



**GENERAL EMPLOYEES' CO-OPERATIVE CREDIT
UNION LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED

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GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED

CORPORATE INFORMATION

REGISTERED OFFICE

Kingstown
St. Vincent and the Grenadines

BOARD OF DIRECTORS

Bro. Michael Sayers	- President
Bro. Linus Goodluck	- Vice President
Bro. Kelvin Pompey	- Treasurer
Bro. Meriah Samuel	- Secretary
Bro. Philmore Isaacs	
Sis. Nekeisha Williams	
Bro. Endall Johnson	
Sis. Fay-Ann Durham	
Bro. Renato Gumbs	

CHIEF EXECUTIVE OFFICER

Maxine Johnney

SOLICITOR

Baptiste and Company

FINANCIAL INSTITUTIONS

Bank of St. Vincent and the Grenadines Limited

AUDITORS

BDO Eastern Caribbean
Chartered Accountants



Tel: 784-456-2669
Tel: 473-435-2669
bdovc@bdoecc.com
www.bdoecc.com

The Financial Services Centre
P.O. Box 561
Kingstown Park
St. Vincent and the Grenadines

INDEPENDENT AUDITOR'S REPORT

To the Members
General Employees' Co-operative Credit Union Limited
St. Vincent

Opinion

We have audited the financial statements of the General Employees' Co-operative Credit Union Limited ("the Credit Union"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of profit or loss and other comprehensive Income
- the statement of changes in members' equity
- the statement of cash flows for the year then ended, and
- the notes to the financial statements including material accounting policy Information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Other information included in the Credit Union's 2024 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Credit Union's 2024 Annual Report but does not include the financial statements and our auditor's report thereon. The Credit Union's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Members
General Employees' Co-operative Credit Union Limited
St. Vincent

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Members
General Employees' Co-operative Credit Union Limited
St. Vincent

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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



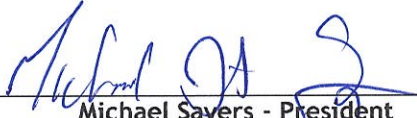
BDO Eastern Caribbean
Kingstown, St. Vincent and the Grenadines
June 17, 2025

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Statement of Financial Position
As at December 31, 2024
(Expressed in Eastern Caribbean Dollars)

	Note	2024 \$	2023 \$
Assets			
Cash resources	6	102,787,402	82,042,011
Inventories	7	8,286,074	8,769,271
Investment securities - amortised cost	8(i)	91,157,671	91,881,026
Investment securities - fair value through profit or loss (FVPL)	8(ii)	2,070,100	1,111,237
Loans to members	9	224,536,672	199,764,783
Right of use assets	10	396,487	368,882
Other assets	11	1,547,039	1,530,686
Investment properties	12	13,679,136	13,679,136
Property, plant, and equipment	13	12,532,668	12,467,475
Total assets		456,993,249	411,614,507
Liabilities			
Other payables	14	8,536,254	6,601,434
Staff pension fund deposit	15	1,428,871	1,235,833
Lease liabilities	16	390,426	374,058
Members' deposits	17	213,232,276	190,916,849
Members' ordinary savings	18	167,354,924	151,122,819
Total liabilities		390,942,751	350,250,993
Members' equity			
Share capital	19	38,880,210	36,786,983
Statutory reserve	20	12,110,968	10,821,081
Social development fund	21	2,368,501	2,296,822
Statutory development fund	22	30,000	30,000
Revaluation reserve		2,718,284	2,718,284
Retained earnings		9,942,535	8,710,344
Total members' equity		66,050,498	61,363,514
Total liabilities and members' equity		456,993,249	411,614,507

The notes on pages 9 to 55 are an integral part of these financial statements.

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS AND SIGNED ON ITS BEHALF BY:


Michael Sayers - President


Kelvin Pompey - Treasurer

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2024
(Expressed in Eastern Caribbean Dollars)

	Note	2024 \$	2023 \$
Income			
Loan interest		17,633,847	16,436,577
Investment interest	23	3,718,306	3,389,397
		21,352,153	19,825,974
Interest expense		(7,049,030)	(6,458,378)
Net interest income		14,303,123	13,367,596
Expected credit losses	24	(702,909)	(886,830)
General and administrative expenses	25	(7,884,491)	(6,884,585)
Staff costs	26	(4,356,715)	(4,056,017)
Other operating income, net	27	2,925,647	2,123,143
Operating profit		4,284,655	3,663,307
Net unrealized gain (loss) on FVTPL investments		9,663	74,700
Net profit for the year		4,294,318	3,738,007
Total comprehensive income		4,294,318	3,738,007

The notes on pages 9 to 55 are an integral part of these financial statements.

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Statement of Changes in Members' Equity
For the year ended December 31, 2024
(Expressed in Eastern Caribbean Dollars)

	Note	Share capital \$	Statutory reserve \$	Social development fund \$	Statutory development fund \$	Revaluation Reserve \$	Retained earnings \$	Total \$
Balance as at December 31, 2022		35,281,425	9,698,182	2,321,000	30,000	2,718,284	7,584,627	57,633,518
Net profit for the year							3,738,007	3,738,007
Shares issued during the year	19	1,666,569	-	-	-	-	-	1,666,569
Shares repurchased during the year	19	(161,011)	-	-	-	-	-	(161,011)
Net increase in social development fund	21	-	-	(24,178)	-	-	-	(24,178)
Statutory development fund	22	-	-	-	-	-	(30,000)	(30,000)
Appropriation to statutory reserve	20	-	1,121,402	-	-	-	(1,121,402)	-
Entrance fees	20	-	1,497	-	-	-	-	1,497
Dividends paid		-	-	-	-	-	(1,460,888)	(1,460,888)
Balance as at December 31, 2023		36,786,983	10,821,081	2,296,822	30,000	2,718,284	8,710,344	61,363,514
Opening balance		36,786,983	10,821,081	2,296,822	30,000	2,718,284	8,710,344	61,363,514
Net profit for the year		-	-	-	-	-	4,294,318	4,294,318
Shares issued during the year	19	2,165,204	-	-	-	-	-	2,165,204
Shares repurchased during the year	19	(71,977)	-	-	-	-	-	(71,977)
Net decrease in social development fund	21	-	-	71,679	-	-	-	71,679
Statutory development fund	22	-	-	-	-	-	(30,000)	(30,000)
Appropriation to statutory reserve	20	-	1,288,295	-	-	-	(1,288,295)	-
Entrance fees	20	-	1,592	-	-	-	-	1,592
Dividends paid		-	-	-	-	-	(1,743,832)	(1,743,832)
Balance as at December 31, 2024		38,880,210	12,110,968	2,368,501	30,000	2,718,284	9,942,535	66,050,498

The notes on pages 9 to 55 are an integral part of these financial statements.

