Statement ('m) |         |         |       |          |
|----------------------------------|---------|---------|-------|----------|
|                                  | 2021    | 2020    | Var   | Growth % |
| Total Income                     | 613.85  | 604.95  | 8.9   | 1.47%    |
| Total Expenses                   | -532.33 | -558.41 | 26.08 | -4.67%   |
| Surplus                          | 81.52   | 46.55   | 34.97 | 75.12%   |
| Add Undistributed Surplus        | 44.82   | 59.12   | -14.3 | -24.19%  |
| Less Transfers                   | -59.13  | -60.84  | 1.71  | -2.81%   |
| Available for Appropriation      | 67.21   | 44.82   | 22.39 | 49.96%   |

| Summarized Balance Sheet ('m)    |          |          |        |          |
|----------------------------------|----------|----------|--------|----------|
|                                  | 2021     | 2020     | Var    | Growth % |
| <i>We The Members Own:</i>       |          |          |        |          |
| Institutional Capital            | 995.69   | 947.38   | 48.31  | 5.1%     |
| Permanent Shares                 | 155.38   | 147.49   | 7.89   | 5.3%     |
| Other Reserves                   | 557.43   | 575.47   | -18.04 | -3.1%    |
| Undistributed Surplus            | 67.22    | 44.82    | 22.4   | 50.0%    |
| Total Capital & Reserves         | 1,775.72 | 1,715.16 | 60.56  | 3.5%     |
|                                  |          |          |        |          |
| <i>The Money Was Used For:</i>   |          |          |        |          |
| Net Loans to Members             | 3,413.74 | 3,370.63 | 43.11  | 1.28%    |
| Cash & Investments               | 3,425.57 | 2,893.32 | 532.25 | 18.40%   |
| Fixed Assets                     | 272.5    | 280.29   | -7.79  | -2.78%   |
| Other Assets                     | 235.8    | 280.91   | -45.11 | -16.06%  |
| Total Assets                     | 7,347.61 | 6,825.15 | 522.46 | 7.65%    |
| Less Savings & Other Liabilities | 5,571.89 | 5,109.98 | 461.91 | 9.04%    |
| Our Credit Union's Net Worth     | 1,775.72 | 1,715.17 | 60.55  | 3.53%    |



## CONCLUSION

The financial performance for the year 2021 is evidence that our Credit Union is still a viable entity even amidst the current economic and social challenges. The financial market grew increasingly competitive as new and old players vie for the shrinking resources of Jamaicans. Thanks to our loyal and supportive members, MCCU continues to thrive. We continue to be one of the premier financial institutions in our geographic area of operation. This would not be so without our members recognizing that they remain MCCU's top priority. Our Credit Union exists to serve the needs and aspirations of you our faithful members. This, we promise to continue to do, to the best of our abilities, in the best interest of you our members/owners. Together we will continue to grow and prosper.

As mentioned earlier, 2021 was a year riddled with challenges. We would not have emerged still shining, without the contribution of our loyal core of volunteers and our hardworking staff. Thanks to you, Manchester Co-operative Credit Union (1977) Ltd. continues to be the financial institution 'Where Service Exceeds Expectations'. God bless you all.

.....  
**Astley Scott**

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: [info@dcfs.gov.jm](mailto:info@dcfs.gov.jm)

Website: [www.dcfs.gov.jm](http://www.dcfs.gov.jm)

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

S1

R459/684/07/22

July 6, 2022

The Secretary  
Manchester Co-operative Credit Union Limited  
2 Main Street  
Mandeville

Dear Sir/Madam:

I forward herewith the Financial Statements of your Society for the year ended December 31, 2021.

The Annual General Meeting (AGM) must be convened under **Regulation 19, 21 and 25 a-f** of the Co-operative Societies (Amendment) Regulations, 2021. 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.

Kindly advise the Department of the date of the Annual General Meeting, so that arrangements can be made for representation.

Yours truly,

Lavern Gibson-Eccleston (Mrs.)  
(For) Registrar of Co-operative Societies  
And Friendly Societies

#### HOPE GARDENS

Hope Gardens  
Kingston 6  
(876) 977-2508 / 927-1948

#### 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



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021





**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

(Expressed in Jamaican Dollars unless otherwise indicated)

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**P A G E S**

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**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

|                                               | <u>Notes</u> | <b>2021</b><br><b>\$</b> | <b>2020</b><br><b>\$</b> |
|-----------------------------------------------|--------------|--------------------------|--------------------------|
| <b><u>ASSETS:</u></b>                         |              |                          |                          |
| <b>EARNING ASSETS:</b>                        |              |                          |                          |
| Liquid Assets                                 | 4            | 2,250,400,160            | 1,989,714,118            |
| Loans to Members after Provision              | 5            | 3,413,741,123            | 3,370,632,457            |
| Financial Investments                         | 7            | 1,174,045,215            | 903,608,201              |
| <b>Total Earning Assets</b>                   |              | <b>6,838,186,498</b>     | <b>6,263,954,776</b>     |
| <b>NON-EARNING ASSETS:</b>                    |              |                          |                          |
| Liquid Assets                                 | 8            | 126,037,919              | 171,094,867              |
| Other Assets                                  | 9            | 59,700,073               | 46,491,920               |
| Property, Plant and Equipment                 | 10           | 272,459,476              | 280,265,768              |
| Retirement Benefit Asset                      | 11           | 51,225,000               | 63,343,000               |
| <b>Total Non-Earning Assets</b>               |              | <b>509,422,468</b>       | <b>561,195,555</b>       |
| <b>TOTAL ASSETS</b>                           |              | <b>7,347,608,966</b>     | <b>6,825,150,331</b>     |
| <b><u>LIABILITIES:</u></b>                    |              |                          |                          |
| <b>INTEREST BEARING LIABILITIES:</b>          |              |                          |                          |
| Members' Voluntary Share Capital              | 12           | 2,804,137,625            | 2,591,359,227            |
| Savings Deposits                              | 13           | 2,673,524,241            | 2,451,271,863            |
| <b>Total Interest Bearing Liabilities</b>     |              | <b>5,477,661,866</b>     | <b>5,042,631,090</b>     |
| <b>NON-INTEREST BEARING LIABILITIES:</b>      |              |                          |                          |
| Accruals                                      | 14           | 16,812,303               | 13,464,742               |
| Payables                                      | 15           | 41,978,172               | 35,706,236               |
| Others                                        | 16           | 35,435,550               | 18,176,539               |
| <b>Total Non-Interest Bearing Liabilities</b> |              | <b>94,226,025</b>        | <b>67,347,517</b>        |
| <b>TOTAL LIABILITIES</b>                      |              | <b>5,571,887,892</b>     | <b>5,109,978,607</b>     |
| <b><u>EQUITY:</u></b>                         |              |                          |                          |
| Members' Permanent Share Capital              | 17           | 155,376,613              | 147,488,454              |
| Non-Institutional Capital                     | 18           | 624,655,131              | 620,298,619              |
| Institutional Capital                         | 19           | 995,689,331              | 947,384,651              |
| <b>Total Capital</b>                          |              | <b>1,775,721,075</b>     | <b>1,715,171,724</b>     |
| <b>TOTAL LIABILITIES AND EQUITY</b>           |              | <b>7,347,608,966</b>     | <b>6,825,150,331</b>     |

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

**APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON June 29, 2022 AND SIGNED ON ITS BEHALF BY:**

  
**MR. ALEXANDER BOURNE**  
**PRESIDENT**

  
**MR. ASTLEY SCOTT**  
**TREASURER**



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

|                                                                  | <u>Notes</u> | <b>2021</b><br>\$  | <b>2020</b><br>\$  |
|------------------------------------------------------------------|--------------|--------------------|--------------------|
| <b>INTEREST INCOME:</b>                                          |              |                    |                    |
| Liquid Assets                                                    |              | 74,602,291         | 57,890,719         |
| Loans to Members                                                 |              | 443,778,979        | 449,830,250        |
| Financial Investments                                            |              | 23,451,387         | 26,573,201         |
|                                                                  |              | <u>541,832,657</u> | <u>534,294,170</u> |
| <b>INTEREST EXPENSE:</b>                                         |              |                    |                    |
| Interest Expense on Members' Voluntary Shares                    |              | 44,561,108         | 47,052,070         |
| Savings Deposits                                                 |              | 21,566,679         | 24,010,081         |
| Other Financial Costs                                            | 20           | 18,512,380         | 19,088,026         |
|                                                                  |              | <u>84,640,166</u>  | <u>90,150,177</u>  |
| <b>NET INTEREST INCOME</b>                                       |              | 457,192,491        | 444,143,993        |
| Less Provision for Loan Impairment                               | 6            | 39,998,972         | 77,735,341         |
| Less Reimbursement to Members for ATM Fraud                      |              | 1,217,619          | 823,134            |
|                                                                  |              | <u>415,975,900</u> | <u>365,585,518</u> |
| <b>NET INTEREST INCOME AFTER PROVISION</b>                       |              |                    |                    |
| <b>NON - INTEREST INCOME</b>                                     |              |                    |                    |
| Other Income                                                     | 21           | 72,018,230         | 70,719,661         |
|                                                                  |              | <u>72,018,230</u>  | <u>70,719,661</u>  |
| <b>GROSS INCOME</b>                                              |              | 487,994,130        | 436,305,179        |
| Less Operating Expenses                                          | 22           | 406,470,729        | 389,759,399        |
| <b>NET INCOME</b>                                                |              | <u>81,523,400</u>  | <u>46,545,780</u>  |
| <b><u>OTHER COMPREHENSIVE INCOME</u></b>                         |              |                    |                    |
| <b>Items that will or may be reclassified to profit or loss:</b> |              |                    |                    |
| Revaluation- Available for Sale Investments                      |              | (6,772,367)        | (3,984,449)        |
| <b>Items that will not be reclassified to profit or loss:</b>    |              |                    |                    |
| Pension Expense                                                  | 11           | (12,118,000)       | (4,921,000)        |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                   |              | <u>62,633,033</u>  | <u>37,640,331</u>  |

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



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**SUMMARY**

|                                                                | Members' Permanent Share Capital | Non-Institutional Capital | Institutional Capital | Total         |
|----------------------------------------------------------------|----------------------------------|---------------------------|-----------------------|---------------|
|                                                                | \$                               | \$                        | \$                    | \$            |
| <b>Balance at 31st December 2019</b>                           | 141,458,975                      | 434,998,249               | 898,075,495           | 1,474,532,719 |
| <b>Total Surplus for the Year</b>                              | -                                | 46,545,780                | -                     | 46,545,780    |
| <b>Other Comprehensive Income</b>                              |                                  |                           |                       |               |
| Revaluation - Available for Sale Investments                   | -                                | (3,984,449)               | -                     | (3,984,449)   |
| Pension Expense                                                | -                                | (4,921,000)               | -                     | (4,921,000)   |
| Minimum Business Tax                                           | -                                | -                         | -                     | -             |
|                                                                | -                                | (8,905,449)               | -                     | (8,905,449)   |
|                                                                | -                                | 37,640,331                | -                     | 37,640,331    |
| <b>Total Comprehensive Income for the Year after Honoraria</b> | 6,029,479                        | -                         | -                     | 6,029,479     |
| <b>Transactions with Owners</b>                                |                                  |                           |                       |               |
| Permanent Share Capital Subscribed                             | -                                | (6,029,479)               | -                     | (6,029,479)   |
| Appropriations of Net Surplus for 2019                         | -                                | (40,000,000)              | 40,000,000            | -             |
| Dividends on Permanent Shares                                  | -                                | (1,000,000)               | -                     | (1,000,000)   |
| Institutional Capital                                          | -                                | (1,500,000)               | -                     | (1,500,000)   |
| Social Outreach Programme                                      | -                                | (1,000,000)               | -                     | (1,000,000)   |
| Sydney Carter Scholarship                                      | -                                | (2,000,000)               | -                     | (2,000,000)   |
| Disaster Relief Fund                                           | -                                | 203,824,364               | -                     | 203,824,364   |
| Unsecured Loan Reserve                                         | -                                | -                         | -                     | -             |
| Revaluation Surplus                                            | -                                | -                         | -                     | -             |
| Transfer to Capital Development Programme                      | -                                | -                         | -                     | -             |
| Transfer to Small Business Development                         | -                                | 1,000,000                 | -                     | 1,000,000     |
| Transfer to Social Outreach Programme                          | -                                | 1,500,000                 | -                     | 1,500,000     |
| Transfer to Sydney Carter Scholarship                          | -                                | 1,000,000                 | -                     | 1,000,000     |
| Transfer to Disaster Relief Fund                               | -                                | 2,000,000                 | -                     | 2,000,000     |
| Transfer to Unsecured Loan Reserve                             | -                                | 4,592                     | -                     | 4,592         |
| Redemption of Permanent Shares                                 | -                                | (830,282)                 | -                     | (830,282)     |
| Payments made from Other Non-Qualifying Reserves               | -                                | -                         | -                     | -             |
| Adjustment to Retained Undistributed Earnings                  | -                                | -                         | -                     | -             |
| Transfer to Statutory Reserve                                  | -                                | (9,309,156)               | 9,309,156             | -             |
|                                                                | 6,029,479                        | 147,660,039               | 49,309,156            | 202,998,675   |
| <b>Balance at 31st December 2020</b>                           | 147,488,454                      | 620,298,619               | 947,384,651           | 1,715,171,724 |

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

**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**SUMMARY (CONT'D)**

|                                                                | Members' Permanent Share Capital | Non-Institutional Capital | Institutional Capital | Total         |
|----------------------------------------------------------------|----------------------------------|---------------------------|-----------------------|---------------|
|                                                                | ₹                                | ₹                         | ₹                     | ₹             |
| <b>Balance at 31st December 2020</b>                           | 147,488,454                      | 620,298,619               | 947,384,651           | 1,715,171,724 |
| <b>Total Surplus for the Year</b>                              | -                                | 81,523,400                | -                     | 81,523,400    |
| <b>Other Comprehensive Income</b>                              |                                  |                           |                       |               |
| Revaluation - Available for Sale Investments                   | -                                | (6,772,367)               | -                     | (6,772,367)   |
| Pension Expense                                                | -                                | (12,118,000)              | -                     | (12,118,000)  |
|                                                                | -                                | (18,890,367)              | -                     | (18,890,367)  |
| <b>Total Comprehensive Income for the Year after Honoraria</b> | -                                | 62,633,033                | -                     | 62,633,033    |
| <b>Transactions with Owners</b>                                | 7,888,159                        | -                         | -                     | 7,888,159     |
| Permanent Share Capital Subscribed                             | -                                | -                         | -                     | -             |
| Appropriations of Net Surplus for 2020                         | -                                | (7,000,000)               | -                     | (7,000,000)   |
| Dividends on Permanent Shares                                  | -                                | (32,000,000)              | 32,000,000            | -             |
| Institutional Capital                                          | -                                | -                         | -                     | -             |
| Capital Development Reserves                                   | -                                | -                         | -                     | -             |
| Small Business Development                                     | -                                | -                         | -                     | -             |
| Social Outreach Programme                                      | -                                | (1,324,358)               | -                     | (1,324,358)   |
| Sydney Carter Scholarship                                      | -                                | (1,500,000)               | -                     | (1,500,000)   |
| Disaster Relief Fund                                           | -                                | (1,000,000)               | -                     | (1,000,000)   |
| Unsecured Loan Reserve                                         | -                                | -                         | -                     | -             |
| Loan Loss Reserve                                              | -                                | -                         | -                     | -             |
| Fair Value Available for sale Investment                       | -                                | -                         | -                     | -             |
| Revaluation Surplus                                            | -                                | -                         | -                     | -             |
| Transfer to Capital Development Programme                      | -                                | -                         | -                     | -             |
| Transfer to Small Business Development                         | -                                | -                         | -                     | -             |
| Transfer to Social Outreach Programme                          | -                                | 1,324,358                 | -                     | 1,324,358     |
| Transfer to Sydney Carter Scholarship                          | -                                | 1,500,000                 | -                     | 1,500,000     |
| Transfer to Disaster Relief Fund                               | -                                | 1,000,000                 | -                     | 1,000,000     |
| Transfer to Unsecured Loan Reserve                             | -                                | -                         | -                     | -             |
| Redemption of Permanent Shares                                 | -                                | (82,969)                  | -                     | (82,969)      |
| Payments made from Other Non-Qualifying Reserves               | -                                | (2,888,872)               | -                     | (2,888,872)   |
| Adjustment to Retained Undistributed Earnings                  | -                                | -                         | -                     | -             |
| Other Reserves FV Available For sale                           | -                                | -                         | -                     | -             |
| Transfer to Statutory Reserve                                  | -                                | (16,304,680)              | 16,304,680            | -             |
| <b>Balance at 31st December 2021</b>                           | 155,376,613                      | 624,655,131               | 995,689,331           | 1,775,721,075 |

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



MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2021

(Expressed in Jamaican Dollars unless otherwise indicated)