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Statement of Cash Flows
For the year ended December 31, 2024
(Expressed in Eastern Caribbean Dollars)

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Profit for the year		4,294,318	3,738,007
Adjustments for:			
Depreciation	13	933,812	834,549
Depreciation right-of-use assets	10	139,668	98,518
(Gain) loss on disposal of property and equipment	27	4,567	1,059
Unrealized (gain) loss on FVTPL investments		(9,663)	(74,700)
Expected credit loss on investments	24	(124,947)	85,200
Expected credit loss on loans, net of recoveries	24	827,857	801,630
Interest income		(21,352,153)	(19,825,974)
Dividend income		27,460	17,520
Lease interest		10,072	8,922
Interest expense		7,049,030	6,458,378
		(8,199,979)	(7,856,891)
Changes in:			
Loans to members		(25,574,531)	(14,157,835)
Other assets		(16,353)	(757,167)
Members' deposits		22,305,641	11,059,859
Staff pension fund deposits		193,038	110,604
Inventories		483,197	(1,326,397)
Other payables		1,934,820	1,071,577
Members' ordinary savings		16,232,105	11,559,813
		7,357,938	(296,437)
Interest received		21,326,939	19,833,195
Lease interest paid		(10,072)	(8,922)
Dividends received		(27,460)	(17,520)
Interest paid		(7,039,244)	(6,612,346)
Net cash generated from operating activities		21,608,101	12,897,970
Cash flows from investing activities			
Purchase of property, plant, and equipment	13	(1,003,572)	(430,332)
Addition to investment properties	12	-	(47,475)
Change in investment securities		(100,898)	(2,052,328)
Net cash used in investing activities		(1,104,470)	(2,530,135)
Cash flows from financing activities			
Net increase in social development fund	21	71,679	(24,178)
Statutory development fund paid	22	(30,000)	(30,000)
Increase in share capital	19	2,093,227	1,505,558
Net increase in lease liabilities		(150,905)	(95,969)
Entrance fees	20	1,592	1,497
Dividends paid		(1,743,832)	(1,460,888)
Net cash generated from financing activities		241,761	(103,980)
(Decrease) increase in cash resources		20,745,392	10,263,855
Cash resources - Beginning of year		82,042,010	71,778,156
Cash resources - end of year		102,787,402	82,042,011

The notes on pages 9 to 55 are an integral part of these financial statements.

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
For the year ended December 31, 2024
(Expressed in Eastern Caribbean Dollars)

1. Reporting entity

The General Employees' Co-operative Credit Union Limited was registered on July 14, 1964, as a Co-operative Society. The Credit Union's operations are subject to the Co-operative Societies Act 2012 of St. Vincent and the Grenadines and the supervision of the Financial Services Authority and the Co-operatives Unit in the Ministry of National Mobilization, Social Development, Family, Gender Affairs, Persons with Disabilities and Youth. The Credit Union's registered office is situated in Kingstown, St. Vincent and the Grenadines.

The Credit Union's principal objectives are to promote thrift and savings among its members and make loans to members exclusively for provident and productive purposes.

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), under the historical cost convention unless otherwise stated, except for fair value through the profit or loss (FVTPL) investments, land and buildings and investment properties which have been measured at fair value.

These financial statements were authorized for issue by the Board of Directors on May 19, 2025.

b. Functional and presentation currency

These financial statements are presented in Eastern Caribbean dollars, which is the Credit Union's functional and presentation currency. All financial information in Eastern Caribbean dollars has been rounded to the nearest dollar.

c. Use of judgement and estimates

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make estimates, based on assumptions and judgments. Management also makes judgments, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgments affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The estimates and the underlying assumptions, as well as the judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Credit Union's accounting policies provide scope for financial assets and liabilities to be designated on inception into different accounting categories in certain circumstances, and the Service exercises judgment in carrying out such designation; this judgment relates to whether the instruments meet the criteria for the particular classification. Judgments that have a significant effect on the amounts recognised in the financial statements, and estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year include the following:

2. Basis of preparation (cont'd)

c. Use of judgement and estimates (cont'd)

Classification of financial assets

Note 4(f): classification of financial assets: Judgement is required to assess the business model within which financial assets are held and whether the contractual terms of financial assets are solely payments of principal and interest (SPPI) on the principal amounts outstanding.

Impairment allowance

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit losses and selection and approval of models used to measure expected credit losses.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2024 is included in the following notes:

Note 4(f): impairment of financial instruments: determining inputs into the expected credit loss measurement model, including forward-looking information.

Fair value measurement

A number of the Credit Union's' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management performs the significant fair value measurements including Level 3 fair values and reports to the audit committee through the internal auditor.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 12 - Investment properties
- Note 5(a) - Financial risk review
- Note 5(b) - Fair value of financial instruments

Residual values and useful lives of property and equipment

As noted in note 4(d), the residual values and useful life of each asset are reviewed at least at each reporting date and if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The assumptions regarding residual values give rise to estimation uncertainty.

3. New and amended standards and interpretations

(a) Changes in accounting policies and disclosures

(i) New accounting standards, amendments and interpretations

A number of new and amended standards and interpretations are effective from January 1, 2024 but they did not have a material effect in the Credit Union's financial statements.

These amendments to various IFRS Accounting Standards are mandatory effective for reporting periods beginning on or after January 1, 2024. See the applicable notes for further details on how these amendments affect the Credit Union.

i. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The standards have not yet been endorsed within the Credit Union's local jurisdiction. Moving forward the Credit Union will evaluate its governance framework, risk management process, strategy, and metrics and targets associated with IFRS S1 disclosure in future financial periods.

ii. IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The standards have not yet been endorsed within the Credit Union's local jurisdiction. Moving forward the Credit Union will evaluate its physical and transitional climate related risks in preparation for IFRS S2 disclosure in future financial statements.

iii. Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

This amendment has no effect on the financial statements of the Credit Union.

iv. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

This amendment has no effect on the financial statements of the Credit Union.

v. Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

This amendment has no effect on the financial statements of the Credit Union.

3. New and amended standards and interpretations (cont'd)

(a) *Changes in accounting policies and disclosures (cont'd)*

(i) New accounting standards, amendments and interpretations (cont'd)

vi. **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)**

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

This amendment has no effect on the financial statements of the Credit Union.

b) *New standards, interpretations, and amendments not yet effective*

A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2025 and earlier application is permitted; however, the Credit Union has not early adopted the following new or amended standards in preparing these financial statements.

i. **Lack of Exchangeability (Amendments to IAS 21)**

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendment is effective for annual reporting periods beginning on or after 1 January 2025.

ii. **Amendments to the Classification and Measurement of Financial Instruments (Amendment to IFRS 7 and IFRS 9)**

The amendments clarify; the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer, The requirements for assessing contractual cash flow characteristics of financial assets and characteristics of non-recourse loans and contractually linked instruments. The amendments are effective for annual reporting period beginning on or after 1 January 2026.

iii. **Presentation and Disclosures in Financial Statements (IFRS 18)**

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. The standard is effective for annual reporting period beginning on or after 1 January 2027.

iv. **Subsidiaries without Public Accountability: Disclosures (IFRS 19)**

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. The standard is effective for annual reporting period beginning on or after 1 January 2027.