**NON-INSTITUTIONAL CAPITAL**

|                                                                     | (i)<br>Capital<br>Reserves<br>\$ | Other<br>Reserves<br>\$ | Loan Loss<br>Reserves<br>\$ | (ii)<br>Capital<br>Development<br>Reserves<br>\$ | Retirement<br>Benefit<br>Reserves<br>\$ | Other<br>Non - Qualifying<br>Reserves<br>\$ | Permanent Share<br>Transfer<br>Fund<br>\$ | Undistributed<br>Net<br>Income<br>\$ | Total<br>\$  |
|---------------------------------------------------------------------|----------------------------------|-------------------------|-----------------------------|--------------------------------------------------|-----------------------------------------|---------------------------------------------|-------------------------------------------|--------------------------------------|--------------|
| <b>Balance at 31st December 2019</b>                                | 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  |
| <b>Total Surplus for the Year</b>                                   | -                                | -                       | -                           | -                                                | -                                       | -                                           | -                                         | 46,545,780                           | 46,545,780   |
| <b>Other Comprehensive Income</b>                                   | -                                | (3,984,449)             | -                           | -                                                | (4,921,000)                             | -                                           | -                                         | -                                    | (3,984,449)  |
| Revaluation - Available for Sale Investments                        | -                                | -                       | -                           | -                                                | (4,921,000)                             | -                                           | -                                         | -                                    | (4,921,000)  |
| Pension Expense                                                     | -                                | -                       | -                           | -                                                | -                                       | -                                           | -                                         | -                                    | -            |
| Minimum Business Tax                                                | -                                | -                       | -                           | -                                                | -                                       | -                                           | -                                         | -                                    | -            |
| <b>Total Comprehensive Income for the Year after<br/>Honouraria</b> | -                                | (3,984,449)             | -                           | -                                                | (4,921,000)                             | -                                           | -                                         | 46,545,780                           | (8,905,449)  |
| <b>Transactions with Owners</b>                                     | -                                | (3,984,449)             | -                           | -                                                | (4,921,000)                             | -                                           | -                                         | -                                    | 37,640,331   |
| Appropriations of Net Surplus for 2019                              | -                                | -                       | -                           | -                                                | -                                       | -                                           | -                                         | -                                    | -            |
| Dividends on Permanent Shares                                       | -                                | -                       | -                           | -                                                | -                                       | -                                           | -                                         | (6,029,479)                          | (6,029,479)  |
| Transfer to Institutional Capital                                   | -                                | -                       | -                           | -                                                | -                                       | -                                           | -                                         | (40,000,000)                         | (40,000,000) |
| Social Outreach Programme                                           | -                                | -                       | -                           | -                                                | -                                       | 1,000,000                                   | -                                         | (1,000,000)                          | -            |
| Sydney Carter Scholarship                                           | -                                | -                       | -                           | -                                                | -                                       | 1,500,000                                   | -                                         | (1,500,000)                          | -            |
| Disaster Relief Fund                                                | -                                | -                       | -                           | -                                                | -                                       | 1,000,000                                   | -                                         | (1,000,000)                          | -            |
| Unsecured Loan Reserve                                              | -                                | -                       | 2,000,000                   | -                                                | -                                       | -                                           | -                                         | (2,000,000)                          | -            |
| Revaluation Surplus                                                 | 203,824,364                      | -                       | -                           | -                                                | -                                       | -                                           | -                                         | -                                    | 203,824,364  |
| Transfer of 20% of Net Income for the Year before<br>Honouraria     | -                                | -                       | -                           | -                                                | -                                       | -                                           | -                                         | (9,309,156)                          | (9,309,156)  |
| Transfer to Permanent Share Transfer Fund                           | -                                | -                       | -                           | -                                                | -                                       | -                                           | 4,592                                     | -                                    | 4,592        |
| Payments made from Non-Qualifying Reserve                           | -                                | -                       | -                           | -                                                | -                                       | (830,282)                                   | -                                         | -                                    | (830,282)    |
| Transfer to Loan Loss Reserve                                       | -                                | -                       | -                           | -                                                | -                                       | -                                           | -                                         | -                                    | -            |
| <b>Transactions with Owners</b>                                     | 203,824,364                      | -                       | 2,000,000                   | -                                                | -                                       | 2,689,718                                   | 4,592                                     | (60,838,635)                         | 147,660,039  |
| <b>Balance at 31st December 2020</b>                                | 212,549,809                      | 119,112,242             | 52,000,000                  | 100,000,000                                      | 63,343,000                              | 23,437,178                                  | 5,032,031                                 | 44,824,359                           | 620,298,619  |



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**NON-INSTITUTIONAL CAPITAL (CONT'D)**

|                                                             | (i)              |                | (ii)               |                              |                             |                                 |                               |                          |              |
|-------------------------------------------------------------|------------------|----------------|--------------------|------------------------------|-----------------------------|---------------------------------|-------------------------------|--------------------------|--------------|
|                                                             | Capital Reserves | Other Reserves | Loan Loss Reserves | Capital Development Reserves | Retirement Benefit Reserves | Other Non - Qualifying Reserves | Permanent Share Transfer Fund | Undistributed Net Income | Total        |
|                                                             | ₹                | ₹              | ₹                  | ₹                            | ₹                           | ₹                               | ₹                             | ₹                        | ₹            |
| Balance at 31st December 2020                               | 212,549,809      | 119,112,242    | 52,000,000         | 100,000,000                  | 63,343,000                  | 23,437,178                      | 5,032,031                     | 44,824,359               | 620,298,619  |
| Total Deficit for the Year                                  | -                | -              | -                  | -                            | -                           | -                               | -                             | 81,523,400               | 81,523,400   |
| Other Comprehensive Income                                  | -                | (6,772,367)    | -                  | -                            | -                           | -                               | -                             | -                        | (6,772,367)  |
| Revaluation - Available for Sale Investments                | -                | -              | -                  | -                            | (12,118,000)                | -                               | -                             | -                        | (12,118,000) |
| Pension Expense                                             | -                | (6,772,367)    | -                  | -                            | (12,118,000)                | -                               | -                             | -                        | (18,890,367) |
| Total Comprehensive Loss for the Year after Honoraria       | -                | (6,772,367)    | -                  | -                            | (12,118,000)                | -                               | -                             | 81,523,400               | 62,633,033   |
| Transactions with Owners                                    |                  |                |                    |                              |                             |                                 |                               |                          |              |
| Appropriations of Net Surplus for 2020                      | -                | -              | -                  | -                            | -                           | -                               | -                             | (7,000,000)              | (7,000,000)  |
| Dividends on Permanent Shares                               | -                | -              | -                  | -                            | -                           | -                               | -                             | (32,000,000)             | (32,000,000) |
| Transfer to Institutional Capital                           | -                | -              | -                  | -                            | -                           | 1,324,358                       | -                             | (1,324,358)              | -            |
| Social Outreach Programme                                   | -                | -              | -                  | -                            | -                           | 1,500,000                       | -                             | (1,500,000)              | -            |
| Sydney Carter Scholarship                                   | -                | -              | -                  | -                            | -                           | 1,000,000                       | -                             | (1,000,000)              | -            |
| Disaster Relief Fund                                        | -                | -              | -                  | -                            | -                           | -                               | -                             | -                        | -            |
| Unsecured Loan Reserve                                      | -                | -              | -                  | -                            | -                           | -                               | -                             | -                        | -            |
| Revaluation Surplus                                         | -                | -              | -                  | -                            | -                           | -                               | -                             | -                        | -            |
| Transfer of 20% of Net Income for the Year before Honoraria | -                | -              | -                  | -                            | -                           | -                               | -                             | (16,304,680)             | (16,304,680) |
| Honoraria                                                   | -                | -              | -                  | -                            | -                           | -                               | (82,969)                      | -                        | (82,969)     |
| Transfer to Permanent Share Transfer Fund                   | -                | -              | -                  | -                            | -                           | -                               | -                             | -                        | -            |
| Adjustment to Undistributed Net Earnings                    | -                | -              | -                  | -                            | -                           | (2,888,872)                     | -                             | -                        | (2,888,872)  |
| Payments made from Non-Qualifying Reserve                   | -                | -              | -                  | -                            | -                           | -                               | -                             | -                        | -            |
| Other Reserves FV Available For sale                        | -                | -              | -                  | -                            | -                           | -                               | -                             | -                        | -            |
| Transfer to Loan Loss Reserve                               | -                | -              | -                  | -                            | -                           | -                               | -                             | -                        | -            |
| Transactions with Owners                                    | -                | -              | -                  | -                            | -                           | 935,486                         | (82,969)                      | (59,129,038)             | (58,276,521) |
| Balance at 31st December 2021                               | 212,549,809      | 112,339,875    | 52,000,000         | 100,000,000                  | 51,225,000                  | 24,372,664                      | 4,949,062                     | 67,218,721               | 624,655,131  |

(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.



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**Institutional Capital**

|                                                                 | <b>Statutory<br/>and Legal<br/>Reserves</b> | <b>Revenue<br/>Reserves</b> | <b>Total</b>       |
|-----------------------------------------------------------------|---------------------------------------------|-----------------------------|--------------------|
|                                                                 | <b>\$</b>                                   | <b>\$</b>                   | <b>\$</b>          |
| <b>Balance at 31st December 2019</b>                            | 321,128,239                                 | 576,947,256                 | 898,075,495        |
| Transfer of 20% of Net Income for the Year before Honoraria     | 9,309,156                                   | -                           | 9,309,156          |
| Transfer from Undistributed Net Income to Institutional Capital | -                                           | 40,000,000                  | 40,000,000         |
| <b>Balance at 31st December 2020</b>                            | <b>330,437,395</b>                          | <b>616,947,256</b>          | <b>947,384,651</b> |
| Transfer of 20% of Net Income for the Year before Honoraria     | 16,304,680                                  | -                           | 16,304,680         |
| Transfer from Undistributed Net Income to Institutional Capital | -                                           | 32,000,000                  | 32,000,000         |
| <b>Balance at 31st December 2021</b>                            | <b>346,742,075</b>                          | <b>648,947,256</b>          | <b>995,689,331</b> |

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



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

|                                                     | <b>2021</b>          | <b>2020</b>          |
|-----------------------------------------------------|----------------------|----------------------|
|                                                     | <b>\$</b>            | <b>\$</b>            |
| Cash flows from Operating Activities                |                      |                      |
| <b>TOTAL COMPREHENSIVE INCOME AFTER HONORARIA</b>   | 62,633,033           | 37,640,331           |
| <b>Non- cash items included in income</b>           |                      |                      |
| Depreciation - Property, Plant and Equipment        | 16,724,186           | 18,506,799           |
| (Gain) on Disposal of Property, Plant and Equipment | -                    | (20,000)             |
| Pension Income                                      | 12,118,000           | 4,921,000            |
| Gain on Revaluation of Investments                  | 6,772,367            | 3,984,449            |
| Provision for Loan Impairment                       | 39,998,972           | 77,735,341           |
|                                                     | <u>138,246,558</u>   | <u>142,767,919</u>   |
| <b>Increase in Operating Assets</b>                 |                      |                      |
| Other Assets                                        | (13,208,153)         | (3,348,893)          |
| <b>Increase in Operating Liabilities</b>            |                      |                      |
| Accruals                                            | 3,347,561            | (5,267,570)          |
| Payables                                            | 6,271,936            | 508,279              |
| Others                                              | 17,259,011           | 4,520,217            |
|                                                     | <u>151,916,913</u>   | <u>139,179,953</u>   |
| <b>Net Cash Provided by Operating Activities</b>    |                      |                      |
| <b>Cash Flows from Investing Activities:</b>        |                      |                      |
| Addition to Property, Plant & Equipment             | (8,917,895)          | (221,103,440)        |
| Proceeds in Disposal of Property, Plant & Equipment | -                    | 20,000               |
| Financial Investments                               | ( 277,209,381)       | ( 161,107,573)       |
| Loans to Members                                    | (1,712,262,834)      | (1,736,169,678)      |
| Repayment of Loans by Members                       | 1,629,155,196        | 1,731,777,913        |
| <b>Net Cash Used in Investing Activities</b>        | <u>(369,234,914)</u> | <u>(386,582,778)</u> |
| <b>Cash Flows from Financing Activities:</b>        |                      |                      |
| Voluntary Share Capital                             | 212,778,398          | 245,266,144          |
| Permanent Share Capital                             | 7,888,159            | 6,029,479            |
| Savings Deposits                                    | 222,252,378          | 282,211,234          |
| Social Outreach                                     | (793,430)            | (835,044)            |
| Permanent Share Transfer Fund                       | (82,969)             | 4,592                |
| Dividend on Permanent Shares                        | (7,000,000)          | (6,029,479)          |
| Share Building Reserves                             | 4,557                | 4,762                |
| Revaluation Surplus                                 | -                    | 203,824,364          |
| Disaster Relief Fund                                | (810,000)            | -                    |
| Sydney Carter Scholarship Fund                      | (1,290,000)          | -                    |
| <b>Net Cash Provided by Financing Activities</b>    | <u>432,947,094</u>   | <u>730,476,053</u>   |
| Increase in Liquid Assets                           | 215,629,093          | 483,073,228          |
| Liquid Assets at Beginning of Year                  | 2,160,808,986        | 1,677,735,758        |
| Liquid Assets at End of Year                        | <u>2,376,438,079</u> | <u>2,160,808,986</u> |
| <b>Liquid Assets - Earning</b>                      | 2,250,400,160        | 1,989,714,118        |
| <b>Liquid Assets - Non - Earning</b>                | 126,037,919          | 171,094,867          |
|                                                     | <u>2,376,438,079</u> | <u>2,160,808,986</u> |

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



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**1. Identification:**

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

- (a) the promotion of thrift;
- (b) the provision of loans to members exclusively for provident and productive purposes; and
- (c) to receive the savings of its members either as payment on shares or as deposits.

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

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

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed 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 17, Insurance Contracts (Effective beginning on or after January 1, 2021)**

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments refine the definition of material in IAS 1 and align the definitions used across IFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted if both IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have also been applied. When adopting IFRS 17, an entity shall apply full retrospective approach unless impracticable, in which case entities have option of using either the modified retrospective approach of the fair value approach.

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



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

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**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):**

**Amendments to References to the Conceptual Framework in IFRS Standards**

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

**(b) Standards and Interpretations which are considered relevant to the Credit Union were issued but not yet effective:**

**Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (Effect January 2022)**

The amendments in *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset,

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and are to be applied retrospectively. Earlier application is permitted.

**Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) (Effect January 2022)**

The changes in *Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)* specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Entities should apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.



## MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

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

#### FOR THE YEAR ENDED 31ST DECEMBER 2021

(Expressed in Jamaican Dollars unless otherwise indicated)

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

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

###### **Reference to the Conceptual Framework (Amendments to IFRS 3)(Effect January 2022):**

The changes in *Reference to the Conceptual Framework (Amendments to IFRS 3)*:

- updates IFRS 3, so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework* ;
- adds to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the *Conceptual Framework*) to identify the liabilities it has assumed in a business combination; and
- adds to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

###### **Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (Effect January 2022):**

*The amendments in Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)* prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

###### **Annual Improvements to IFRS Standards 2018–2020**

The IASB has issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.

*Annual Improvements to IFRS Standards 2018–2020* makes amendments to the following standards:

###### **IFRS 1 First-time Adoption of International Financial Reporting Standards (Subsidiary as a first-time adopter) (Effect January 2022)**

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.



## MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

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

#### FOR THE YEAR ENDED 31ST DECEMBER 2021

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

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

#### Annual Improvements to IFRS Standards 2018–2020 (Cont'd)

*Annual Improvements to IFRS Standards 2018–2020* makes amendments to the following standards (Cont'd):

#### IFRS 9 Financial Instruments (Effect January 2022)

Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

#### IAS 41 Agriculture-Taxation in fair value measurements (Effect January 2022)

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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 2020 and 2021 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.



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**(b) Use of Estimates (Cont'd)-**

**Critical Accounting Estimate and judgement applied (Cont'd)**

**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.

**(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.



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

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

**Loan Staging (Cont'd)**

**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.

**(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 instruments 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.



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

(Expressed in Jamaican Dollars unless otherwise indicated)

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

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

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

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

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

Land is not depreciated.

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

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

**(f) Impairment -**

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

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

- debt investment securities that are low in risk
- other financial instruments (other than lease receivables) on which credit risk not increased significantly.

**(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-impaired is referred to Stage 2 financial instruments.

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



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):**

**(g) Employee Benefits -**

**Pension assets**

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

The amount recognised in the statement of financial position as asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government securities which have terms to maturity approximating the terms of the related pension obligation.

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

Net interest expense/(income) is recognised in the statement of comprehensive income as part of staff costs, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset), at the beginning of the annual reporting period, to the balance of the net defined benefit obligation (asset) and the fair value of plan assets.

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

**(h) Provisions -**

**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.

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

**IFRS 9- Expected Credit Loss (ECL)**

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

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

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

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



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd):**

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

**IFRS 9- Expected Credit Loss (ECL) (Cont'd)**

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.

**(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.



## MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

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

#### FOR THE YEAR ENDED 31ST DECEMBER 2021

(Expressed in Jamaican Dollars unless otherwise indicated)

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

#### (l) Statutory Reserve -

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

#### (m) Revenue Recognition -

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

#### (n) Liquid Assets -

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

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

JCCUL has fixed the rate of league fees at 0.20% (2020 - 0.20%) of total assets. Stabilisation dues are fixed at a rate of 0.15% (2020 - 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 its 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 15.4% (2020 - 16.1%) which is in compliance with the requirements.

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



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

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**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.



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
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**4. Earning Assets - Liquid Assets:**

|                                             | <b>2021</b>          | <b>2020</b>          |
|---------------------------------------------|----------------------|----------------------|
|                                             | <b>\$</b>            | <b>\$</b>            |
| Savings Account Balances                    | 151,509              | 151,301              |
| Foreign Currency Savings Accounts           | 59,417,918           | 36,440,093           |
| Placement with JCCUL                        | 533,763,864          | 476,851,286          |
| Placement with Other Financial Institutions | 1,657,066,869        | 1,476,271,438        |
|                                             | <u>2,250,400,160</u> | <u>1,989,714,117</u> |

**5. Loans To Members:**

|                                                   | <b>2021</b>                 | <b>2020</b>                 |
|---------------------------------------------------|-----------------------------|-----------------------------|
|                                                   | <b>\$</b>                   | <b>\$</b>                   |
| Balance at Beginning of Year                      | 3,487,097,634               | 3,531,825,905               |
| Loans Granted                                     | <u>1,693,433,553</u>        | <u>1,687,049,642</u>        |
|                                                   | 5,180,531,187               | 5,218,875,547               |
| Less Repayments and Transfers                     | <u>1,629,155,196</u>        | <u>1,731,777,913</u>        |
|                                                   | 3,551,375,991               | 3,487,097,634               |
| Less: Allowance for Expected Credit Loss (IFRS 9) | <u>(137,634,868)</u>        | <u>(116,465,177)</u>        |
| <b>Balance at End of Year</b>                     | <u><b>3,413,741,123</b></u> | <u><b>3,370,632,457</b></u> |



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
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**6. Allowance for Expected Credit Loss:**

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

|                                                                      | <b>2021</b><br><b>\$</b>   | <b>2020</b><br><b>\$</b>   |
|----------------------------------------------------------------------|----------------------------|----------------------------|
| Total Non-Performing Loans                                           | <u>517</u>                 | <u>500</u>                 |
| Balance, 1st January                                                 | 116,465,177                | 87,849,872                 |
| Allowance/Provision for the Year                                     | <u>39,998,972</u>          | <u>77,735,341</u>          |
|                                                                      | 156,464,149                | 165,585,213                |
| Recoveries during the Year                                           | 12,386,233                 | 8,120,276                  |
| Charged off during the year                                          | <u>(31,215,514)</u>        | <u>(57,240,312)</u>        |
| Balance, 31st December                                               | <u><u>137,634,868</u></u>  | <u><u>116,465,177</u></u>  |
| Regulatory loan loss provision                                       | 122,537,219                | 105,929,623                |
| Less: Allowance for Expected Credit Loss (IFRS 9)                    | <u>(137,634,868)</u>       | <u>(116,465,177)</u>       |
| (Shortage)/ Excess of Regulatory Loan Impairment over IFRS Provision | <u><u>(15,097,649)</u></u> | <u><u>(10,535,554)</u></u> |

The provision determined in accordance with IFRS 9 exceeded the JCCUL requirements.

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

|                | <b>DELINQUENT<br/>LOANS</b><br><b>\$</b> | <b>RATE</b><br><b>%</b> | <b>2021<br/>PROVISION FOR<br/>LOAN LOSSES</b><br><b>\$</b> | <b>2020<br/>PROVISION FOR<br/>LOAN LOSSES</b><br><b>\$</b> |
|----------------|------------------------------------------|-------------------------|------------------------------------------------------------|------------------------------------------------------------|
| 1 Month        | 33,226,456                               | -                       | -                                                          | -                                                          |
| 2 - 3 Months   | 5,573,629                                | 10                      | 557,363                                                    | 900,875                                                    |
| 3 - 6 Months   | 20,692,279                               | 30                      | 6,207,684                                                  | 8,182,686                                                  |
| 6 - 12 Months  | 47,143,410                               | 60                      | 28,286,046                                                 | 34,113,862                                                 |
| Over 12 Months | <u>87,486,126</u>                        | 100                     | <u>87,486,126.46</u>                                       | <u>62,732,200</u>                                          |
|                | <u><u>194,121,901</u></u>                |                         | <u><u>122,537,219</u></u>                                  | <u><u>105,929,623</u></u>                                  |



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
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**6. Allowance for Expected Credit Loss (cont'd):**

**(c) Delinquent Loans:**

| <b>MONTHS IN<br/>ARREARS</b> | <b>NO. OF<br/>LOANS<br/>IN ARREARS</b> | <b>DELINQUENT<br/>LOANS</b> | <b>PORTION<br/>SAVINGS HELD<br/>AGAINST<br/>LOANS</b> | <b>COVERED BY /<br/>(IN EXCESS OF)<br/>SAVINGS</b> |
|------------------------------|----------------------------------------|-----------------------------|-------------------------------------------------------|----------------------------------------------------|
|                              | <b>#</b>                               | <b>\$</b>                   | <b>\$</b>                                             | <b>\$</b>                                          |
| 1 month                      | 76                                     | 33,226,456                  | 10,107,924                                            | 23,118,532                                         |
| 2 to 3 months                | 22                                     | 5,573,629                   | 1,913,436                                             | 3,660,193                                          |
| 3 to 6 months                | 53                                     | 20,692,279                  | 4,776,990                                             | 15,915,289                                         |
| 6 to 12 months               | 91                                     | 47,143,410                  | 7,133,813                                             | 40,009,597                                         |
| Over 12 months               | <u>275</u>                             | <u>87,486,126</u>           | <u>13,380,958</u>                                     | <u>74,105,168</u>                                  |
|                              | <u>517</u>                             | <u>194,121,901</u>          | <u>37,313,121</u>                                     | <u>156,808,780</u>                                 |

(d) The Directors estimate the value of the chattels held as security against the outstanding loans to be \$37,313,121. (2020 - \$30,629,318). At 31st December 2021 there were 517 delinquent loans (2020 - 500).

**7. Earning Assets - Financial Investments:**

|                                                                | <b>2021</b>          | <b>2020</b>        |
|----------------------------------------------------------------|----------------------|--------------------|
|                                                                | <b>\$</b>            | <b>\$</b>          |
| <u>Fair value through other comprehensive income</u>           |                      |                    |
| Placement with JCCUL                                           | 12,531,797           | 12,381,741         |
| Placement with Other Financial Institutions                    | 981,447,382          | 708,204,513        |
|                                                                | <u>993,979,178</u>   | <u>720,586,255</u> |
| Un-quoted Equity Securities                                    | 136,421,531          | 136,421,531        |
| Quoted Equity Shares                                           | 47,644,506           | 50,600,415         |
| Expected Credit Losses/Provision for losses on unquoted shares | <u>(4,000,000)</u>   | <u>(4,000,000)</u> |
|                                                                | <u>180,066,037</u>   | <u>183,021,946</u> |
|                                                                | <u>1,174,045,215</u> | <u>903,608,200</u> |

**8. Non Earning - Liquid Assets:**

|               | <b>2021</b>        | <b>2020</b>        |
|---------------|--------------------|--------------------|
|               | <b>\$</b>          | <b>\$</b>          |
| Cash and Bank | <u>126,037,919</u> | <u>171,094,867</u> |

**9. Non Earning - Other Assets:**

|                | <b>2021</b>       | <b>2020</b>       |
|----------------|-------------------|-------------------|
|                | <b>\$</b>         | <b>\$</b>         |
| Accrued Income | 48,909,499        | 35,872,963        |
| Receivables    | <u>10,790,574</u> | <u>10,618,958</u> |
|                | <u>59,700,073</u> | <u>46,491,921</u> |



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
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**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**10. Property, Plant and Equipment:**

|                              | Land              | Buildings          | Furniture,<br>Fixtures and<br>Equipment | Construction<br>Work in<br>Progress | Motor<br>Vehicle | Computer<br>Equipment | Total              |
|------------------------------|-------------------|--------------------|-----------------------------------------|-------------------------------------|------------------|-----------------------|--------------------|
|                              | \$                | \$                 | \$                                      | \$                                  | \$               | \$                    | \$                 |
| <b>At Cost or Valuation:</b> |                   |                    |                                         |                                     |                  |                       |                    |
| 31st December 2019           | 11,109,483        | 45,255,022         | 71,894,895                              | 2,941,294                           | 8,103,151        | 58,305,131            | 197,608,976        |
| Revaluation                  | 66,890,517        | 136,933,848        | -                                       | -                                   | -                | -                     | 203,824,365        |
| Additions                    | -                 | -                  | 16,244,554                              | 877,752                             | -                | 156,769               | 17,279,075         |
| Disposals/Write Off          | -                 | -                  | (3,357,944)                             | -                                   | -                | -                     | (3,357,944)        |
| 31st December 2020           | 78,000,000        | 182,188,870        | 84,781,505                              | 3,819,046                           | 8,103,151        | 58,461,900            | 415,354,472        |
| Additions                    | -                 | -                  | 1,433,173                               | 3,777,602                           | -                | 3,707,120             | 8,917,895          |
| <b>31st December 2021</b>    | <b>78,000,000</b> | <b>182,188,870</b> | <b>86,214,678</b>                       | <b>7,596,648</b>                    | <b>8,103,151</b> | <b>62,169,020</b>     | <b>424,272,367</b> |
| <b>Depreciation:</b>         |                   |                    |                                         |                                     |                  |                       |                    |
| 31st December 2019           | -                 | 16,475,059         | 49,158,837                              | -                                   | 8,103,151        | 46,202,802            | 119,939,849        |
| Charge for year              | -                 | 3,828,501          | 7,653,213                               | -                                   | -                | 7,025,085             | 18,506,799         |
| Released on Disposal         | -                 | -                  | (3,357,944)                             | -                                   | -                | -                     | (3,357,944)        |
| 31st December 2020           | -                 | 20,303,560         | 53,454,106                              | -                                   | 8,103,151        | 53,227,887            | 135,088,704        |
| Charge for year              | -                 | 4,779,672          | 8,496,132                               | -                                   | -                | 3,448,383             | 16,724,186         |
| 31st December 2021           | -                 | <b>25,083,232</b>  | <b>61,950,238</b>                       | -                                   | <b>8,103,151</b> | <b>56,676,270</b>     | <b>151,812,891</b> |
| <b>Net Book Values:</b>      |                   |                    |                                         |                                     |                  |                       |                    |
| <b>31st December 2021</b>    | <b>78,000,000</b> | <b>157,105,638</b> | <b>24,264,440</b>                       | <b>7,596,648</b>                    | -                | <b>5,492,751</b>      | <b>272,459,476</b> |
| 31st December 2020           | 78,000,000        | 161,885,310        | 31,327,399                              | 3,819,046                           | -                | 5,234,013             | 280,265,768        |
| 31st December 2019           | 11,109,483        | 28,779,963         | 22,736,058                              | 2,941,294                           | -                | 12,102,329            | 77,669,127         |

Freehold land and buildings were revalued in March 2020 by Thomas, Forbes & Associates Limited, independent valuers, at an amount of \$245,000,000.



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**11. Retirement Benefit Asset :**

The Credit Union participates in a multi-employer pension scheme. The pension scheme is a defined benefit plan and is funded. The assets of the funded plan are held independently of the Credit Union's assets in separate trustee administered funds. Independent actuaries value the scheme annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31st December 2021.

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

|                                                     | <b>2021</b>                | <b>2020</b>                |
|-----------------------------------------------------|----------------------------|----------------------------|
|                                                     | <b>\$</b>                  | <b>\$</b>                  |
| Present Value of funded obligations                 | 340,637,000                | 307,205,000                |
| Fair Value of Plan Assets                           | <u>(391,862,000)</u>       | <u>(370,549,000)</u>       |
| <b>Asset in the Statement of Financial Position</b> | <b><u>(51,225,000)</u></b> | <b><u>(63,343,000)</u></b> |

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

|                                | <b>2021</b>             | <b>2020</b>             |
|--------------------------------|-------------------------|-------------------------|
|                                | <b>\$</b>               | <b>\$</b>               |
| Current service cost           | 8,904,000               | 8,329,000               |
| Interest cost on Obligation    | 27,183,000              | 20,700,000              |
| Interest Income on Plan assets | (33,541,000)            | (26,127,000)            |
| Administrative Expenses        | <u>1,999,000</u>        | <u>2,484,000</u>        |
| <b>Pension Expense</b>         | <b><u>4,545,000</u></b> | <b><u>5,386,000</u></b> |

The actual return on plan assets was \$21,313,000 (2020 - \$24,884,000)

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

|                                         | <b>2021</b>                | <b>2020</b>                |
|-----------------------------------------|----------------------------|----------------------------|
|                                         | <b>\$</b>                  | <b>\$</b>                  |
| Net Asset at beginning of year          | (63,343,000)               | (68,264,000)               |
| Pension Expense                         | 4,545,000                  | 5,386,000                  |
| Remeasurement                           | 15,463,000                 | 7,741,000                  |
| Contributions Paid                      | <u>(7,890,000)</u>         | <u>(8,206,000)</u>         |
| <b>Closing Net Asset at End of Year</b> | <b><u>(51,225,000)</u></b> | <b><u>(63,343,000)</u></b> |





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**12. Members' Voluntary Share Capital:**

|                              | <b>2021</b>                 | <b>2020</b>                 |
|------------------------------|-----------------------------|-----------------------------|
|                              | <b>\$</b>                   | <b>\$</b>                   |
| Balance at Beginning of Year | 2,591,359,227               | 2,346,093,083               |
| Add Amount Subscribed        | <u>2,804,137,625</u>        | <u>1,572,660,564</u>        |
|                              | 5,395,496,852               | 3,918,753,647               |
| Less Withdrawals & Transfers | <u>2,591,359,227</u>        | <u>1,327,394,420</u>        |
| Balance at End of Year       | <u><u>2,804,137,625</u></u> | <u><u>2,591,359,227</u></u> |

**13. Savings Deposits:**

|                                | <b>2021</b>                 | <b>2020</b>                 |
|--------------------------------|-----------------------------|-----------------------------|
|                                | <b>\$</b>                   | <b>\$</b>                   |
| i. Term Deposits               | 458,319,003                 | 478,922,795                 |
| ii. Members' Regular Deposits  | 1,303,976,854               | 1,148,664,948               |
| iii. Golden Harvest Deposits   | 51,789,840                  | 48,072,395                  |
| iv. Insurance Savings Club     | 11,889,660                  | 10,391,931                  |
| v. Youth Savings               | 119,851,962                 | 104,333,386                 |
| vi. Partner Plan Plus Deposits | 91,022,192                  | 82,033,247                  |
| vii. Solid Saver Deposits      | 306,647,350                 | 273,594,601                 |
| viii. Horizon 55               | 339,882                     | 331,706                     |
| ix. Wealth Accelerator Savings | 322,756,885                 | 300,597,435                 |
| x. Standing Order Holding      | <u>6,930,613</u>            | <u>4,329,419</u>            |
|                                | <u><u>2,673,524,241</u></u> | <u><u>2,451,271,861</u></u> |

i. Term Deposits

Term Deposits are for varying periods up to 365 days on which interest was paid at rates of between .25% and 1.75% per annum. Interest is paid on maturity.

ii. Members' Regular Deposits

Regular Deposits are savings accounts on which interest was paid at rates of between 0.1% to 0.6% 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 1.5% to 2.2% per annum.

iv. Insurance Savings Club

Insurance Club Deposits are savings accounts on which interest was paid at rates ranging from 0.2% to 0.7% per annum.



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
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**13. Savings Deposits (cont'd):**

v. Youth Savings

Youth Savings are accounts on which interest was paid at rates of between 0.1% to 0.6% 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 2.25% -3% 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 0.85% to 2.05% per annum.

**14. Accruals:**

|                              | <b>2021</b>       | <b>2020</b>       |
|------------------------------|-------------------|-------------------|
|                              | <b>\$</b>         | <b>\$</b>         |
| Accrued Interest on Deposits | 3,913,598         | 4,778,389         |
| Other Accruals               | 12,898,705        | 8,686,353         |
|                              | <u>16,812,303</u> | <u>13,464,741</u> |

**15. Payables:**

|                           | <b>2021</b>       | <b>2020</b>       |
|---------------------------|-------------------|-------------------|
|                           | <b>\$</b>         | <b>\$</b>         |
| Collector of Taxes        | 10,045,634        | 8,186,639         |
| Salary Deductions Payable | 28,613,304        | 24,506,545        |
| Other Payables            | 3,319,234         | 3,013,051         |
|                           | <u>41,978,172</u> | <u>35,706,235</u> |

**16. Non - Interest Bearing Liabilities - Others:**

|                 | <b>2021</b>       | <b>2020</b>       |
|-----------------|-------------------|-------------------|
|                 | <b>\$</b>         | <b>\$</b>         |
| Estate Accounts | 35,435,550        | 18,176,539        |
|                 | <u>35,435,550</u> | <u>18,176,539</u> |

This amount represents unsettled claims in respect of deceased members.