The Credit Union is assessing the impact, if any, that the foregoing standards and amendments will have in its financial statements when they are adopted.

4. Material accounting policies

a. Foreign currency translation

These financial statements are expressed in Eastern Caribbean dollars. The Eastern Caribbean dollar is the Credit Union's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currencies classified as amortised cost are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognized in profit or loss.

Translation differences on monetary items, such as equities held at fair value are recognized through profit or loss, and are reported as part of the fair value gain or loss. Translation differences on monetary items, such as equities classified as fair value through other comprehensive income, are included in the fair value in other comprehensive income and ultimately accounted for in reserves in equity.

b. Cash resources

Cash resources include notes, coins, balances held with banks and highly liquid financial assets with original maturities of less than three months.

c. Inventories

Inventories represent property held for sale and is stated at the lower of cost and net realised value. The Credit Union's inventories arise when there is a change in the use of investment properties evidenced by the commencement of development with a view to sell, and the properties are reclassified as inventories at their deemed cost, which is the fair value at the date of reclassification. They are subsequently carried at the lower of cost and net realizable value. Cost includes design cost, materials, direct labour, other direct costs, and related construction overheads and borrowing costs for the development of all those qualifying assets, which is allocated to individual lots on an average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4. Material accounting policies (cont'd)

d. Property and equipment

Land and buildings are stated at the most recent valuation less subsequent depreciation for buildings. Valuations are performed every five years by independent professional valuers. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historic cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Changes in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

Land is not depreciated. Leasehold improvements are amortised over the term of the lease. Depreciation of other assets is calculated using a straight-line method, at rates which are expected to write-off the cost or valuation of the assets over their estimated useful lives at the following annual rates:

Freehold building	2%
Furniture and equipment	20%
Computer equipment & software	20%
Motor vehicle	20%

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining the profit or loss. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

Repairs and maintenance are charged to the profit or loss account when the expenditure is incurred.

d. Investment properties

Investment properties are properties, land or buildings or part thereof or both owned by the Credit Union, to earn rentals or for capital appreciation or both. Any property interest held under an operating lease, which is used to earn rental income, and the Credit Union assumes substantially all the risk and rewards incidental to ownership is recognized as an investment property.

Investment properties are accounted for under the fair value model. The fair value of investment properties is determined by reference to independent notional market approach valuations. Changes in fair market valuation of investment properties are reflected in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

4. Material accounting policies (cont'd)

f. IFRS 9 Financial Instruments

Recognition and initial measurement

The Credit Union recognizes a financial instrument when it becomes a party to the contractual terms of the instrument. All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Classification categories of financial assets

The Credit Union classifies all of its financial assets into one of the following categories:

- Amortised cost;
- FVTPL; or
- FVOCI.

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

Financial assets

Under IFRS 9

Deposits with other institutions, treasury bills, loans and advances to customers, other assets and investment securities

The Credit Union measures deposits with other institutions, treasury bills, loans and advances to customers, other assets and investment securities at amortised cost if the following criteria are met:

- the financial asset is held within a business model with the objective to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Equity Instruments

Equity instruments under IFRS 9 are always reported at fair value since they fail the SPPI test. Where the Credit Union's management has elected to present fair value gains and losses on equity investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as investment income when the Credit Union's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(loss) in the statement of profit or loss as applicable. Impairment losses (and reversal of investment losses) on equity investment measured at FVOCI are not reported separately from other changes in fair value.

4. Material accounting policies (cont'd)

f. IFRS 9 Financial Instruments (cont'd)

Business model assessment

With the adoption of IFRS 9, the business model test was used by the Credit Union to migrate the instruments along with the SPPI test to the new reporting classification. The assessment was done by reviewing the investments under the existing IAS 39 classification and selecting the business model that best suits the individual instruments in the respective classification.

The objective of this test was to determine whether an arrangement pays only interest and principal and would then qualify as a basic lending arrangement. An instrument would therefore pass the SPPI test if it does not introduce risks or volatility that is inconsistent with a basic lending arrangement. Conversely, financial assets which have SPPI characteristics but are held within the business model whose objective is both to collect the contractual cash flows and to sell the financial assets ("hold to collect" and sell) are subsequently measured at fair value through other comprehensive income (FVOCI).

The Credit Union currently holds loans and advances solely for the collection of principal and interest. Based on the business model, it is the Credit Union's intention to hold these instruments until they are fully amortised. However, there may be instances where the Credit Union may need to dispose of a portion of its portfolio to meet liquidity requirements this is however only done in exceptional circumstances and is not considered to be the sole purpose of negotiating these instruments.

For the held-to-maturity (HTM) instruments the "hold to collect" business model was adopted since the objective is to hold the financial asset and to collect contractual cash flows. The existing fixed income HTM portfolio consists of only bond instruments with fixed contractual cash flows. The money market instrument portfolio includes fixed deposit and treasury bills with fixed contractual cash flows. Since investment disposals, for these portfolios are infrequent and incidental to the model's objective, the measurement category used will be amortised cost.

The SPPI Test

As a second step of the classification process, the Credit Union assesses the contractual terms of financial assets to identify whether they meet the SPPI criteria.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Credit Union applies judgement and considers relevant factors such as the currency in which the financial assets is denominated and the period for which the interest rate is set.

In contrast, the contractual terms that introduce a more than de minimis exposure to risk or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases the financial asset is required to be measured at FVTPL or FVOCI without recycling.

4. Material accounting policies (cont'd)

f. IFRS 9 Financial Instruments (cont'd)

Debt instruments measured at amortised cost

Debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortised cost. Interest income on these instruments is recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortised cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortised cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortised cost are presented net of the allowance for credit losses (ECL) in the statement of financial position.

Debt instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in non-interest income in the statement of income on an average cost basis. Foreign exchange gains and losses that relate to the amortised cost of the debt instrument are recognised in the statement of profit or loss and other comprehensive income.

Debt instruments measured at fair value through other comprehensive income (FVOCI) (cont'd)

Premiums, discounts and related transaction costs are amortised over the expected life of the instrument to interest income in the statement of profit and loss and other comprehensive income using the effective interest rate method.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the statement of financial position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to provision for credit losses in the statement of profit and loss and other comprehensive income. The accumulated allowance recognised in OCI is recycled to the statement of profit and loss and other comprehensive income upon derecognition of the debt instrument.