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**17. Members' Permanent Share Capital:**

|                                        | <b>2021</b>        | <b>2020</b>        |
|----------------------------------------|--------------------|--------------------|
|                                        | <b>\$</b>          | <b>\$</b>          |
| Balance at Beginning of Year           | 147,488,454        | 141,458,975        |
| Add Permanent Share Capital Subscribed | 7,888,159          | 6,029,479          |
| <b>Balance at End of Year</b>          | <b>155,376,613</b> | <b>147,488,454</b> |

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:**

|                                         | <b>2021</b>        | <b>2020</b>        |
|-----------------------------------------|--------------------|--------------------|
|                                         | <b>\$</b>          | <b>\$</b>          |
| Capital Reserves (Unrealised) (Note 24) | 212,549,809        | 212,549,809        |
| Other Reserves                          | 112,339,875        | 119,112,242        |
| Loan Loss Reserves                      | 52,000,000         | 52,000,000         |
| Capital Development Reserves            | 100,000,000        | 100,000,000        |
| Retirement Benefit Reserves (Note 11)   | 51,225,000         | 63,343,000         |
| Other Non-qualifying Reserves (Note 26) | 24,372,664         | 23,437,178         |
| Permanent Share Transfer Fund           | 4,949,062          | 5,032,031          |
| Undistributed Net Income                | 67,218,721         | 44,824,359         |
|                                         | <b>624,655,131</b> | <b>620,298,619</b> |

**19. Institutional Capital:**

|                                                 | <b>2021</b>        | <b>2020</b>        |
|-------------------------------------------------|--------------------|--------------------|
|                                                 | <b>\$</b>          | <b>\$</b>          |
| Retained Earnings Reserves at Beginning of Year | 616,947,256        | 576,947,256        |
| Appropriation of Net Surplus                    | 32,000,000         | 40,000,000         |
| Retained Earnings Reserves at End of Year       | 648,947,256        | 616,947,256        |
| Statutory & Legal Reserves (Note 25)            | 346,742,075        | 330,437,395        |
|                                                 | <b>995,689,331</b> | <b>947,384,651</b> |

**20. Other Financial Costs:**

|                           | <b>2021</b>       | <b>2020</b>       |
|---------------------------|-------------------|-------------------|
|                           | <b>\$</b>         | <b>\$</b>         |
| Life Savings Insurance    | 6,979,599         | 6,370,080         |
| Loan Protection Insurance | 10,048,510        | 10,140,476        |
| Bank Charges and Interest | 1,484,271         | 2,577,470         |
|                           | <b>18,512,380</b> | <b>19,088,026</b> |



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
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**21. Other Income:**

|                                           | <b>2021</b>       | <b>2020</b>       |
|-------------------------------------------|-------------------|-------------------|
|                                           | <b>\$</b>         | <b>\$</b>         |
| Commitment Fees - Service Charge on Loans | 27,544,291        | 27,184,740        |
| Miscellaneous                             | 3,315,086         | 2,913,888         |
| Gain on Foreign Exchange                  | 12,881,251        | 12,916,382        |
| Gain on sale of Investment                | 2,540,088         | 2,747,850         |
| FIP Administration Fee                    | 4,181,701         | 3,881,103         |
| ABM Fees                                  | 1,919,285         | 1,266,908         |
| Standing Order Fees                       | 778,018           | 767,625           |
| Account User Fee                          | 18,858,510        | 19,041,165        |
|                                           | <u>72,018,230</u> | <u>70,719,660</u> |

**22. Operating Expenses:**

|                                 | <b>2021</b>        | <b>2020</b>        |
|---------------------------------|--------------------|--------------------|
|                                 | <b>\$</b>          | <b>\$</b>          |
| <b>Personnel Expenses:</b>      |                    |                    |
| Employee Salaries & Allowances  | 228,922,793        | 222,929,303        |
| Employee Benefits               | 24,998,202         | 26,209,327         |
| Education & Training            | 1,751,021          | 855,002            |
| Staff Travel & Related Expenses | 2,030,887          | 2,099,595          |
| Others                          | -                  | 16,649             |
|                                 | <u>257,702,903</u> | <u>252,109,876</u> |

|                                               | <b>2021</b>        | <b>2020</b>       |
|-----------------------------------------------|--------------------|-------------------|
|                                               | <b>\$</b>          | <b>\$</b>         |
| <b>Administrative Expenses:</b>               |                    |                   |
| Rental                                        | 960,000            | 960,000           |
| Utilities                                     | 7,250,611          | 6,788,538         |
| Depreciation and Impairment                   | 16,814,382         | 18,506,799        |
| Audit and Supervision - Current Year          | 3,180,000          | 3,180,000         |
| Repairs & Maintenance (Office)                | 22,031,745         | 17,359,041        |
| Telecommunications                            | 9,033,833          | 6,830,806         |
| Printing, Stationery & Supplies               | 5,452,502          | 4,636,468         |
| Insurance Premiums                            | 5,492,236          | 4,077,160         |
| Professional & Consulting Fees                | 2,238,967          | 1,966,969         |
| Subscriptions & Other Administrative Expenses | 31,413,744         | 30,913,111        |
|                                               | <u>103,868,020</u> | <u>95,218,892</u> |



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
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**22. Operating Expenses - (cont'd):**

|                                          | <b>2021</b>        | <b>2020</b>        |
|------------------------------------------|--------------------|--------------------|
|                                          | <b>\$</b>          | <b>\$</b>          |
| <b>Marketing &amp; Promotion:</b>        |                    |                    |
| Publicity & Promotion                    | 15,563,828         | 12,244,712         |
| Public Relations                         | -                  | 1,520,000          |
|                                          | <u>15,563,828</u>  | <u>13,764,712</u>  |
|                                          | <b>2021</b>        | <b>2020</b>        |
|                                          | <b>\$</b>          | <b>\$</b>          |
| <b>Representation &amp; Affiliation:</b> |                    |                    |
| League and Other Dues                    | 17,304,908         | 18,512,543         |
| Seminars & Meetings                      | 1,524,701          | 2,753,472          |
| Board of Directors & Committees          | 5,060,171          | 4,220,746          |
| Annual General Meetings                  | 4,782,953          | 3,144,478          |
| Meeting/ Special Functions               | 663,245            | 34,680             |
|                                          | <u>29,335,978</u>  | <u>28,665,919</u>  |
| <b>TOTAL OPERATING EXPENSES</b>          | <u>406,470,729</u> | <u>389,759,399</u> |

**23. Appropriations:**

|                              | <b>2021</b>       | <b>2020</b>       |
|------------------------------|-------------------|-------------------|
|                              | <b>\$</b>         | <b>\$</b>         |
| Dividend on Permanent Shares | 7,000,000         | 6,029,479         |
| Social Outreach Programme    | 1,324,358         | 1,000,000         |
| Sydney Carter Scholarship    | 1,500,000         | 1,500,000         |
| Disaster Relief Fund         | 1,000,000         | 1,000,000         |
| Unsecured Loan Reserve       | -                 | 2,000,000         |
| Institutional Capital        | 32,000,000        | 40,000,000        |
|                              | <u>42,824,358</u> | <u>51,529,479</u> |

**24. Capital Reserves:**

|                               | <b>2021</b>        | <b>2020</b>        |
|-------------------------------|--------------------|--------------------|
|                               | <b>\$</b>          | <b>\$</b>          |
| Balance at Beginning of Year  | 212,549,809        | 8,725,445          |
| Additions                     | -                  | 203,824,364        |
| <b>Balance at End of Year</b> | <u>212,549,809</u> | <u>212,549,809</u> |

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



## MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED

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

#### FOR THE YEAR ENDED 31ST DECEMBER 2021

(Expressed in Jamaican Dollars unless otherwise indicated)

#### 25. Statutory and Legal Reserves:

|                                          | 2021<br>\$         | 2020<br>\$         |
|------------------------------------------|--------------------|--------------------|
| Balance at Beginning of Year             | 330,437,395        | 321,128,239        |
| 20% (2020- 20%) Transfer from Net Income | 16,304,680         | 9,309,156          |
| <b>Balance at End of Year</b>            | <b>346,742,075</b> | <b>330,437,395</b> |

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:

|                                | 2021<br>\$        | 2020<br>\$        |
|--------------------------------|-------------------|-------------------|
| Special Reserve                | 57,587            | 57,587            |
| Sydney Carter Scholarship Fund | 1,714,191         | 1,504,191         |
| Social Outreach Programme      | 2,196,473         | 1,665,545         |
| Disaster Relief Fund           | 4,049,684         | 3,859,684         |
| Share Building Fund            | 2,644,614         | 2,640,057         |
| Stabilization Fund Reserves    | 1,210,114         | 1,210,114         |
| Business Development Fund      | 12,500,000        | 12,500,000        |
|                                | <b>24,372,664</b> | <b>23,437,178</b> |

#### 27. Staff Costs:

Staff costs for the year amounted to \$257,702,904 (2020: \$252,072,616).



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**28. Comparison of Ledger Balances:**

|                         | <b>Permanent<br/>Shares</b> | <b>Voluntary Shares</b> | <b>Deposits</b>      | <b>Loans</b>         |
|-------------------------|-----------------------------|-------------------------|----------------------|----------------------|
|                         | <b>\$</b>                   | <b>\$</b>               | <b>\$</b>            | <b>\$</b>            |
| General Ledger          | 155,376,613                 | 2,804,137,625           | 2,673,524,241        | 3,551,375,991        |
| Personal Ledger Listing | <u>155,376,613</u>          | <u>2,804,137,625</u>    | <u>2,673,524,241</u> | <u>3,551,375,991</u> |

**29. Related Party Transactions:**

At 31st December 2021, the eleven (11) members of the Credit Union's Board of Directors had savings totalling \$12,554,912.23. Of these Directors, six (6) had loans totalling \$4,602,742.13. Seventeen (17) Committee Members had savings totalling \$9,819,412.50. Of these Seventeen (17) Committee Members, nine (9) had loans totalling \$27,012,400.17.

Of the seventy six (76) Credit Union Staff, all had savings of \$41,285,368.57 and fifty-one (51) had loans including interest totalling \$226,391,283.66. During the year, no 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 2021, 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.



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**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.



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**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:

|                             | <b>2021</b>          | <b>2020</b>          |
|-----------------------------|----------------------|----------------------|
|                             | <b>\$</b>            | <b>\$</b>            |
| Loans to members (net)      | 3,413,741,123        | 3,370,632,457        |
| Liquid assets - earning     | 2,250,400,160        | 1,989,714,118        |
| Financial investments       | 1,174,045,215        | 903,608,201          |
| Liquid assets - non-earning | 126,037,919          | 171,094,867          |
| Non earning assets - other  | 59,700,073           | 46,491,920           |
|                             | <u>7,023,924,490</u> | <u>6,481,541,564</u> |

**(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.



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**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, 2021, an estimate of the fair values of collateral held against loans to members are as follows:

|                           | 2021                 | 2020                 |
|---------------------------|----------------------|----------------------|
| <u>Type of Collateral</u> | <u>\$</u>            | <u>\$</u>            |
| Motor Vehicles            | 636,486,877          | 560,250,995          |
| Real Estate               | 1,660,676,880        | 991,099,041          |
|                           | <u>2,297,163,757</u> | <u>1,551,350,036</u> |

*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.



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

|                                                        | <b>Gross Carrying Amount</b> |                      | <b>Expected Credit Loss</b> |                    |
|--------------------------------------------------------|------------------------------|----------------------|-----------------------------|--------------------|
|                                                        | <b>2021</b>                  | <b>2020</b>          | <b>2021</b>                 | <b>2020</b>        |
| <b><u>As per Expected Credit Loss (ECL) Report</u></b> |                              |                      |                             |                    |
|                                                        | <b>\$</b>                    | <b>\$</b>            | <b>\$</b>                   | <b>\$</b>          |
| Stage 1 (12- month ECL)                                | 3,331,463,742                | 3,189,543,019        | 83,735,778                  | 52,475,023         |
| Stage 2 (Lifetime ECL)                                 | 124,083,276                  | 101,208,949          | 12,236,295                  | 5,865,655          |
| Stage 3 (Lifetime ECL)                                 | 95,828,973                   | 196,345,666          | 41,662,795                  | 58,124,499         |
| <b>Total</b>                                           | <b>3,551,375,991</b>         | <b>3,487,097,634</b> | <b>137,634,868</b>          | <b>116,465,177</b> |
| <b><u>As per General ledger</u></b>                    | <b>3,551,375,991</b>         | <b>3,487,097,634</b> | <b>137,634,868</b>          | <b>116,465,177</b> |
| <b><u>Difference</u></b>                               | -                            | -                    | -                           | -                  |

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



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**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 2021, without accounting for any collateral held or other credit enhancements.

(i) Changes in Credit quality since initial recognition:

|                                                                       | <b><u>Stage 1</u></b><br>12-month ECL | <b><u>Stage 2</u></b><br>Lifetime ECL | <b><u>Stage 3</u></b><br>Lifetime ECL | <b><u>Total</u></b> |
|-----------------------------------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------|
| Gross carrying amount on Loans as at January 1, 2021                  | 3,189,543,019                         | 101,208,949                           | 196,345,666                           | 3,487,097,634       |
| Financial Assets derecognized during the period other than write offs | (6,045,843)                           | -                                     | (953,511)                             | <b>(6,999,354)</b>  |
| <b><u>Transfers between Stages</u></b>                                |                                       |                                       |                                       |                     |
| Transfer from Stage 1 to 2                                            | (27,225,677)                          | 27,225,677                            | -                                     | -                   |
| Transfer from Stage 1 to 3                                            | (37,032,431)                          | -                                     | 37,032,431                            | -                   |
| Transfer from Stage 2 to 1                                            | 105,363,590                           | (105,363,590)                         | -                                     | -                   |
| Transfer from Stage 2 to 3                                            | -                                     | (5,894,411)                           | 5,894,411                             | -                   |
| Transfer from Stage 3 to 1                                            | 106,861,084                           | -                                     | (106,861,084)                         | -                   |
| Transfer from Stage 3 to 2                                            | -                                     | 4,413,426                             | (4,413,426)                           | -                   |
| New Financial Assets originated                                       | -                                     | 102,493,225                           | -                                     | <b>102,493,225</b>  |
| Loan Write offs                                                       | -                                     | -                                     | (31,215,514)                          | <b>(31,215,514)</b> |
| Gross Carrying Amount on Loans as at December 31, 2021                | 3,331,463,742                         | 124,083,276                           | 95,828,973                            | 3,551,375,991       |

|                                              | <b><u>Stage 1</u></b><br>12-month ECL | <b><u>Stage 2</u></b><br>Lifetime ECL | <b><u>Stage 3</u></b><br>Lifetime ECL | <b><u>Total</u></b> |
|----------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------|
| Expected Credit Loss as at January 1, 2021   | 52,475,023                            | 5,865,655                             | 58,124,499                            | 116,465,177         |
| <b><u>Transfers between Stages</u></b>       |                                       |                                       |                                       |                     |
| Transfer from Stage 1 to 2                   | (565,836)                             | 565,836                               | -                                     | -                   |
| Transfer from Stage 1 to 3                   | (1,297,799)                           | -                                     | 1,297,799                             | -                   |
| Transfer from Stage 2 to 1                   | 3,312,506                             | (3,312,506)                           | -                                     | -                   |
| Transfer from Stage 2 to 3                   | -                                     | (577,731)                             | 577,731                               | -                   |
| Transfer from Stage 3 to 1                   | 18,649,809                            | -                                     | (18,649,809)                          | -                   |
| Transfer from Stage 3 to 2                   | -                                     | 839,647                               | (839,647)                             | -                   |
| ECL on New Financial Asset originated        | 11,162,075                            | 8,855,394                             | 1,152,222                             | <b>21,169,691</b>   |
| Expected Credit Loss as at December 31, 2021 | <b>83,735,778</b>                     | <b>12,236,295</b>                     | 41,662,795                            | <b>137,634,868</b>  |



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**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
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**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 43% (2020: 43%) 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.