Debt instruments measured at fair value through profit or loss (FVTPL)

Debt instruments are measured at FVTPL for assets:

- held for trading purposes;
- held as part of a portfolio managed on a fair value basis; or
- whose cash flows do not represent payments that are SPPI.

4. Material accounting policies (cont'd)

f. IFRS 9 Financial Instruments (cont'd)

Debt instruments measured at fair value through profit or loss (FVTPL) (cont'd)

These instruments are measured at fair value in the statement of financial position, with transaction cost recognised immediately in the statement of profit or loss and other comprehensive income as part of non-interest income. Realised and unrealised gains and losses are recognised as part of non-interest income in the statement of profit or loss and other comprehensive income.

Debt instruments designated at FVTPL

Financial assets classified in this category are those that have been designated by the Credit Union upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial assets for which a reliable estimate of fair value can be obtained.

Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in non-interest income in the statement of profit or loss and other comprehensive income.

Impairment of financial assets

The Credit Union recognizes expected credit losses (ECLs) on the following financial assets that are not measured at FVTPL:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- lease receivables;
- loan commitments.

The measurement of expected credit loss involves increased complex judgement that includes:

Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12 months ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Credit Union applies a three-stage approach based on the change in credit quality since initial recognition.

Expected credit loss impairment model

The Credit Union's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either:

- (i) over the following twelve months; or
- (ii) over the expected life of a financial instrument depending on credit deterioration since origination.

4. Material accounting policies (cont'd)

f. IFRS 9 Financial Instruments (cont'd)

Impairment of financial assets (cont'd)

The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination.

To assess whether there is significant increase in credit risk, the Credit Union compares the risk of default occurring on the asset at the reporting date with the risk of default at initial recognition. It considers available reasonable and supportive forward looking information. A summary of the assumptions underpinning the assessment of significant increase in credit risk is as follows:

Category	Credit Union Definition of Category	Basis of Recognition of Expected Credit Loss
Stage 1: Performing	Customers who have low risk of default and strong capacity to meet contractual cash flows	12 month expected credit loss. Where the expected lifetime of an asset is less than 12 months, expected losses are measured as its expected lifetime.
Stage 2: Non-performing	Loans for which there is significant increase in credit risk as evidenced by: - absence of up to date financial information on file; - Inadequate credit documentation to support borrowing which may result in losses if not corrected; - Breach of loan covenant; or - Other potential weakness that deserve management's attention but do not expose the Credit Union to significant risk.	Lifetime expected losses
Stage 3: Credit-Impaired	All or most of the weaknesses of 'non performing in stage 2. - Full liquidation of collection of debt improbable; - significant financial difficulty of the borrower or issuer; a breach of contract such as a default or being more than 90 days past due; - the restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise; - it is probable that the borrower will enter bankruptcy or other financial reorganisation; or - the disappearance of an active market for a security because of financial difficulties.	Lifetime expected losses
Write-off	Cases in which the Credit Union determine that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount subject to write off.	Asset is written off

4. Material accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Measurement of expected credit losses

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward looking.

ECLs are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Credit Union in accordance with the contract and the cash flows that the Credit Union expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- For undrawn loan commitments the Credit Union estimates the expected portion of the loan commitment that will be drawn down over its expected life and calculates the ECL as the present value of the difference between the contractual cash flows that are due to the Credit Union if the commitment is drawn down and the cash flows that the Credit Union expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- **PD:** The Probability of Default is an estimate of the likelihood of default over a given period of time. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD:** The Exposure at Default is an estimate of the loss arising at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Incorporation of forward -looking information

The standard requires the incorporation of forwarding looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward -looking information requires significant judgement.

4. Material accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Assessment of significant increase in credit risk (SICR)

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Credit Union compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument. In making this assessment, the Credit Union considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that was available.

The assessment of an increase in credit risk included macroeconomic outlook, management judgement, and delinquency and monitoring. With regards to delinquency and monitoring, there was a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

Some of the indicators which were incorporated included:

- i) Internal credit rating
- ii) External credit rating (as far as available)
- iii) Actual or expected significant adverse changes in businesses, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations. This includes but is not limited to evidence of one or more of the following:
 - Delinquency in contractual payments of principal or interest;
 - Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
 - Breach of loan covenants or conditions;
 - Initiation of bankruptcy proceedings; and
 - Deterioration of the borrower's competitive position.
- iv) Actual or expected changes in the operating results of the borrower
- v) Significant increase in credit risk or other financial instrument of the same borrower
- vi) Significant change, including deterioration, in the value of the collateral supporting the obligation
- vii) Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group and changes in the operating result of the borrower

Quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime determined PD by comparing the remaining lifetime PD at reporting date with the remaining lifetime PD at the point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

4. Material accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Assessment of significant increase in credit risk (SICR) (cont'd)

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Credit Union still considers separately some qualitative factors to assess if credit risk has increased significantly. For loans and advances there is particular focus on assets that are included on a 'watch list' once there is a concern that the creditworthiness of the specific counterparty has deteriorated. Events such as unemployment, bankruptcy or death are also considered.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. Financial asset that are 30 or more days past due and are not credit-impaired will always be considered to have experienced a significant increase in credit risk. For less material portfolios where a loss rate or churn rate approach is applied to compute expected credit losses, significant increase in credit risk is primarily based on 30 days past due on the contractual payment.

Improvement in credit risk/curing

A period may elapse from the point at which financial instruments enter lifetime expected credit losses (stage 2 and stage 3) and are reclassified back to 12 month expected credit losses (stage 1). For financial assets that are credit impaired (stage 3), a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit impaired. An instrument will no longer be considered credit impaired when there is no shortfall of cash flows compared to the original contractual terms.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where a significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original transfer criteria are no longer valid. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1.

A forbore loan can only be removed from the category (cured) if the loan is performing (stage 1 or 2) and a further one-year probation is met.

In order for a forbearance loan to become performing, the following criteria have to be satisfied:

- At least a year has passed with no default upon the forbore contract terms
- The customer is likely to repay its obligations in full without realising security
- The customer has no accumulated impairment against amounts outstanding

Subsequent to the criteria above being met, probation continues to assess if regular payments are made by the customer and none of the exposures to the customer are more than 30 days past due.

4. Material accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Expected life

When measuring expected credit loss, the Credit Union considers the maximum contractual period over which the Credit Union is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, extension and rollover options.

Presentation of allowance for credit losses in the statement of financial position

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the financial assets;
- Debt instruments measured at fair value through other comprehensive income: no allowance is recognised in the statement of financial position because the carrying values of these assets is their fair values. However, the allowance determined is presented in accumulated other comprehensive income;
- Off-balance sheet credit risks include undrawn lending commitments, letters of credit and letters of guarantee: as a provision in other liabilities.

Loans and advances

All non-performing and performing loans and advances are individually reviewed and specific provisions made for impaired portion based on the realisable value of the loan collateral and discounted by the original effective rate of the loan. The provision made is the difference between the loan balance and the discounted value of the collateral with consideration of supportable forward-looking information. Previously accrued income is reversed and further interest income not accrued. Loans and advances with similar characteristics are assessed for impairment on a group basis. Where possible the Credit Union seeks to restructure loans instead of taking possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms are renegotiated, any impairment is measured using the original effective interest rate and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and the future payments likely to occur. Interest continues to be accrued and is recorded as part of interest income. The loans continue to be subject to an individual or collective impairment assessment.

When all efforts have been exhausted to recover a non-performing loan, that loan is deemed uncollectible and written off against the related provision for loan losses.

Investment securities

The Credit Union assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

4. Material accounting policies (cont'd)

f. IFRS 9 Financial instruments (cont'd)

Investment securities (cont'd)

In assessing collective impairment, the Credit Union uses historical information and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve, for instruments at FVOCI, is reclassified to profit or loss. If the fair value of an impaired debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

g. Leases

At inception of contract, the Credit Union assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Credit Union uses the definition of a lease in IFRS 16.

Credit Union acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Credit Union allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branched and office premises the Credit Union has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Credit Union recognize a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

4. Material accounting policies (cont'd)

g. Leases (cont'd)

The right-of-use asset is subsequently at the present value of the lease payments that are not paid at the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by depreciation and impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Credit Union's incremental borrowing rate. Generally, the Credit Union uses its incremental borrowing rate as the discount rate.

The Credit Union determines its incremental borrowing rate by analyzing its borrowing from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurements of the lease liability comprise the following:

- (i) Fixed payments, including in-substance fixed payments;
- (ii) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) Amounts expected to be payable under a residual value guarantee; and
- (iv) The exercise price under a purchase option that the Credit Union is reasonably certain to exercise, lease payments in an optional renewal period if the Credit Union is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Credit Union is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from change in an index or rate, if there is a change in the Credit Union's estimate of the amount expected to be payable under a residual value guarantee, if the Credit Union changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Credit Union presents right-of-use assets and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Credit Union has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Credit Union recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. Material accounting policies (cont'd)

g. Leases (cont'd)

Credit Union acting as a lessor

At inception or on modification of a contract that contains a lease component, the Credit Union allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Credit Union acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Credit Union makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Credit Union considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

h. Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

i. Non-derivative financial liabilities - Classification, Recognition/Derecognition and Measurement

The Credit Union classifies non-derivative financial liabilities into the other financial liabilities category.

The Credit Union's financial liabilities include customer deposits and savings, other payables, and lease liabilities. The Credit Union determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans payable, net of directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. The EIR amortisation, if any, is included in the statement of profit or loss and other comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4. Material accounting policies (cont'd)

j. Revenue recognition

Interest income

Interest income is recognized in the statement of profit or loss and other comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest yield method based on the gross carrying amount or amortized cost. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

Other income

The Credit Union earns fees from its members for transaction-based services. Transaction based service fees include commissions, portfolio legal fees, statement rendering, and the sale of transaction books. The Credit Union recognizes loan fees at a point in time when the transaction has occurred, including loan processing fees.

k. Interest expense

Interest expense is recognized in profit or loss on interest-bearing financial liabilities using the effective interest yield method.

l. Share capital costs

The proceeds from the issue of new shares, except shares redeemable at the option of the holder, are accounted for as equity, net of transaction costs. Shares which are redeemable at the option of the holder are accounted for as financial liabilities.

m. Dividends

Dividends on shares, other than those redeemable at the option of the holder, are recognised in equity in the period in which they are approved by the directors. Dividends on shares which are redeemable at the option of the holders are accounted for as a charge in the statement of profit or loss and other comprehensive income in the period they are approved by the directors.

4. Material accounting policies (cont'd)

n. Related parties

Definition of related party

A related party is a person or entity that is related to the Credit Union.

- (i) A person or a close member of that person's family is related to the Credit Union if that person:
1. has control or joint control of the Credit Union;
 2. has significant influence over the Credit Union; or
 3. is a member of the key management personnel of the Credit Union or of a parent of the Credit Union.
- (ii) An entity is related to the Credit Union if any of the following conditions applies:
1. The entity and the Credit Union are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 2. 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).
 3. Both entities are joint ventures of the same third party.
 4. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 5. 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.
 6. The entity is controlled or jointly controlled by a person identified in (a).
 7. 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).
 8. The entity, or any member of a group of which it is a part, provides key management personnel services to the Credit Union or to the parent of the Credit Union.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependents of that person or that person's spouse or domestic partner.

4. Financial risk management

a. Financial risk factors

The Credit Union's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risks and operational risks. The Credit Union's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Credit Union's financial performance. The Credit Union has not entered into forward contracts to reduce its risk exposure.

i) Credit risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Credit Union's cash resources, loans and advances to members and investment securities.

The exposure to credit risk is dependent on the degree of failure of counter-parties, including its customers, banks and other debtors, to honour their obligations to the Credit Union. The Credit Union's credit risk is spread primarily over a diversity of private customers, commercial entities, and government securities.

The Credit Union manages limits and controls concentrations of credit risk whenever they are identified, in particular to individual counterparties and groups, and to industries. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers.

Collateral

The Credit Union employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Credit Union implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- i) Mortgages over real properties; and
- ii) Charges over members' deposits and ordinary savings.

The Credit Union's risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically depending upon the nature of the collateral. Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Credit Union's credit exposure.

In addition, in order to minimize the credit loss, the Credit Union will seek additional credit collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

i) Credit risk (cont'd)

Impairment and provisioning policies

The internal rating systems focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes an expected loss model using a three-stage approach. This impairment model measures credit loss allowance using a three-stage approach based on the extent of credit deterioration since initial recognition as summarized below:

Stage 1	Stage 2	Stage 3
Initial Recognition	Significant increase in credit risk (SICR)	Credit-impaired
12 month expected credit loss	Lifetime expected credit loss	Lifetime expected credit loss

The Credit Union's policy requires the review of individual financial assets that are above materiality threshold at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss provision is recognised.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant increase in credit risk compared with what was expected at origination.

Valuation of investment

The Credit Union has applied IFRS 9 in its classification of investment securities which requires measurement of securities as fair value. For unlisted securities, fair values are estimated using price/earnings or price/cash flow ratios which have been refined to accommodate the specific circumstances of the issuer.