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

**(b) Liquidity Risk (Cont'd) :**

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

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

|                             | <b>Within 3<br/>Months</b> | <b>3 to 12<br/>Months</b> | <b>1 to 5<br/>Years</b> | <b>Over 5<br/>Years</b> | <b>No Specific<br/>Maturity</b> | <b>Total</b>  |
|-----------------------------|----------------------------|---------------------------|-------------------------|-------------------------|---------------------------------|---------------|
|                             | <b>\$</b>                  | <b>\$</b>                 | <b>\$</b>               | <b>\$</b>               | <b>\$</b>                       | <b>\$</b>     |
| <b>ASSETS:</b>              |                            |                           |                         |                         |                                 |               |
| <b>EARNING ASSETS:</b>      |                            |                           |                         |                         |                                 |               |
| Financial Investments       | 94,729,239                 | 459,533,119               | 294,999,000             | -                       | 324,783,857                     | 1,174,045,215 |
| <b>NON-EARNING ASSETS:</b>  |                            |                           |                         |                         |                                 |               |
| Liquid Assets               | -                          | -                         | -                       | -                       | 126,037,919                     | 126,037,919   |
| Other Assets                | -                          | 59,700,073                | -                       | -                       | -                               | 59,700,073    |
| Property, Plant & Equipment | -                          | -                         | -                       | -                       | 272,459,476                     | 272,459,476   |
| Retirement Benefit Asset    | -                          | -                         | -                       | -                       | 51,225,000                      | 51,225,000    |
| Total Assets                | 94,729,239                 | 519,233,192               | 294,999,000             | -                       | 774,506,252                     | 1,683,467,683 |



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

**(b) Liquidity Risk (Cont'd) :**

|                                   | Within 3<br>Months | 3 to 12<br>Months | 1 to 5<br>Years | Over 5<br>Years | No Specific<br>Maturity | Total          |
|-----------------------------------|--------------------|-------------------|-----------------|-----------------|-------------------------|----------------|
|                                   | \$                 | \$                | \$              | \$              | \$                      | \$             |
| <b>LIABILITIES:</b>               |                    |                   |                 |                 |                         |                |
| <b>INTEREST BEARING</b>           |                    |                   |                 |                 |                         |                |
| <b>LIABILITIES:</b>               |                    |                   |                 |                 |                         |                |
| Members' Voluntary Share Capital  | 2,804,137,625      | -                 | -               | -               | -                       | 2,804,137,625  |
| Savings Deposits                  | 162,661,381        | 599,515,608       | 14,285,284      | 4,953,498       | 1,892,108,471           | 2,673,524,241  |
|                                   | 2,966,799,006      | 599,515,608       | 14,285,284      | 4,953,498       | 1,892,108,471           | 5,477,661,866  |
| <b>NON-INTEREST BEARING</b>       |                    |                   |                 |                 |                         |                |
| <b>LIABILITIES &amp; CAPITAL:</b> |                    |                   |                 |                 |                         |                |
| Accruals                          | 16,812,303         | -                 | -               | -               | -                       | 16,812,303     |
| Payables                          | 41,978,172         | -                 | -               | -               | -                       | 41,978,172     |
| Others                            | 35,435,550         | -                 | -               | -               | -                       | 35,435,550     |
| Capital and Reserves              | -                  | -                 | -               | -               | 1,775,721,075           | 1,775,721,075  |
| Total Liabilities & Capital       | 6,027,824,038      | 1,199,031,215     | 28,570,567      | 9,906,995       | 5,559,938,016           | 12,825,270,832 |
| <b>Net Liquidity Gap</b>          | 6,122,553,277      | 1,718,264,407     | 323,569,567     | 9,906,995       | 6,334,444,268           | 14,508,738,515 |
| <b>Cumulative Liquidity Gap</b>   | 6,122,553,277      | 7,840,817,684     | 8,164,387,251   | 8,174,294,247   | 14,508,738,515          | 29,017,477,030 |
| <b>Net Liquidity Gap</b>          |                    |                   |                 |                 |                         |                |
|                                   | (2,296,255,212)    | (603,587,223)     | 1,780,052,528   | 1,632,160,102   | (512,370,195)           | -              |
| <b>Cumulative Liquidity Gap</b>   | (2,296,255,212)    | (2,899,842,435)   | (1,119,789,907) | 512,370,195     | 0                       | 0              |

<-----2020----->



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

**(c) Market Risk**

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

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

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

**(i) Foreign Currency Risk**

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

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

|                                | 2021       | 2020       |
|--------------------------------|------------|------------|
| <u>Liquid Assets - Earning</u> |            |            |
| United States dollar           | \$ 73,482  | \$ 28,701  |
| Canadian dollar                | \$ 316,447 | \$ 219,457 |
| Pound Sterling                 | £ 43,659   | £ 41,915   |
| <u>Financial Investments</u>   |            |            |
| United States dollar           | \$ 667,599 | \$ 653,226 |

***Sensitivity analysis***

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

|                    | <u>US \$</u> | <u>CAD \$</u> | <u>UK £</u> |
|--------------------|--------------|---------------|-------------|
| 31st December 2021 | 155.09       | 122.76        | 210.14      |
| 28th February 2021 | 151.94       | 120.39        | 210.67      |
| 31st December 2020 | 142.65       | 111.41        | 193.67      |



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

**(c) Market Risk (Cont'd)**

| (i) Foreign Currency Risk (Cont'd) | <u>US \$</u> | <u>CAD \$</u> | <u>UK £</u>  |
|------------------------------------|--------------|---------------|--------------|
| <b>2021</b>                        | <b>6.51%</b> | <b>8.06%</b>  | <b>8.78%</b> |

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.

|                                | <u>Movement</u> |             |                  |                  |
|--------------------------------|-----------------|-------------|------------------|------------------|
|                                | <b>2021</b>     | <b>2020</b> | <b>2021</b>      | <b>2020</b>      |
|                                | <u>%</u>        | <u>%</u>    | <u>J\$</u>       | <u>J\$</u>       |
| <u>Liquid Assets - earning</u> |                 |             |                  |                  |
| United States dollar           | 4               | 4           | 455,850          | 163,768          |
| Canadian dollar                | 5               | 5           | 2,453,892        | 1,222,485        |
| Pound Sterling                 | 5               | 5           | <u>267,981</u>   | <u>405,884</u>   |
| <u>Financial Investments</u>   |                 |             |                  |                  |
| United States dollar           | 4               | 4           | <u>4,141,520</u> | <u>3,727,308</u> |

The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2021.



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
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**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:

|                                     | <u>2021</u>          |                      | <u>2020</u>          |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | <u>Interest Rate</u> |                      | <u>Interest Rate</u> |                      |
|                                     | <u>%</u>             | <u>\$</u>            | <u>%</u>             | <u>\$</u>            |
| <b><u>Financial Assets</u></b>      |                      |                      |                      |                      |
| Liquid Assets                       |                      |                      |                      |                      |
| Local Savings Accounts              | 0.10                 | 151,509              | 0.10                 | 151,301              |
| Foreign Savings Accounts            | 0.01 - 0.05          | 59,417,918           | 0.01 - 0.05          | 36,440,093           |
| Foreign Currency Investments        | 1.85 - 5.5           | 103,537,990          | 1.85 - 5.5           | 93,052,145           |
| Amortised Cost Investments          | 2.35 - 6.70          | 1,553,528,879        | 2.35 - 6.70          | 1,383,219,292        |
| Loans to Members                    | 5.99 - 27.2          | 3,413,741,123        | 5.99 - 27.2          | 3,370,632,457        |
| Financial Investments               | 4.5 - 7.25           | 993,979,178          | 4.5 - 7.25           | 720,586,255          |
|                                     |                      | <u>6,124,356,597</u> |                      | <u>5,604,081,543</u> |
| <b><u>Financial Liabilities</u></b> |                      |                      |                      |                      |
| Members' Voluntary Share Capital    | 1.80                 | 2,804,137,625        | 1.80                 | 2,591,359,227        |
| Savings Deposits                    | 0.1 - 3.25           | <u>2,673,524,241</u> | 0.1 - 3.25           | <u>2,451,271,863</u> |
|                                     |                      | <u>5,477,661,866</u> |                      | <u>5,042,631,090</u> |
|                                     |                      | <u>646,694,731</u>   |                      | <u>561,450,453</u>   |



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
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**32. Financial Instruments and Financial Instruments Risk Management (cont'd):**

**(c) Market Risk (Cont'd)**

**(ii) Interest Rate Risk (Cont'd)**

***Sensitivity Analysis***

During the period January 2021 to December 2021, interest rates have moved downwards, with the BOJ 3-6 months deposit rates moving by approximately 100 basis points. 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:

|                                     | <b><u>2021</u></b>   |                     | <b><u>2020</u></b>   |                     |
|-------------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                     | <b>Interest Rate</b> |                     | <b>Interest Rate</b> |                     |
|                                     | <b>%</b>             | <b>\$</b>           | <b>%</b>             | <b>\$</b>           |
| <b><u>Financial Assets</u></b>      |                      |                     |                      |                     |
| Liquid Assets                       |                      |                     |                      |                     |
| Foreign Savings Accounts            | -0.07                | (41,593)            | -0.07                | (25,508)            |
| Amortised Cost                      | -0.3                 | (4,272,204)         | -0.3                 | (3,803,853)         |
| Loans to Members                    | -1.955               | (66,738,639)        | -1.955               | (65,895,865)        |
| Financial Investments               | -1                   | (9,939,792)         | -1                   | (7,205,863)         |
|                                     |                      | <u>(80,992,228)</u> |                      | <u>(76,931,088)</u> |
| <b><u>Financial Liabilities</u></b> |                      |                     |                      |                     |
| Members' Voluntary Share Capital    | 0                    | -                   | 0                    | -                   |
| Savings Deposits                    | -0.5                 | (13,367,621)        | -0.5                 | (12,256,359)        |
|                                     |                      | <u>(13,367,621)</u> |                      | <u>(12,256,359)</u> |
|                                     |                      | <u>(67,624,606)</u> |                      | <u>(64,674,729)</u> |

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

**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

**32. Financial Instruments and Financial Instruments Risk Management cont'd:**

**(c) Market Risk (Cont'd)**

**(ii) Interest Rate Risk - (Cont'd)**

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.

|                             | <b>Within 3<br/>Months</b> | <b>3 to 12<br/>Months</b> | <b>1 to 5<br/>Years</b> | <b>Over 5<br/>Years</b> | <b>Non-rate<br/>Sensitive</b> | <b>Total</b>  |
|-----------------------------|----------------------------|---------------------------|-------------------------|-------------------------|-------------------------------|---------------|
|                             | <b>\$</b>                  | <b>\$</b>                 | <b>\$</b>               | <b>\$</b>               | <b>\$</b>                     | <b>\$</b>     |
| <b>ASSETS</b>               |                            |                           |                         |                         |                               |               |
| <i>Earning Assets</i>       |                            |                           |                         |                         |                               |               |
| Financial Investments       | 94,729,239                 | 459,533,119               | 294,999,000             | -                       | 324,783,857                   | 1,174,045,215 |
|                             | 94,729,239                 | 459,533,119               | 294,999,000             | -                       | 324,783,857                   | 1,174,045,215 |
| <i>Non-Earning Assets</i>   |                            |                           |                         |                         |                               |               |
| Liquid Assets               | -                          | -                         | -                       | -                       | 126,037,919                   | 126,037,919   |
| Other Assets                | -                          | 59,700,073                | -                       | -                       | -                             | 59,700,073    |
| Property, Plant & Equipment | -                          | -                         | -                       | -                       | 272,459,476                   | 272,459,476   |
| Retirement Benefit Asset    | -                          | -                         | -                       | -                       | 51,225,000                    | 51,225,000    |
|                             | -                          | 59,700,073                | -                       | -                       | 449,722,395                   | 509,422,468   |
|                             | 94,729,239                 | 519,233,192               | 294,999,000             | -                       | 774,506,252                   | 1,683,467,683 |



MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)  
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32. Financial Instruments and Financial Instruments Risk Management cont'd:

(c) Market Risk (Cont'd)

(ii) Interest Rate Risk - (Cont'd)

|                                         | Within 3<br>Months<br>\$ | 3 to 12<br>Months<br>\$ | 1 to 5<br>Years<br>\$ | Over 5<br>Years<br>\$ | Non-rate<br>Sensitive<br>\$ | Total<br>\$     |
|-----------------------------------------|--------------------------|-------------------------|-----------------------|-----------------------|-----------------------------|-----------------|
| <b>LIABILITIES &amp; EQUITY</b>         |                          |                         |                       |                       |                             |                 |
| <i>Interest-Bearing Liabilities</i>     |                          |                         |                       |                       |                             |                 |
| Members' Voluntary Share Capital        | 2,804,137,625            | -                       | -                     | -                     | -                           | 2,804,137,625   |
| Savings Deposits                        | 162,661,381              | 599,515,608             | 14,285,284            | 4,953,498             | 1,892,108,471               | 2,673,524,241   |
|                                         | 2,966,799,006            | 599,515,608             | 14,285,284            | 4,953,498             | 1,892,108,471               | 5,477,661,866   |
| <i>Non Interest-Bearing Liabilities</i> |                          |                         |                       |                       |                             |                 |
| Accruals                                | -                        | -                       | -                     | -                     | 16,812,303                  | 16,812,303      |
| Payables                                | -                        | -                       | -                     | -                     | 41,978,172                  | 41,978,172      |
| Others                                  | -                        | -                       | -                     | -                     | 35,435,550                  | 35,435,550      |
|                                         | -                        | -                       | -                     | -                     | 94,226,025                  | 94,226,025      |
| <i>Equity</i>                           |                          |                         |                       |                       |                             |                 |
| Members' Permanent Share Capital        | -                        | -                       | -                     | -                     | 155,376,613                 | 155,376,613     |
| Non-Institutional Capital               | -                        | -                       | -                     | -                     | 624,655,131                 | 624,655,131     |
| Institutional Capital                   | -                        | -                       | -                     | -                     | 995,689,331                 | 995,689,331     |
|                                         | -                        | -                       | -                     | -                     | 1,775,721,075               | 1,775,721,075   |
|                                         | 2,966,799,006            | 599,515,608             | 14,285,284            | 4,953,498             | 3,762,055,571               | 7,347,608,966   |
| <b>Net Interest Rate Gap</b>            | (2,872,069,767)          | (80,282,416)            | 280,713,716           | (4,953,498)           | (2,987,549,319)             | (7,347,608,966) |
| <b>Cumulative Interest Rate Gap</b>     | (2,872,069,767)          | (2,952,352,183)         | (2,671,638,467)       | (2,676,591,964)       | (5,664,141,283)             | -               |
| <b>2020</b>                             |                          |                         |                       |                       |                             |                 |
|                                         | Within 3<br>Months<br>\$ | 3 to 12<br>Months<br>\$ | 1 to 5<br>Years<br>\$ | Over 5<br>Years<br>\$ | Non-rate<br>Sensitive<br>\$ | Total<br>\$     |
| <b>Net Interest Rate Gap</b>            | (2,228,907,695)          | (603,587,224)           | 1,780,052,528         | 1,632,160,102         | (579,681,696)               | 36,015          |
| <b>Cumulative Interest Rate Gap</b>     | (2,228,907,695)          | (2,832,494,919)         | (1,052,442,391)       | 579,717,711           | 36,015                      | -               |



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
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**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.



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
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**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 2021 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.

|                                    | <b>Level 1</b>    | <b>Level 2</b> | <b>2021</b><br><b>Level 3</b> | <b>Total</b>       |
|------------------------------------|-------------------|----------------|-------------------------------|--------------------|
|                                    | <b>\$</b>         | <b>\$</b>      | <b>\$</b>                     | <b>\$</b>          |
| Available-for-sale Investments -   |                   |                |                               |                    |
| Unquoted Investments at Fair Value | -                 | -              | 136,421,531                   | 136,421,531        |
| Quoted Investments at Fair Value   | 47,644,506        | -              | -                             | 47,644,506         |
|                                    | <u>47,644,506</u> | <u>-</u>       | <u>136,421,531</u>            | <u>184,066,037</u> |

|                                    | <b>Level 1</b>    | <b>Level 2</b> | <b>2020</b><br><b>Level 3</b> | <b>Total</b>       |
|------------------------------------|-------------------|----------------|-------------------------------|--------------------|
|                                    | <b>\$</b>         | <b>\$</b>      | <b>\$</b>                     | <b>\$</b>          |
| Available-for-sale Investments -   |                   |                |                               |                    |
| Unquoted Investments at Fair Value | -                 | -              | 136,421,531                   | 136,421,531        |
| Quoted Investments at Fair Value   | 50,600,415        | -              | -                             | 50,600,415         |
|                                    | <u>50,600,415</u> | <u>-</u>       | <u>136,421,531</u>            | <u>187,021,946</u> |

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.



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**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
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**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 as 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;

**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

(Expressed in Jamaican Dollars unless otherwise indicated)

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

**(e) Fair Value (Cont'd)**

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

|                                         | Carrying Value    | Fair Value        | Carrying Value    | Fair Value        |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                         | 2021              | 2021              | 2020              | 2020              |
|                                         | \$                | \$                | \$                | \$                |
| <b>Assets</b>                           |                   |                   |                   |                   |
| <b>Earning Assets</b>                   |                   |                   |                   |                   |
| Liquid Assets                           | 2,250,400,160     | 2,250,400,160     | 1,989,714,118     | 1,989,714,118     |
| Loans to Members (net)                  | 3,413,741,123     | 3,413,741,123     | 3,370,632,457     | 3,370,632,457     |
| Financial                               | 1,174,045,215     | 1,174,045,215     | 903,608,201       | 903,608,201       |
| <b>Non Earning Assets</b>               |                   |                   |                   |                   |
| Liquid Assets                           | 126,037,919       | 126,037,919       | 171,094,867       | 171,094,867       |
| Other Assets                            | 59,700,073        | 59,700,073        | 46,491,920        | 46,491,920        |
| <b>Liabilities</b>                      |                   |                   |                   |                   |
| <b>Interest Bearing Liabilities</b>     |                   |                   |                   |                   |
| Members' Vol. Share Capital             | 2,804,137,625     | 2,804,137,625     | 2,591,359,227     | 2,591,359,227     |
| Savings Deposits                        | 2,673,524,241     | 2,673,524,241     | 2,451,271,863     | 2,451,271,863     |
| <b>Non-Interest Bearing Liabilities</b> |                   |                   |                   |                   |
| Accruals                                | 16,812,303        | 16,812,303        | 13,464,742        | 13,464,742        |
| Payables                                | 41,978,172        | 41,978,172        | 35,706,236        | 35,706,236        |
| Others                                  | <u>35,435,550</u> | <u>35,435,550</u> | <u>18,176,539</u> | <u>18,176,539</u> |

**33. COVID-19**

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020, and the Government of Jamaica declared the island a disaster area on March 13, 2020.

The Credit Union's team of management instituted measures at both branches (Mandeville and Christiana) to safeguard and protect it's stakeholders. These measures included;

- 1) The provision of COVID related information to employees and members;
- 2) The provision of supplies to all personnel to prevent the contagion;
- 3) The establishment of COVID protocols to access both branches (protocols were supported by government guidelines).
- 4) The establishment and implementation of Remote Work Policy. This enabled staff to work remotely using a flexible work plan;
- 5) The establishment and implementation of the Disaster Risk Management Policy (DRMP) and Covid Response Plan (CRP), which provides a detailed approach adopted by the Credit Union in mitigating the impact of the pandemic.