GENERAL EMPLOYEES' CO-OPERATIVE CREDIT UNION LIMITED
Notes to the Financial Statements
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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

i) Credit risk (cont'd)

Maximum credit risk

The following summarises the maximum credit risk:

	2024 \$	2023 \$
Deposit with commercial banks	97,511,816	78,091,098
Investment securities	93,227,771	92,992,263
Loans to members	224,536,672	199,764,783
Other assets	1,547,039	1,530,686
	<u>416,823,298</u>	<u>372,378,830</u>

The exposures set out above are based on net carrying amounts as reported in the statement of financial position, and represent a worst case scenario of credit risk exposure as at December 31, 2024 and 2023 without taking account of any collateral held or other credit enhancements attached.

Loans and advances to members are summarised as follows:

	Consumer \$	Computer \$	2024 Mortgage \$	Student \$	Total \$
Gross loans	119,393,904	97,512	107,601,865	3,046,081	230,139,362
Interest receivable	525,892	223	336,551	26,617	889,283
	<u>119,919,796</u>	<u>97,735</u>	<u>107,938,416</u>	<u>3,072,698</u>	<u>231,028,645</u>
Less: ECL allowance	(4,406,926)	(578)	(2,005,313)	(79,156)	(6,491,973)
	<u>115,512,870</u>	<u>97,157</u>	<u>105,933,103</u>	<u>2,993,542</u>	<u>224,536,672</u>

	Consumer \$	Computer \$	2023 Mortgage \$	Student \$	Total \$
Gross loans	101,727,601	217,176	99,434,277	3,170,163	204,549,217
Interest receivable	459,550	820	372,007	31,692	864,069
	<u>102,187,151</u>	<u>217,996</u>	<u>99,806,284</u>	<u>3,201,855</u>	<u>205,413,286</u>
Less: ECL allowance	(3,657,761)	(958)	(1,937,819)	(51,965)	(5,648,503)
	<u>98,529,390</u>	<u>217,038</u>	<u>97,868,465</u>	<u>3,149,890</u>	<u>199,764,783</u>

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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

i) Credit risk (cont'd)

Loans and advances to customers neither past due nor impaired (Stage 1)

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Credit Union.

	2024 \$	2023 \$
Stage 1		
Consumer loans	108,221,481	93,587,860
Computer loans	96,732	217,176
Mortgage loans	99,683,836	93,088,862
Student loans	2,744,098	3,022,628
Total	210,746,147	189,916,526

Loans and advances to customers past due but not impaired (Stage 2)

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

	Stage 2 - 2024				
	Consumer loans \$	Computer loans \$	Mortgage loans \$	Student loans \$	Total \$
Secured - Past due under 90 days	1,724,857	733	910,215	-	2,635,805
Unsecured - Past due 30 to 59 days	445,497	-	-	-	445,497
Unsecured - Past due 60 to 89 days	277,787	-	-	-	277,787
Total	2,448,141	733	910,215	-	3,359,089

	Stage 2 - 2023				
	Consumer loans \$	Computer loans \$	Mortgage loans \$	Student loans \$	Total \$
Secured - Past due under 90 days	1,775,077	-	346,528	-	2,121,605
Unsecured - Past due 30 to 59 days	303,280	-	-	-	303,280
Unsecured - Past due 60 to 89 days	119,044	-	-	-	119,044
Total	2,197,401	-	346,528	-	2,543,929

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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

i) Credit risk (cont'd)

Loans and advances to customers individually impaired (Stage 3)

	2024 \$	2023 \$
Stage 3		
Consumer loans	8,724,282	5,942,340
Computer loans	48	-
Mortgage loans	7,007,814	5,998,887
Student loans	301,982	147,535
Total	16,034,126	12,088,762

The following summarises the Credit Union's maximum credit risk exposures to off-balance sheet financial instruments:

	2024 \$	2023 \$
Loan commitments and other related obligations	14,543,204	12,725,288

The table below presents an analysis of the Credit Union's special savings, treasury bills and debt and equity securities, loans to members and other financial assets by rating agency designation at December 31, 2024 and 2023, based on Moody's ratings or equivalent:

	Cash resources \$	Investment securities \$	Loans to members \$	Other assets \$	Total \$
At December 31, 2024					
Lower the A-	-	39,367,233	-	-	39,367,233
Unrated	97,511,816	53,860,538	224,536,672	1,547,039	377,456,065
	<u>97,511,816</u>	<u>93,227,771</u>	<u>224,536,672</u>	<u>1,547,039</u>	<u>416,823,298</u>
	Cash resources \$	Investment securities \$	Loans to members \$	Other assets \$	Total \$
At December 31, 2023					
Lower the A-	-	49,201,486	-	-	49,201,486
Unrated	78,091,098	43,790,777	199,764,783	1,530,686	323,177,344
	<u>78,091,098</u>	<u>92,992,263</u>	<u>199,766,783</u>	<u>1,530,686</u>	<u>372,378,830</u>

5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

ii) Liquidity risk

Liquidity risk is the risk that the Credit Union will be unable to meet its payment obligations when they fall due under normal circumstances. The Credit Union monitors its liquidity risk by considering the maturity of both its financial assets and projected cash flows from operations. Where possible, the Credit Union utilises available credit facilities and other financing options.

In order to manage liquidity risks, management seeks to maintain levels of cash in each operating currency, which is sufficient to meet reasonable expectations of its short-term obligations.

The table below analyses the Credit Union's financial liabilities into relevant contractual maturity groupings, as of reporting date.

	0 - 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
At December 31, 2024					
Other payables	8,536,254	-	-	-	8,536,254
Retirement benefit plan	1,428,871	-	-	-	1,428,871
Lease liabilities	29,372	120,101	240,953	-	390,426
Members' deposits	196,293,003	16,939,273	-	-	213,232,276
Members' ordinary savings	164,351,775	3,003,149	-	-	167,354,924
	370,639,275	20,062,523	240,953	-	390,942,751
At December 31, 2023					
Other payables	6,601,434	-	-	-	6,601,434
Retirement benefit plan	1,235,833	-	-	-	1,235,833
Lease liabilities	31,279	79,067	263,712	-	374,058
Members' deposits	146,807,515	44,109,334	-	-	190,916,849
Members' ordinary savings	148,384,504	2,738,315	-	-	151,122,819
	303,060,565	46,926,716	263,712	-	350,250,993

5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

ii) Liquidity risk (cont'd)

Off-balance sheet Instruments

Loan commitments and other related obligations

As of reporting date, the contracted amounts of the Credit Union's off-balance sheet instruments that commit it to extend credit to members and other facilities [Note 32(b)], are summarised in the table below:

	2024	2023
	\$	\$
Loan commitments and other related obligations	14,543,204	12,725,288

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Credit Union is mainly exposed to interest rate risk. The Credit Union's exposure to currency risk is minimal since it does not have any significant foreign currency denominated assets or liabilities.