The Crisis Management team established under DRMP and CRP was responsible for;

- i) Planning and responding to the challenges arising;
- ii) Implementation of safety and sanitization protocols with respect to the protection of staff and members;
- iii) Preparation of a work from home mandate;
- iv) Enhancement of technical capacity of the virtual network and;
- v) The expansion and continued use of member email services.



**MANCHESTER CO-OPERATIVE CREDIT UNION (1977) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - (CONT'D)**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

(Expressed in Jamaican Dollars unless otherwise indicated)

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**33. COVID-19 (Cont'd)**

The pandemic and the measures to control its human impact have resulted in disruptions to economic activities and business operations. The Credit Union saw a reduction in business activities during the financial year, most notably in the following areas;

**1) Loans to Members Portfolio**

There was an increase in the volume of new loans and closed cash secured loans. Total loans granted for the financial year 2021 amounted to \$1.69 billion when compared to \$1.68 billion in 2020. Although delinquency was not significantly impacted at the financial year end, the loan portfolio would have experienced significant increase in credit risk and reduced cash flows from member repayments.

Recognizing the economic impact on members, the Credit Union granted moratoria of principal balances and interest.

**2) Investment Portfolio**

The performance of the investment portfolio was negatively impacted by the fallout in the financial markets. This resulted in primarily equity-based investments experiencing losses. However, the Credit Union's liquidity position was not negatively affected during the year.

The Credit Union could experience further negative impact, depending on factors such as;

- 1) The duration and spread of the virus;
- 2) The restrictions and advisories from the Government of Jamaica;
- 3) The effects of the financial market and;
- 4) The effects of the global and local economy.

As at the authorised issue date of the Financial Statements, these impacts were highly uncertain and could not be reliably measured.



## APPROPRIATION OF NET SURPLUS

As Treasurer, I find it a pleasure to present to you the following proposal for distribution of surplus accumulated by the Credit Union as at December 31, 2021.

|                                  |                        |
|----------------------------------|------------------------|
| <b>UNDISTRIBUTED NET SURPLUS</b> | <b>\$67,218,721.00</b> |
|----------------------------------|------------------------|

### APPROPRIATIONS:

|                           |                  |
|---------------------------|------------------|
| INSTITUTIONAL CAPITAL     | \$ 42,000,000.00 |
| SOCIAL OUTREACH           | \$ 1,000,000.00  |
| DISASTER RELIEF           | \$ 1,000,000.00  |
| DIVIDEND (6%)             | \$ 8,750,000.00  |
| SYDNEY CARTER SCHOLARSHIP | \$ 1,500,000.00  |
| HONORARIUM                | \$ 2,666,667.00  |

|              |                          |
|--------------|--------------------------|
| <b>TOTAL</b> | <b>(\$56,916,667.00)</b> |
|--------------|--------------------------|

|                                 |                        |
|---------------------------------|------------------------|
| <b>BALANCE C/F TO NEXT YEAR</b> | <b>\$10,302,054.00</b> |
|---------------------------------|------------------------|

## 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 2022, shall not exceed a ratio of twelve (12) times the Capital and Reserve Fund.

# CREDIT COMMITTEE REPORT



**Clive Dunkley**  
Chairman

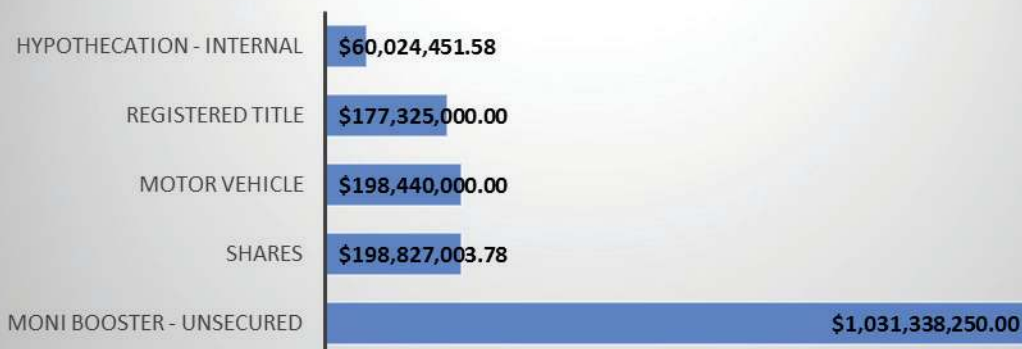
## INTRODUCTION

As Jamaica embraced the new normal of existing with COVID-19 in 2021, Manchester Cooperative Credit Union (1977) Limited sought to rebound from its 2020 performance. Strategies employed by the Credit Union resulted in a 1.84% growth in its loan portfolio in comparison to the decline of 1.3% experienced in 2020.

## 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 \$1.03 billion of the total loans disbursed in 2021. Loans secured by shares with a disbursement of \$198.8 million was second, followed closely by Motor Vehicle loans with a disbursement of \$198.4 million. Registered Title and Hypothecated loans completed the category.

### Top Five Loans (\$) Disbursed by Security





### Loans Disbursed by Security Analysis

| SECURITIES                       | Number of Borrowers |             |              | Amount Disbursed          |                           |                        |
|----------------------------------|---------------------|-------------|--------------|---------------------------|---------------------------|------------------------|
|                                  | 2020                | 2021        | Difference   | 2020 (\$)                 | 2021 (\$)                 | Difference (\$)        |
| Hypothecation - Internal         | 184                 | 172         | (12)         | \$85,080,769.75           | \$60,024,451.58           | (\$25,056,318.17)      |
| Registered Title                 | 24                  | 37          | 13           | \$87,233,400.00           | \$177,325,000.00          | \$90,091,600.00        |
| Comaker                          | 7                   | 1           | (6)          | \$2,829,600.00            | \$80,000.00               | (\$2,749,600.00)       |
| Insurance - Cash Surrender Value | 0                   | 1           | 1            | \$0.00                    | \$169,500.00              | \$169,500.00           |
| Shares                           | 784                 | 781         | (3)          | \$164,017,967.07          | \$198,827,003.78          | \$34,809,036.71        |
| Certificate of Deposit           | 59                  | 36          | (23)         | \$21,020,935.94           | \$9,412,687.00            | (\$11,608,248.94)      |
| Swap-It-Out - Unsecured          | 13                  | 0           | (13)         | \$12,599,900.00           | \$0.00                    | (\$12,599,900.00)      |
| Motor Vehicle                    | 95                  | 94          | (1)          | \$204,807,700.00          | \$198,440,000.00          | (\$6,367,700.00)       |
| Golden Harvest                   | 9                   | 15          | 6            | \$2,983,600.00            | \$3,681,386.93            | \$697,786.93           |
| Solid Saver                      | 17                  | 13          | (4)          | \$5,682,400.00            | \$3,215,000.00            | (\$2,467,400.00)       |
| Hypothecation - External Savings | 3                   | 3           | 0            | \$5,130,500.00            | \$1,798,770.00            | (\$3,331,730.00)       |
| Wealth Accelerator               | 5                   | 8           | 3            | \$2,205,400.00            | \$1,862,235.00            | (\$343,165.00)         |
| Line of Credit - Unsecured       | 0                   | 0           | 0            | \$0.00                    | \$0.00                    | \$0.00                 |
| Line of Credit - Secured         | 86                  | 65          | (21)         | \$7,228,063.29            | \$7,259,269.02            | \$31,205.73            |
| Moni Booster - Unsecured         | 1296                | 1182        | (114)        | \$1,043,962,271.64        | \$1,031,338,250.00        | (\$12,624,021.64)      |
| Christmas Cash - Unsecured       | 0                   | 0           | 0            | \$0.00                    | \$0.00                    | \$0.00                 |
| <b>Totals</b>                    | <b>2582</b>         | <b>2408</b> | <b>(174)</b> | <b>\$1,644,782,507.69</b> | <b>\$1,693,433,553.31</b> | <b>\$48,651,045.62</b> |

## PROFILE OF LOANS DISBURSED BY PURPOSE

The following chart displays the top five categories of loans disbursed by the purpose for 2021. Home Improvement accounted for the largest category at \$576.2 million followed by Debt Consolidation, Motor Vehicle Purchase, Educational Expense, and Business Investment.





## LOAN GROWTH INITIATIVES

- Extension of Unsecured Loan Special at 14.50% interest rate
- Introduction of 13.99% Christmas Bundle
- Extension of Dream Wheels special
- Introduction of 6%, no processing fee Cash Secured Loan
- Extensive promotion of the Property Loan

## WAIVERS

No waivers were submitted for approval in 2021.

## CREDIT COMMITTEE MEMBERS ATTENDANCE FOR 2021

The Credit Committee held meetings at both the Mandeville and Christiana locations. The attendance of the members is listed below:

| Attendance Record for Credit Committee Volunteers |                   |          |         |        |
|---------------------------------------------------|-------------------|----------|---------|--------|
| Volunteers                                        | Possible Meetings | Attended | Excused | Absent |
| Claudette Gayle-Foster                            | 35                | 31       | 4       | 0      |
| Clive Dunkley                                     | 24                | 24       | 0       | 0      |
| Elaine Brooks                                     | 21                | 21       | 0       | 0      |
| Raymond Harper                                    | 20                | 17       | 3       | 0      |
| Christopher Tyme                                  | 16                | 16       | 0       | 0      |
| Churton Douglas                                   | 15                | 13       | 2       | 0      |
| Lilieth Sutherland                                | 2                 | 2        | 0       | 0      |
| Althea Humber                                     | 1                 | 1        | 0       | 0      |
| George Sloley                                     | 1                 | 1        | 0       | 0      |
| Sadia Lindsay-Johnson                             | 0                 | 0        | 0       | 0      |
| Michelle Pinto-Campbell                           | 0                 | 0        | 0       | 0      |



## CREDIT COMMITTEE



**Clive Dunkley**  
Chairman



**Claudette Gayle-Foster**  
Assistant Chairman



**Elaine Brooks**  
Secretary



**Lilieth Sutherland**  
Assistant Secretary



**Athea Humber**  
Member



**Churton Douglas**  
Chairman (Sub Committee)



**Michelle Pinto-Campbell**  
Secretary (Sub Committee)



**Saadia Lindsay-Johnson**  
Member (Sub Committee)

## CONCLUSION

The members of the Credit Committee are grateful for the opportunity to serve you. The invaluable support given by the Board of Directors, the various committees, the management and staff, particularly those of the Credit Department, was much appreciated. The combined effort and response have enabled the Credit Union to continue to offer excellent products and services at competitive and affordable rates to the membership.

We 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.

We look forward to serving you in 2022 and beyond. We will endeavour to give of our best service as true co-operators.

Thank you.

.....  
**Clive Dunkley**

Chairman

## SUPERVISORY COMMITTEE REPORT



**Mrs. Dahlia Brown-Dawson**  
*Chairman*

Over the past year the financial sector, impacted by the disruption of the coronavirus pandemic, was amplified by a range of existing vulnerabilities that adversely affected many financial institutions. Bank losses and funding strains in the aftermath of the great financial crisis gradually morphed into low to medium bank profitability.

Despite the challenges, Manchester Co-operative Credit Union (1977) Limited, has surpassed expectations in its creative and innovative successful strategies to ensure the members' interest was and still is of paramount importance. This enhanced resilience has allowed MCCU to weather the initial strain of the pandemic shock and enabled them to remain vibrant.

As a Committee, we believe in the confidence and commitment of the Credit Union, and stand willingly in support to maintain this standard

The Supervisory Committee is charged with the responsibility of safeguarding the interest of the Manchester Co-operative Credit Union members. The Committee in carrying out its

mandate worked assiduously with the Internal Audit Department to ensure the Board of Directors and Management Team strategically serve the interest of the members as well as safeguard the resources entrusted to them.

In satisfying this mammoth task, the Committee supervises the Internal Audit function to verify that the internal controls, policies and procedures, and applicable external regulations are adhered to. Our role is one of monitoring to ensure best practices are maintained and within legal stipulations. We provide monthly activity reports to the Board of Directors to facilitate transparency and aid in decision making.

The Supervisory Committee met fourteen (14) times during the year. Below is the table outlining outlines the members' individual attendance.



| Members               | Meetings Held | Possible Attendance | Meetings Attended | Excused | Absent |
|-----------------------|---------------|---------------------|-------------------|---------|--------|
| Dahlia Brown-Dawson   | 14            | 14                  | 14                | 0       | 0      |
| Glenroy Griffiths     | 14            | 14                  | 12                | 2       | 0      |
| Michelle Douse        | 14            | 14                  | 13                | 1       | 0      |
| Elaine Bailey         | 14            | 14                  | 13                | 1       | 0      |
| Rev. Kingsley Andrews | 14            | 14                  | 13                | 1       | 0      |
| Camoi Burford         | 14            | 14                  | 13                | 1       | 0      |
| Patreena Bailey-Green | 14            | 14                  | 12                | 2       | 0      |
| Dalton Campbell       | 14            | 13                  | 8                 | 5       | 0      |
| Dean Spence           | 14            | 1                   | 0                 | 1       | 0      |

## CASH COUNT (TELLERS, ATM & TREASURY)

Cash Counts were conducted quarterly to achieve the following objectives:

- To ascertain if there were adequate controls over cash and the cash operations;
- To ensure that cash was accounted for and adequately safeguarded;

Cash Counts were done on an announced basis. It was observed that proper controls were being adhered to. Where discrepancies were identified, Management was informed, and recommendations made.

The review unearthed deficiencies which were advanced to Management, and recommendations made.

The formulation of a documented Accounting Manual which should have been initiated by the Accounting Department has yet to materialize. Follow-up reviews were undertaken which verified that Management had taken steps to adhere to control measures and recommendations that were made by the Supervisory Committee.

## PAYROLL

### Objectives:

- To ensure that valid employees are paid for work completed;
- To ensure that all wages/salaries and relevant increases are authorized by the Board of Directors, calculated correctly and recorded by the Accounts Department;
- To ensure that accurate payroll deductions are paid over to the appropriate third parties (e.g. Tax authorities).

## TELLER OVERAGE/SHORTAGE POLICY

The objectives of the teller overage/shortage policy review were:

- To verify that Overage and Shortage are recorded and recovered in accordance with the applicable Policies and Procedures;
- To verify that the unreconciled difference is posted to the Cash Overage/Shortage general ledger after approval by the immediate Supervisor;
- To ascertain whether a monthly Tellers'



Shortages Summary Report is completed by the Supervisor and submitted to the Branch Manager monthly.

The Teller Overage and Shortage review was completed for the period of January 2020 to December 2020. All teller shortage and overage were reviewed to identify frequency and the extent of the shortage/overages that were incurred by the tellers for the period noted.

The findings revealed that shortages recorded and verified were fewer than prior audits. Several deficiencies were identified, and recommendations communicated to Management. Management made the commitment to implement corrective measures to eliminate the deficiencies identified.

## PEARLS REVIEW

The objectives of this review were to:

- Ascertain whether the Credit Union meets or exceeds the standards set out by PEARLS;
- Ascertain the performance of MCCU in comparison to its PEERS;
- Determine the financial performance of MCCU, based on the following indicators:
  - Portfolio Quality, Stability, Structure of Assets and Signs of Growth; and
- Analyze the results of the Financial Performance Indicators using a GAP and Time Series Analysis.

Application of the PEARLS model to MCCU's data revealed that the institution is viable and, in most instances, attained the goals that defined excellent performance for a 'Parish' credit union. In general, the institution is well capitalized, exceeding the minimum prudential norm of 8% and maintained adequate liquidity to meet

its short-term obligations. The liquidity ratio has been consistently high and was above the maximum goal (30%) for the audited period.

## DISPOSAL AND RECORD RETENTION REVIEW

The objectives of the review were to:

- Ensure that records are retained in accordance with the stipulated procedures in the Records Retention Policy;
- Ensure that written authorization for destruction of records was received prior to actual destruction; and
- Verify that the destruction method was appropriate.

The review revealed several deficiencies which were communicated to the Management Team who implemented corrective measures and made commitments to correct the identified deficiencies.

## BLANK CHEQUES REVIEW

The Blank Cheques Review was conducted with the following objectives:

- To ensure the procedures completed for the purchase of blank cheques are properly governed and is operating as designed;
- To ensure that the cheques received and those in storage are in unbroken sequential order; and
- To determine that the cheques received agreed with the requisition and are under dual custody.

The audit revealed that those objectives were met in most instances. However, three



deficiencies were brought to the attention of Management. Two of those were acknowledged and an acceptable explanation was given and received for the third.

## STAFF LOAN REVIEW

The Staff Loan review was completed with the following objectives in mind:

- To verify that loans are authorized by the respective persons with the relevant authority according to the Credit Policy;
- To verify that loan Application and Agreement correspond with the information recorded on the Universa System;
- To ensure the terms are in keeping with the Credit Policy and procedures; and
- To ensure there are adequate security/collateral.

The audit findings revealed that there was general compliance with the Credit Policy and procedures. An update was required for the Credit Policy.

Several deficiencies were brought to the attention of Management. Corrective measures were put in place for most of those deficiencies.

## END OF DAY REVIEW

The Teller End of Day Review was undertaken to ascertain whether proper supervisory controls are in place; are being adhered to and that the daily transactions are authentic.