Interest rate risk

Interest rate risk gives rise to fluctuations in cash flows on financial instruments as a result of changes in interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Credit Union takes an exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken.

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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

iii) Market risk (cont'd)

Interest rate risk (cont'd)

The table below summarise the Credit Union's exposure to interest rate risks.

	Up to One year \$	Between 1 - 5 years \$	Over 5 years \$	Non-Interest bearing \$	Total \$
At December 31, 2024					
Financial Assets					
Cash resources	97,511,816	-	-	5,275,586	102,787,402
Investment securities	64,562,252	24,259,946	4,704,700	2,070,100	95,596,998
Loans to members	5,809,281	74,389,254	144,338,137	-	224,536,672
Other assets	-	-	-	1,547,039	1,547,039
Total financial assets	167,883,349	98,649,200	149,042,837	8,892,725	424,468,111
Financial liabilities					
Other payables	-	-	-	8,536,254	8,536,254
Staff pension fund deposits	1,428,871	-	-	-	1,428,871
Members' deposits	213,232,276	-	-	-	213,232,276
Members' ordinary savings	167,354,924	-	-	-	167,354,924
Lease liabilities	149,473	240,953	-	-	390,426
Total financial liabilities	382,165,544	240,953	-	8,536,254	390,942,751
Total interest re-pricing gap	(214,282,195)	98,408,247	149,042,837	356,471	33,525,360

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5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

iii) Market risk (cont'd)

Interest rate risk (cont'd)

	Up to One year \$	Between 1 - 5 years \$	Over 5 years \$	Non-Interest bearing \$	Total \$
At December 31, 2023					
Financial Assets					
Cash resources	78,091,098	-	-	3,950,913	82,042,011
Investment securities	56,449,365	26,543,035	11,382,800	1,111,237	95,486,437
Loans to members	6,278,697	66,065,206	127,420,880	-	199,764,783
Other assets	-	-	-	1,530,686	1,530,686
Total financial assets	140,819,160	92,608,241	138,803,680	6,592,836	378,823,917
Financial liabilities					
Other payables	-	-	-	6,601,434	6,601,434
Staff pension fund deposits	1,235,833	-	-	-	1,235,833
Members' deposits	190,916,849	-	-	-	190,916,849
Members' ordinary savings	151,122,819	-	-	-	151,122,819
Lease liabilities	110,346	263,712	-	-	374,058
Total financial liabilities	343,385,847	263,712	-	6,601,434	350,250,993
Total interest re-pricing gap	(202,566,687)	92,344,529	138,803,680	(8,598)	28,572,924

5. Financial risk management (cont'd)

a. Financial risk factors (cont'd)

iii) Market risk (cont'd)

Interest rate risk (cont'd)

Cash flow interest rate risk arises from loans and advances to members at variable rates. At December 31, 2024, if variable interest rates had been 0.5% higher/lower with all other variables held constant, profit for the year would have been \$611,116 (2023: \$844,334) higher/lower, mainly as a result of higher/lower interest income on variable rate loans.

iv) 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 credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

While operational risk is inherent to each of the Credit Union's business activities, the exposure is minimised by ensuring that the appropriate infrastructure, controls, systems and human resources are in place. Key policies and procedures used in managing operating risk involve a strong internal audit function, segregation of duties, delegation of authority, and financial and managerial reporting.

Within the Credit Union, mitigation of operating risk is assigned to senior management supported by a well-defined organisational structure that segregates operational and administrative functions. Back-up capabilities are also maintained to ensure on-going service delivery in adverse circumstances.

In addition, periodic reviews are undertaken by the Internal Audit department. The results of the reviews are discussed with the management of the business unit to which they relate, senior management and Board of Directors.

5. Financial risk management (cont'd)

b. Fair value of financial assets and liabilities

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

i) Financial instruments measured at fair value

The table below summarises the carrying amount and fair values of those financial assets and liabilities presented in the Credit Unions statements of financial position at their fair value:

	Carrying value		Fair value	
	2024 \$	2023 \$	2024 \$	2023 \$
Financial Assets				
Cash resources	102,787,402	82,042,011	102,787,402	82,042,011
Investment securities:				
- Amortised cost	91,157,671	91,881,026	91,157,671	91,881,026
- Fair value through profit or loss	2,070,100	1,111,237	2,070,100	1,111,237
Loans to members	224,536,672	199,764,783	224,536,672	199,764,783
Other assets	1,547,039	1,530,686	1,547,039	1,530,686
	422,098,884	376,329,743	422,098,884	376,329,743

	Carrying value		Fair value	
	2024 \$	2023 \$	2024 \$	2023 \$
Financial Liabilities				
Other payables	8,536,254	6,601,434	8,536,254	6,601,434
Staff pension fund deposit	1,428,871	1,235,833	1,428,871	1,235,833
Members' deposit	213,232,276	190,916,849	213,232,276	190,916,849
Members' ordinary shares	167,354,924	151,122,819	167,354,924	151,122,819
	390,552,325	349,876,935	390,552,325	349,876,935

Off-balance sheet instruments

	Carrying value		Fair value	
	2024 \$	2023 \$	2024 \$	2023 \$
Loan commitments and other related obligations	-	-	14,543,204	12,725,288

5. Financial risk management (cont'd)

b. Fair value of financial assets and liabilities (cont'd)

i) Financial instruments measured at fair value (cont'd)

Determination of fair value

The following methods and assumptions have been used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value: -

Short-term financial assets and liabilities: The carrying value of these financial assets and liabilities is a reasonable estimate of their fair value because of the short maturity of these instruments. Short-term financial assets are comprised of deposits with other commercial banks, investment securities, interest receivable, and certain other assets. Short-term financial liabilities are comprised of members' deposits and ordinary shares, staff pension fund deposit and certain other liabilities. The fair value of off-balance sheet financial instruments is also assumed to approximate the amounts disclosed in Note 31 due to their short-term nature.

Long-term loans and receivables: The estimated fair value of long-term loans to members is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining terms of maturity. Some of the financial assets included in investment securities are long-term.

Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Credit Union's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges such as Barbados and Eastern Caribbean.
- Level 2 - Quoted prices for identical assets or liabilities in markets that are inactive (for example, over-the-counter transactions) or observable market quotes for similar instruments, or use of valuation techniques where all significant inputs are observable.
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This level includes equity investments and debt instruments with significant unobservable components.