The Review revealed that in most instances the controls are in place and adequate. There were however some deficiencies identified and same were advanced to Management. They were acknowledged, accepted and corrective

measures implemented for most areas.

## MEMBER BALANCE VERIFICATION

The Member Balance verification was completed to authenticate members' accounts and ascertained if their respective balances are accurate.

The confirmations were drafted and sent out to a sample of the membership. The returned confirmations revealed no discrepancies.

## ENTERPRISE RISK MANAGEMENT (ERM)

This review was carried out to ascertain the following:

- To establish if an effective risk management programme has been developed and implemented;
- To identify if accountability is well-established and acknowledged by those to be held accountable;
- To verify that appropriate systems, policies, procedures and guidelines related to ERM is supported by suitable awareness, training and compliance activities;
- To verify that the Organization has embraced the risk management philosophy;
- To verify that the consideration of risk is an integral part of day-to-day business decisions; and
- To assess Risk Registers and the mitigating control measures have been implemented by Management.

The Credit Union has a well-documented Enterprise Risk Management Policy. A monthly report is submitted to Management by the Risk



and Compliance Committee.

Several areas of concern were noted and communicated to Management who acknowledged same and have taken steps to address some. The Enterprise Risk Management Policy was in need of updating and should be communicated to all relevant members of staff.

## NEW MEMBERS APPLICATIONS

Objectives:

- To ascertain if the KYC policy is being adhered to by the Credit Union;
- To ensure that the Credit Union's requirements for membership are being adhered to; and
- To verify that all accounts are correctly generated on the system with the corresponding details as per the application.
- There was general compliance with the Credit Union's AML Know Your Customer Policy (KYC). Some discrepancies were highlighted. Management was in the process of addressing some of the concerns that were raised by the Supervisory Committee.

## VALUE BOOK

The objectives of the review were:

- To ascertain details that are captured in the value book and whether the details are adequate to identify each receipt.
- To verify that the mail received and updated in the value book by the administrative department was opened under dual custody and the required actions taken; and
- To determine if proper procedures are

undertaken for accounting purposes.

There is no general established and practised guidelines by the Credit Union as it relates to the value book. Recommendations were made to Management to implement adequate control measures.

## ESTATE PAYABLES

The objectives of the review were:

- To ascertain whether proper procedures are followed in the handling of deceased
- members' accounts with specific attention to payments received from CUNA Caribbean;
- To verify that insurance and payments are made to beneficiaries upon the death of a member; and
- To ascertain that, if the beneficiary or beneficiaries are all deceased, the cheque is sent to the administrator General to be administered on for payment to next of kin.

General observations, relative to the disbursement of funds for unsettled accounts, were identified with the recurring reason being, "unable to locate/contact the beneficiaries".

The Supervisory Committee made some recommendations were made to the Accounts Department/ Operations Department.

## ACKNOWLEDGEMENT

The Supervisory Committee remains committed in ensuring that members' interests are protected, and that the Organization remains a viable option for its stakeholders. To the Board of Directors, the Audit Unit, Management and Staff and the various committees, thank you for your



support and cooperation throughout the audits. To the members of the Manchester Co-operative Credit Union, the Supervisory Committee is thankful for having afforded us the opportunity to be your custodians. The Supervisory Committee continues to work with all stakeholders and to represent the membership in the achievement of our objectives.

.....  
Mrs. Dahlia Brown-Dawson  
Chairman

## SUPERVISORY COMMITTEE



**Dahlia Brown-Dawson**  
Chairman



**Camoi Burford**  
Secretary



**Michelle Douse**  
Member



**Glenroy Griffiths**  
Member



**Dean Spence**  
Member



**Kingsley Andrews**  
Chairman (Sub Committee)



**Elaine Bailey**  
Secretary (Sub Committee)



**Pateena Bailey-Green**  
Member (Sub Committee)

# NOMINATING COMMITTEE REPORT



**Berresford South**  
*Chairman*

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

“Not less than (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 the following persons:

- Mr. Berresford South - Director/Chairman
- Rev'd. Charles Danvers - Member
- Mrs. Ann Julette Rowe - Member
- Mrs. Karen Christie-Riley - Staff Liaison Officer

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

## BOARD OF DIRECTORS

| PRESENTLY SERVING    | RETIRING (Position Vacant) | NOMINATED                |
|----------------------|----------------------------|--------------------------|
| Mr. Alexander Bourne | Retiring (End of Term)     | Mrs. Lesline Thomas      |
| Mr. Lemuel Sharpe    | Not seeking re-election    | Ms. Hedena Thompson      |
| Mr. George Sloley    | Not seeking re-election    | Mr. Christopher Campbell |



|                                 |  |                                 |
|---------------------------------|--|---------------------------------|
| Dr. Cleveland Robinson          |  | Dr. Cleveland Robinson          |
| Ms. Althea Campbell             |  | Ms. Althea Campbell             |
| Mr. Astley Scott                |  | Mr. Astley Scott                |
| Mr. Berresford South            |  | Mr. Berresford South            |
| Mr. Courtney Henry              |  | Mr. Courtney Henry              |
| Mr. Dalton Campbell             |  | Mr. Dalton Campbell             |
| Mrs. Helen Wint                 |  | Mrs. Helen Wint                 |
| Mrs. Paulette Stephenson-Taylor |  | Mrs. Paulette Stephenson-Taylor |

## CREDIT COMMITTEE

| PRESENTLY SERVING            | RETIRING (Position Vacant) | NOMINATED                    |
|------------------------------|----------------------------|------------------------------|
| Mrs. Claudette Gayle-Foster  |                            | Mrs. Claudette Gayle-Foster  |
| Ms. Elaine Brooks            |                            | Ms. Elaine Brooks            |
| Mr. Churton Douglas          |                            | Mr. Churton Douglas          |
| Mrs. Lilieth Sutherland      |                            | Mrs. Lilieth Sutherland      |
| Mrs. Saadia Lindsay-Johnson  |                            | Mrs. Saadia Lindsay-Johnson  |
| Mrs. Michelle Pinto-Campbell |                            | Mrs. Michelle Pinto-Campbell |
| Ms. Althea Humber            |                            | Ms. Althea Humber            |
| Mr. Clive Dunkley            | Retiring (End of Term)     | Mr. Howard Salmon            |

## SUPERVISORY COMMITTEE

| PRESENTLY SERVING          | RETIRING                | NOMINATED                  |
|----------------------------|-------------------------|----------------------------|
| Mrs. Patreena Bailey-Green |                         | Mrs. Patreena Bailey-Green |
| Ms. Camoi Burford          | Not seeking re-election | Mrs. Ruthann Smile-Biggs   |
| Rev'd Kingsley Andrews     |                         | Rev'd Kingsley Andrews     |
| Mr. Glenroy Griffiths      |                         | Mr. Glenroy Griffiths      |
| Mr. Dean Spence            |                         | Mr. Dean Spence            |
| Ms. Michelle Douse         | Retiring (End of Term)  | Mrs. Pitrona Rowe-Stern    |
| Ms. Elaine Bailey          | Retiring (End of Term)  | Mr. Paul Bailey            |
| Mrs. Dahlia Brown-Dawson   | Retiring (End of Term)  | Ms. Stacy-Ann Gunter       |



## APPENDIX

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

### BOARD OF DIRECTORS

| PRESENTLY SERVING               | STATUS                                    | TERM    |
|---------------------------------|-------------------------------------------|---------|
| Dr. Cleveland Robinson          | Continuing                                | 2 Years |
| Mr. Astley Scott                | Continuing                                | 1 Year  |
| Mr. Berresford South            | Continuing                                | 1 Year  |
| Ms. Althea Campbell             | Continuing                                | 1 Year  |
| Mr. Courtney Henry              | Continuing                                | 1 Year  |
| Mr. Dalton Campbell             | Continuing                                | 1 Year  |
| Mrs. Helen Wint                 | Continuing                                | 1 Year  |
| Mrs. Paulette Stephenson-Taylor | Continuing                                | 1 Year  |
| Mrs. Lesline Thomas             | New                                       | 2 Years |
| Ms. Hedena Thompson             | (New – completing term for Lemuel Sharpe) | 2 Years |
| Mr. Christopher Campbell        | New                                       | 2 Years |

### CREDIT COMMITTEE

| PRESENTLY SERVING            | STATUS     | TERM    |
|------------------------------|------------|---------|
| Ms. Elaine Brooks            | Continuing | 1 Year  |
| Mrs. Claudette Gayle-Foster  | Continuing | 1 Year  |
| Mr. Churton Douglas          | Continuing | 2 Years |
| Mrs. Saadia Lindsay-Johnson  | Continuing | 1 Year  |
| Ms. Lilieth Sutherland       | Continuing | 1 Year  |
| Mrs. Michelle Pinto-Campbell | Continuing | 1 Year  |
| Ms. Althea Humber            | Continuing | 2 Years |
| Mr. Howard Salmon            | New        | 2 Years |



## SUPERVISORY COMMITTEE

| NAMES                      | STATUS     | TERM   |
|----------------------------|------------|--------|
| Mrs. Patreena Bailey-Green | Continuing | 1 Year |
| Rev'd Kingsley Andrews     | Continuing | 1 Year |
| Mr. Glenroy Griffiths      | Continuing | 1 Year |
| Mr. Dean Spence            | Continuing | 1 Year |
| Mrs. Pitrona Rowe-Stern    | New        | 1 Year |
| Ms. Stacy- Ann Gunter      | New        | 1 Year |
| Mr. Paul Bailey            | New        | 1 Year |
| Mrs. Ruthann Smile-Biggs   | New        | 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-operative Societies to which the Credit Union may be affiliated.

.....  
Berresford South  
Chairman



## PROFILE OF NOMINEES

### **Lesline Lorraine Thomas**

Mrs. Lesline Lorraine Thomas has over 25 years experience in the field of education and has demonstrated much skill sets in management and leadership.

She holds a Bachelor of Education from the University of Technology, Jamaica (UTech), a Certificate of Achievement in Quality Instruction from the Hocking College (USA), a Diploma in Technical Education from the College of Arts, Science and Technology (CAST) and a Master of Arts from the College of Tourism and Creative Studies, University of Birmingham in the United Kingdom.

Mrs. Thomas is currently the Vice Principal of Academic Affairs (acting) at Knox Community College.

Her dedication to volunteerism has seen her served in many areas including as Vice President of the Caribbean Heads of Hospitality Schools and a Board member of the Manchester Co-operative Credit Union (1977) Limited (2009-2015).

Mrs. Thomas has been nominated to serve on the Board of Directors.

### **Christopher Campbell**

Mr. Christopher Campbell has been a member of Manchester Co-operative Credit Union (1977) Limited for over 36 years and has previously served as a volunteer.

He holds an Executive Master of Business Administration from the University College of the Caribbean - Kingston, a Certificate in

Education in Management and Supervision from the University of the West Indies - Mona, and a Diploma and Certificate in Primary Education from Northern Caribbean University. Mr. Campbell is also certified by the Financial Services Commission.

He has over 20 years experience in the Insurance industry and is currently a Branch Manager at Orion Insurance Brokers Limited.

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

### **Hedena Kay-Ann Thompson**

Ms. Hedena Kay-Ann Thompson has been a member of Manchester Co-operative Credit Union (1977) Limited since 2018.

She is an Attorney-at-Law and currently practises at Charles A Benbow & Associates in Mandeville.

Ms. Thompson is a graduate of the Norman Manley Law School with a Legal Education Certificate and a Bachelor of Laws (LLB) (Hons) from the University of Technology, Jamaica (UTech).

She has been nominated to serve on the Board of Directors.

### **Howard Salmon**

Mr. Howard Salmon, Principal of Mandeville Primary School, has over 39 years experience in the field of education and has a wealth of knowledge in management and leadership.

He obtained a Master of Science in Teaching and



Learning from Nova Southeastern University-USA, a Bachelor of Science in Education from Western Carolina University, North Carolina, and a Certificate in Teacher Training from Church Teachers' College: Mandeville.

Mr. Salmon has been nominated to serve on the Credit Committee.

### **Ruthan Smile-Biggs**

Mrs. Ruthan Smile-Biggs has been a member of Manchester Co-operative Credit Union (1977) Limited for over 23 years and is a past volunteer of the Supervisory Committee.

Mrs. Smile-Biggs has served for over 17 years in education. She plays a vibrant role in her community and has held multiple leadership positions to include Lay Preacher in her church. She holds a Master in Education in Teaching and Learning from St. Mary's University, USA and a Bachelor of Education from Church Teachers' College: Mandeville.

Mrs. Smile-Biggs has been nominated to serve on the Supervisory Committee.

### **Stacy-Ann Gunter**

Ms. Stacy-Ann Gunter is an educator and currently serves as a Lecturer at the Church Teachers' College: Mandeville. Her area of specialty is English Language and Literature Teaching.

She holds a Certificate with Distinction in Supervisory Management from the University of the West Indies - Mona, a Master's in Education from St. Mary's University of Minnesota and a Bachelor of Education from Church Teachers' College: Mandeville.

Ms. Gunter is a Justice of the Peace and a Rotarian.

She has been nominated to serve on the Supervisory Committee.

### **Pitrona Rowe-Stern**

Mrs. Pitrona Rowe-Stern has been a member of the Manchester Co-operative Credit Union (1977) Limited for over 19 years. She has a wide knowledge in accounting, supervision, and administrative function, and currently serves as Bursar/School Business Manager at the Holmwood Technical High School.

Mrs. Pitrona Rowe-Stern holds a Bachelor of Science in Management Studies from the Northern Caribbean University and a Professional Certificate in Informational Technology from Infoserv Institute of Technology.

She has been nominated to serve on the Supervisory Committee.

### **Paul Bailey**

Mr. Paul Bailey has been a member of the Manchester Co-operative Credit Union (1977) Limited for over 37 years.

Mr. Bailey is a retired Principal and holds a Bachelor of Science Degree in Chemical Engineering from the University of the West Indies and a Diploma in Education in Mathematics, also from the University of the West Indies.

He has held several leadership positions such as President and Treasurer of the Rotary Club in Christiana, President and Treasurer of the Friends of the Percy Junior Hospital and Zone Chairman for the Inter-Secondary Schools Sports Association (ISSA) Basketball.

He was awarded the Prime Minister's Medal of Appreciation for services to Education.

Mr. Paul Bailey has been nominated to serve on the Supervisory Committee.

# PICTORIAL REVIEW

## TABLET DONATIONS



We Donated Tablets to the Manchester Health Department, Caribbean Christian Centre for the Deaf (Knockpatrick) and Mount Olivet Boys Home. The following Primary Schools also received tablets: Bellefield Primary, Frankfield Primary and Garlogie Primary.



## VIRTUAL TOWN HALL MEETING



On the set of MCCU's first Virtual Town Hall Meeting on April 22, 2021.

## MCCU FAMILY DAY 2021



MCCU joined in the Credit Unions of Jamaica Family Day celebrations. Our members got treated to refreshment and our Youth Savers had the chance of winning prizes by spinning the Wheel of Treasure.

## 70TH ANNIVERSARY CELEBRATIONS



As part of its 70th Anniversary Celebrations, the Credit Union installed a number of hand washing/sanitization stations in various institutions throughout the parish. In this regard, the stations were installed at the Garlogie Primary School, Campbell's Castle Primary and the Woodlawn School of Special Education.





## 70TH ANNIVERSARY CELEBRATIONS



As part of the Pre-Anniversary celebrations on May 28, 2021, surprise presentations were made to the 70th member that was served at our Mandeville Branch and Christiana Branch.

## INTERNATIONAL CREDIT UNION WEEK

### Member Appreciation Day



Highlights of our Member Appreciation Days at our Mandeville and Christiana Branches.



The General Manager, Miss Ambersley, and the Marketing Team, presented items from the food drive to the Hanbury Home for Children as part of ICU Week Celebrations.

## SYDNEY CARTER BURSARY AWARDS





Recipients of the 2021 Sydney Carter Bursaries.

## PEP BURSARY AWARDS



Recipients of the 2021  
PEP Bursaries.



## 45TH AGM HIGHLIGHTS



Highlights of our 45th AGM, which was held in a hybrid format at the Golf View Hotel on December 4, 2021.



## LIST OF STAFF MEMBERS

### ADMINISTRATION 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 Meikle       | - | Administrative/HR Assistant           |
| 5.  | Mr. Daryl Palmer           | - | Risk & Compliance Manager             |
| 6.  | Miss Natalie Bailey        | - | Internal Auditor                      |
| 7.  | Miss Jeniffer Haslam       | - | Audit Officer                         |
| 8.  | Mr. David Samuels          | - | Risk & Compliance Analyst             |
| 9.  | Mrs. Lavene Gyles-Marshall | - | Business Development Officer          |
| 10. | Miss Renee Taylor          | - | Office Assistant                      |
| 11. | Miss Roxanne Hall          | - | Office Attendant                      |
| 12. | Mrs. Nicole Robinson-Gayle | - | Office Attendant                      |
| 13. | Mr. William Allen          | - | Messenger                             |
| 14. | Mr. Damion Simpson         | - | Parking Attendant                     |

### ACCOUNTS & DELINQUENCY DEPARTMENT

|     |                              |   |                                         |
|-----|------------------------------|---|-----------------------------------------|
| 15. | Mrs. Delrose James           | - | Senior Accounting Officer               |
| 16. | Mr. Oliver Harrison          | - | Accounting Officer (Acting Finance Mgr) |
| 17. | Mrs. Shelly Daley-Broomfield | - | Accounting Officer                      |
| 18. | Miss Kimeisha Robinson       | - | Accounting Officer                      |
| 19. | Ms. Anecia King              | - | Accounting Clerk                        |

### DELINQUENCY UNIT

|     |                           |   |                           |
|-----|---------------------------|---|---------------------------|
| 20. | Mr. Michael Ringrose      | - | Credit Control Supervisor |
| 21. | Mr. Mark Brown            | - | Credit Control Officer    |
| 22. | Mrs. Claudia Pitter-Lewis | - | Credit Control Officer    |
| 23. | Mrs. Gail Taylor          | - | Credit Control Officer    |
| 24. | Mr. Bonito Daley          | - | Credit Control Officer    |



## IT DEPARTMENT

- |     |                         |   |                                |
|-----|-------------------------|---|--------------------------------|
| 25. | Mr. Omar Greene         | - | Information Technology Manager |
| 26. | Mrs. Jacqueline Kennedy | - | Systems Administrator          |
| 27. | Mr. Dale Stephenson     | - | IT Support Officer             |

## MARKETING DEPARTMENT

- |     |                       |   |                          |
|-----|-----------------------|---|--------------------------|
| 28. | Mr. Michael Gottshalk | - | Marketing Manager        |
| 29. | Miss Kimblee Elliott  | - | Marketing Officer        |
| 30. | Mr. Kimani Eaton      | - | Marketing Representative |

## MANDEVILLE BRANCH

- |     |                             |   |                                      |
|-----|-----------------------------|---|--------------------------------------|
| 31. | Miss Shevaun Hart           | - | Branch Manager                       |
| 32. | Miss Debbie Barrett         | - | Utility Officer                      |
| 33. | Mrs. Asheika Ebanks-Newell  | - | Member Service Officer               |
| 34. | Mrs. Loye Richards          | - | Credit Supervisor                    |
| 35. | Miss Nadine Ricketts        | - | Credit Officer                       |
| 36. | Mr. Richard Barrett         | - | Credit Officer                       |
| 37. | Miss Jannese Francis        | - | Credit Officer                       |
| 38. | Mrs. Ruth Anderson-Burnett  | - | Securities Officer                   |
| 39. | Miss Jenice Green           | - | Member Service Representative        |
| 40. | Miss Rajeve Stewart         | - | Senior Member Service Representative |
| 41. | Mr. Kirkton Richards        | - | Driver/Member Service Representative |
| 42. | Mr. Davion Williamson       | - | Member Service Representative        |
| 43. | Mr. Shamar Mullings         | - | Member Service Representative        |
| 44. | Miss Princess Walters       | - | Member Service Representative        |
| 45. | Mrs. Shannon Thompson-Green | - | Member Service Representative        |
| 46. | Mrs. Tamara Francis-Ebanks  | - | Junior Credit Officer                |
| 47. | Mr. Jerome Thompson         | - | Junior Credit Officer                |
| 48. | Mr. Andre Campbell          | - | Member Service Representative        |
| 49. | Miss Khimesha Wallace       | - | Member Service Representative        |
| 50. | Miss Danielle McClymont     | - | Member Service Representative        |
| 51. | Miss Veda Smith             | - | Member Service Representative        |
| 52. | Miss Mikalia Lawrence       | - | Records Clerk                        |



- |     |                      |   |               |
|-----|----------------------|---|---------------|
| 53. | Mr. Ryan Lowe        | - | General Clerk |
| 54. | Ms. Maureen Peterkin | - | General Clerk |
| 55. | Mr. Prince Dunkley   | - | General Clerk |

## 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. Karen Christie-Riley    | - | Administrative Assistant             |
| 62. | Miss Jholein Marshall        | - | Senior Member Service Representative |
| 63. | Mrs. Sharon Williams         | - | Junior Credit Officer                |
| 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        |
| 69. | Mrs. Jasette Wright          | - | Office Attendant                     |
| 70. | Mr. Trevor Johnson           | - | Messenger                            |
| 71. | Miss Lexianne Hynes          | - | General Clerk                        |

## TEMPORARY EMPLOYEES

- |    |                                |   |                               |
|----|--------------------------------|---|-------------------------------|
| 1. | Miss Sharia Levy               | - | Office Attendant - Mandeville |
| 2. | Mrs. Maxine Griffiths-Beckford | - | Office Attendant - Christiana |

## PART TIME EMPLOYEES

- |    |                      |   |                               |
|----|----------------------|---|-------------------------------|
| 1. | Mrs. Carletta Myers  | - | Office Attendant - Mandeville |
| 2. | Miss Faith White     | - | Office Attendant - Mandeville |
| 3. | Miss Beverley White  | - | Office Attendant - Christiana |
| 4. | Mrs. Juliet Saunders | - | Office Attendant - Christiana |
| 5. | Mr. Bevin Samms      | - | Casual Worker - Mandeville    |



# STAFF PICTURES

## Management Team



**Michelle Ambersley**  
General Manager



**Oliver Harrison**  
Acting Finance Manager



**Shevaun Hart**  
Branch Manager-Mandeville



**Wendy McLean**  
Branch Manager- Christiana



**Michael Gottshalk**  
Marketing Manager



**Omar Green**  
IT Manager



**Vanaya Jack**  
HR and Facilities Manager



**Daryl Palmer**  
Risk & Compliance Manager

## Marketing Department



From left: Michael Gottshalk, Kimblee Elliott and Kimani Eaton.

## Administration Department- Head Office



Seated (from left): Carol Bowen, Michelle Ambersley, Damion Simpson and Caroline Meikle.  
Standing (from left): David Samuels, Faith White, Roxanne Hall, Jeniffer Haslam, Renee Taylor, Carletta Salmon, Nicole Robinson-Gayle and William Allen.  
(missing from photo: (Vanaya-Jack, Daryl Palmer, Natalie Bailey and Lavene Gyles-Marshall))

## Accounts Department



Standing (from left): Shelly Daley- Broomfield, Anecia King, Kimeisha Robinson, Delrose James and Oliver Harrison.

## Credit Control Unit



Standing (from left): Bonito Daley, Claudia Pitter-Lewis, Mark Brown, Gail Taylor, Michael Ringrose and Oliver Harrison

## IT Department



From left: Dale Stephenson, Jacqueline Kennedy and Omar Greene.

## Mandeville Branch



Seated (from left): Khimesha Wallace, Nadine Ricketts, Shevaun Hart, Tamara Francis-Ebanks and, Ashieka Ebanks-Newell.  
Standing-middle row (from left): Davion Williamson, Loye Richards, Princess Walters, Danielle McClymont, Jenice Green, Veda Smith, Shannon Thompson-Green, Mikalia Lawrence and Jannese Francis.  
Standing-back row (from left): Kirton Richards, Richard Barrett, Andre Campbell, Shamar Mullings and Rajeve Stewart.  
(missing from photo: Ruth Anderson-Burnett, Jerome Thompson, Debbie Barrett, Maureen Peterkin, Ryan Lowe and Prince Dunkley)



### Member Services - Mandeville



**Seated (from left):** Shannon Thompson-Green, Khimesha Wallace, Shevaun Hart, Ashieka Ebanks-Newell and Princess Walters.  
**Standing (from left):** Rejeve Stewart, Danielle McClymont, Andre Campbell, Mikalia Lawrence, Jenice Green, Davion Williamson, Shamar Mullings, Veda Smith and Kirton Richards.  
 (missing from photo: Ruth Anderson-Burnett)

### Credit Department- Mandeville



**Seated (from left):** Nadine Ricketts, Shevaun Hart and Tamara Francis-Ebanks.  
**Standing (from left):** Richard Barrett, Loye Richards, Mikalia Lawrence and Jannese Francis.  
 (missing from photo: Debbie Barrett, Ruth Anderson-Burnett and Jerome Thompson)

## CHRISTIANA BRANCH

### Administration Department- Christiana



**From left:** Trevor Johnson, Wendy Hamm-McLean, Karen Christie-Riley and Jasette Wright

### Member Services- Christiana



**From left:** Natalee Williams-Smith, Alesha Rowe, Craig Williams, Wendy Hamm-McLean, Floyd McConnell, Paula Robinson, Natalee Simpson.  
 (missing from photo: Jholein Marshall)

### Credit Department- Christiana



**From left:** Gennevie Minzie-Allen, Wendy Hamm-McLean and Terry Ann Birthwright.  
 (missing from photo: Samantha Johnson, and Sharon Williams)

### Christiana Branch



**Seated (from left):** Natalee Williams-Smith, Wendy Hamm-McLean, Karen Christie-Riley and Natalee Simpson.  
**Standing (from left):** Alesha Rowe, Craig Williams, Paula Robinson, Floyd McConnell, Gennevie Minzie-Allen, Terry Ann Birthwright, Trevor Johnson and Jasette Wright.  
 (missing from photo: Jholein Marshall, Samantha Johnson, Sharon Williams)



# Gondolences

Adassa Johnson-Foster  
Aldith Larmond-Smith  
Allison Goulbourne  
Andrew Powell  
Angella Simpson  
Angella Thomas  
Annette White  
Anthony Banton  
Anthony Embden  
Antonnette Pitter  
Archebeld Facey  
Avril Hymond  
Baldwin Thomas  
Barbara Powell  
Brenton Gregory  
Calmeleta Cole-Campbell  
Clarence Johnson  
Clifton Jenkins  
Clover Williams  
Clunie Witter  
Collin White  
Cuthbert Adamson  
Cynthia Demetrius  
Cynthia Johnson-Foster  
Daniel Phillips  
Danville Powell  
David Gayle  
Deryck Farquharson  
Donald Elliott  
Donette Dixon  
Donna Clarke  
Durrett Doran  
Dwayne Wilson  
Easton Rowe  
Edith White  
Ernest Biggs  
Ferdinand Elliott  
George Harriott  
Gervin Henry  
Glenton Jones  
Gloria Martin

Gordon Lightbourn  
Herbert Gayle  
Horace Mitchell  
Hyacinth Wright  
Ina Robinson  
James Turner  
Joshua Collins  
Justin Powell  
Keith Powell  
Keith Williams  
Kenneth Ffrench  
Kenneth Nicholson  
Kenrick Benloss  
Kevin Weir  
Laffort Lawrence  
Lenrick McCatty  
Leonard Gayle  
Lenroy Hanson  
Lilian Salmon  
Lionel Small  
Lussilda Denton  
Maudlyn Daley  
Melton Dunkley  
Mola Morgan  
Myrna Kepple  
Natalie Davy  
Neita Palmer  
Nora Hanson  
Norris Taylor  
Norva Barrett  
Ohdrae Smith  
Olive White  
Patsy Lynch  
Paulett McKenzie  
Paulette Johnson  
Pauline Miller  
Pearl Willis  
Phillis Chin  
Princess Wilkinson  
Raphael Seaton  
Raymond Thomas

Renaldo Farquharson  
Renford Anderson  
Reukan Clarke  
Robert Allen  
Rose Dewar  
Roseania Henry  
Roy Brown  
Roy Davis  
Rudolph Bent  
Rupert Elliott  
Sanjae Gayle  
Sebert Rose  
Sharon Lewis Rowe  
Shirley Gayle  
Stafford Atkins  
Sylvester Scott  
Terice Campbell  
Tracia Scott  
Uriel James  
Vernald Langley  
Victor Bartley  
Vincent Murray  
Vinceta Nicholson-Martin  
Vinnette Thomas  
Violet Allen  
Waine Watt  
Warrick Thomas  
Wesley Hall  
Wilfred Sparks  
William Phipps  
Winsome Dwyer  
Winsome Simpson  
Winston Johnson  
Yvonne Jackson  
Yvonne Mayne  
Yvonne Rodinson-McKenzie  
Yvonne Warburton  
Zenith Willis

*In  
Loving  
Memory  
of*

*Claudette*  
**McFARQUHAR**  
**"Miss Mac"**

Sunrise: Sept. 23, 1955 - Sunset: April 29, 2022



**Manchester Co-operative  
Credit Union (1977) Ltd.**  
**33 Years of Service**





# THE ROLES OF THE BOARD AND COMMITTEES

## Board of Directors

The business of the Credit Union shall be conducted by the Board of Directors, which shall be elected at the Annual General Meeting of the Credit Union. The major functions of the Board of Directors are as follows:

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

- Attending the requisite courses for certification as Credit Union Professionals.

## Credit Committee

The Credit Committee shall be elected at the Annual General Meeting of the Credit Union. The committee has overall responsibility for the Loan Portfolio and Credit Administration of the Organization, guided by the Credit Policy approved by the Board of Directors. The functions of the Credit Committee include:

- Studying and implementing the Credit Policy of the Organization.
- Recommending amendments to the Credit Policy, where necessary.
- Evaluation and decision making on member loan requests
- Conducting interviews with loan applicants where required
- Determining the adequacy of security for loans
- Ensuring that delinquency is effectively controlled through the committee's evaluation and approval of loans.

## Supervisory Committee

The Supervisory Committee shall be elected at the Annual General Meeting of the Credit Union and shall consist of not less than three



members, none of whom shall be members of the Board of Directors or Credit Committee or Loan Officer or Employee.

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

- Determining compliance with the Rules of the Credit Union, the Co-operative Societies Act and Regulations, the rules of the League and the Bank of Jamaica (Credit Unions) Regulations, when enacted.
- Ensuring that no irregular or unauthorized transactions are carried out by either employees or volunteers or any parties connected to these persons.
- Checking on the Credit Union's Credit Administration to ensure that delinquency is kept under control and that securities are

adequately endorsed in the Credit Union's favour.

- Evaluating whether the policies and procedures established by the Board of Directors are documented and adhered to.
- Ascertaining whether the established systems of internal control provide reasonable assurance to the members that the assets of the Credit Union are adequately protected to ensure safeguards against errors, carelessness and fraud.
- Evaluating the Credit Union's compliance with applicable legislation and making recommendations to the Board of Directors where necessary.
- Receive and investigate any complaint made by any member affecting the proper running of the Credit Union.



# PARLIAMENTARY RULES OF ORDER

1. (a) A **member** shall stand, when present in a physical meeting whilst addressing the Chair, subject to the exception where the meeting is being held in a virtual or hybrid manner through a combination of both physical and electronic communication system, and the following shall apply:
  - (i) If a separate meeting place is linked to the main place of the meeting by an electronic communication system, such member present at the separate meeting place shall be taken to be present at the meeting and entitled to exercise all rights as if the member were present at the main physical location.
  - (ii) A **member** present in the meeting by electronic communication system may obtain the floor by clicking the “raise hand” feature or any other similar icon and being recognized by the Chair. (Instructions for accessing the “raise hand” or similar icon will be provided at each meeting). Once a **member** with his or her hand raised is recognized by the Chair, he or she will be able to unmute his or her microphone and turn on his or her camera, at least initially, to be properly identified and to be allowed to speak. Such **member** should be properly attired and should be in an environment that is conducive and the **member** should conduct his or her self in manner appropriate to the holding of the meeting.
  - (iii) References to “electronic facilities” shall include, without limitation, webcast, video or any form of conference call systems (telephone, video, web or otherwise) and other communication of any sound, document, and or other data.
- (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 should immediately take his/ her seat when present in a physical meeting or to remove the “raise hand” feature, turn off camera and mute his/her microphone.
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, whether in in person only, virtual only and/or hybrid meeting shall state the point clearly and concisely. (A point of order must have relevance to the Standing Orders.
  - (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."
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. (a) Votes (whether by a show of hands ("raise hand") or by way of a poll) may be cast by such means, electronic or otherwise, unless voting by call of names or ballot is demanded by at least five of the members present before the declaration of the result of the show of hands, and in such case voting by call of names or ballot shall be taken as the case may be.
  - (b) 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 motives against the Chairman, Board of Directors, Officers of the Confederation or any other member.



## Fit and Proper Criteria for Credit Union Directors and Officers

### What is the Fit and Proper Criteria?

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

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

## Fit and Proper Requirements for Credit Union Directors and Officers

### How does the process work?

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

Dream it  
Own it  
Drive it

with a

Dream  
**WHEELS**  
AUTO LOAN



UP TO  
**100%**  
FINANCING

UP TO  
**10 YRS.**  
TO REPAY

PRE-APPROVED  
LINE OF CREDIT

COMPETITIVE  
INTEREST  
RATES



**Public Sector Workers,  
use your duty concession today!**

— Offer ends: —  
**August 31, 2022**

\*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'





# NATIONAL ANTHEM

## ETERNAL FATHER

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

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

[illegible]

# WE ARE NOW IN THE HURRICANE SEASON!

Don't get caught off guard,  
repair your home or complete your construction  
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## PROPERTY LOAN

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Borrow up to

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We also do

## 2nd Mortgage

Interest rate  
as low as  
**7.99%**

Up to  
**20 years**  
to repay

### PREPARATION CHECKLIST:

- ✓ ROOFING
- ✓ GUTTERING
- ✓ STORM SHUTTERS
- ✓ DRAINAGE SYSTEM
- ✓ STANDBY GENERATOR



\*Conditions Apply



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'Where Service Exceeds Expectation'





# Manchester Co-operative Credit Union (1977) Ltd.

46<sup>th</sup> Annual General Meeting  
2021 **ANNUAL REPORT**



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