5. Financial risk management (cont'd)

b. Fair value of financial assets and liabilities (cont'd)

i) Financial instruments measured at fair value (cont'd)

Fair value hierarchy (cont'd)

The hierarchy requires the use of observable market data, when available. The Credit Union considers relevant and observable market prices in its valuations where possible.

The following table presents the Credit Union's financial assets and value.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At December 31, 2024				
FVTPL - Corporate equity				
Equity securities	349,463	-	1,720,637	2,070,100
Total financial assets	349,463	-	1,720,637	2,070,100
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At December 31, 2023				
FVTPL - Corporate equity				
Equity securities	339,800	-	771,437	1,111,237
Total financial assets	339,800	-	771,437	1,111,237
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At December 31, 2023	339,800	-	771,437	1,111,237
Acquisition	-	-	949,200	949,200
Gain on revaluation	9,663	-	-	9,663
At December 31, 2024	349,463	-	1,720,637	2,070,100

The Credit Union's management performs valuations of financial items for financial reporting purposes. Valuation techniques are selected based on the characteristics of each instrument, using discounted cash flows. Valuation processes and fair value changes are undertaken at least every year, in line with the Credit Union's reporting dates.

ii) Non-financial instruments measured at fair value

Fair value measurement of non-financial assets

	2024 \$	2023 \$
At December 31, 2024		
Investment properties	13,679,136	13,679,136
Land and building	10,902,974	10,914,451
Total nonfinancial assets at fair value	24,582,110	24,593,587

5. Financial risk management (cont'd)

b. Fair value of financial assets and liabilities (cont'd)

ii) Non-financial instruments measured at fair value (cont'd)

Fair value of the Credit Union's real properties was revalued by an independent, professionally qualified property valuator. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and Audit Committee and adopted at reporting date. The valuation approach used prices and other relevant information generated by market transactions involving identical or comparable assets. Under the market approach, the value is determined based on comparable transactions. Management is of the opinion that these properties fair value will estimate the current market value.

6. Cash resources

	2024 \$	2023 \$
Cash on hand	5,275,586	3,950,913
Current account	13,904,786	16,319,979
Special savings	83,607,030	61,771,119
	<u>102,787,402</u>	<u>82,042,011</u>

The effective interest rate on special savings is 0.75% (2023: 2.00%)

7. Inventories

	2024 \$	2023 \$
Balance - beginning of year	8,769,271	7,442,874
Development costs	70,796	1,326,397
Lands sold	(553,993)	-
Balance - end of year	<u>8,286,074</u>	<u>8,769,271</u>

Inventories comprise land at Peter's Hope held for real estate development, subdivision and sale.

The General Employees Cooperative Credit Union Limited (GECCU) owns property adjoining the lands owned by the National Insurance Services (NIS). Both parties, the NIS and GECCU, entered into a Memorandum of Understanding (MOU) that establishes a working relationship for the joint planning and physical infrastructural development of the properties owned by the parties ("the Project"). The MOU establishes and defines the Project activities and provides for, among other things, a framework for project administration and cost allocation. The total size of the proposed development is 57 acres. GECCU is the owner of 30 acres and the NIS owns 27 acres. The parties plan to develop and subdivide the lands for residential and commercial purposes with the intention to sell in the ordinary course of business.

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8. Investment securities

(i) Debt securities at amortised cost

	2024 \$	2023 \$
(a) Treasury bills		
Government of St. Vincent and the Grenadines - 365-day treasury bills	-	4,981,570
Government of St. Lucia - 365-day treasury bills	1,001,000	1,001,000
Government of Grenada - 365-day treasury bills	6,046,955	2,116,184
Government of Antigua and Barbuda - 365-day treasury bills	4,342,830	4,316,574
Government of St. Vincent and the Grenadines - 91-day treasury bills	4,969,380	-
Government of Dominica - 91-day treasury bills	1,649,112	4,987,870
	18,009,277	17,403,198
Interest receivable	167,568	170,150
	18,176,845	17,573,348
Less: expected credit loss	(380,440)	(389,638)
	17,796,405	17,183,710
(b) Bonds		
Government of St. Vincent and the Grenadines - 10-year bonds	2,702,700	3,003,000
Government of St. Vincent and the Grenadines - 6-year bonds	6,006,000	6,206,200
Government of St. Vincent and the Grenadines - 8-year bonds	4,002,000	4,002,000
Government of St. Vincent and the Grenadines - 7-year bonds	3,787,858	4,931,144
Government of St. Vincent and the Grenadines - 5-year bonds	6,316,550	8,359,064
Government of St. Vincent and the Grenadines - 4-year bonds	1,251,746	3,753,490
First Citizen - 2-year bonds	3,260,280	3,260,280
	27,327,134	33,515,178
Interest receivable	567,351	503,282
	27,894,485	34,018,460
Less: expected credit loss	(476,970)	(528,604)
	27,417,515	33,489,856
(c) Term deposits		
Eastern Caribbean Home Mortgage Bank - 1-year corporate paper	10,331,000	8,331,000
St. Vincent Teachers Co-operative Credit Union - 1-year deposit	3,759,545	3,632,411
Bank of St. Vincent and the Grenadines - 1-year deposit	15,890,124	15,655,295
St. Vincent Police Co-operative Credit Union - 5-year deposit	3,000,000	3,000,000
St. Vincent Co-operative Bank - 1-year term deposit	103,178	102,156
St. Vincent Co-operative League - CFF deposit	861,989	853,500
St. Vincent Co-operative League - 1-year deposit	378,665	374,871
Colonial Life Insurance Company (CLICO)	4	4
First Citizen Investment Services - 1-year deposit	8,722,534	6,574,611
Ariza Credit Union - 3-year deposit	3,254,369	3,254,369
St. Vincent Small and Micro-Finance Co-operative Limited (COMFI)	522,500	522,500
	46,823,908	42,300,717
Interest receivable	631,660	482,675
	47,455,568	42,783,392
Less: expected credit loss	(1,511,817)	(1,575,932)
	45,943,751	41,207,460
Total debt securities at amortised cost	91,157,671	91,881,026

During the year ended December 31, 2024, interest rates varied from 1.00% to 7.5% per annum (2023 - 1.00% to 7.5%).

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8. Investment securities

(ii) Equity securities at fair value through profit or loss

	2024 \$	2023 \$
(a) <i>Designated as fair value through profit or loss (FVPL)</i>		
Preference Shares in East Caribbean Home Mortgage Bank	949,200	-
17,355 shares in Bank of St. Vincent and the Grenadines Limited	156,195	156,195
71,222 shares in First Caribbean International Bank Limited	193,268	183,605
111,301 shares in St. Vincent Co-operative League	556,507	556,507
404 shares in East Caribbean Home Mortgage Bank	73,950	73,950
4,666 shares in St. Vincent Brewery	139,980	139,980
100 shares in St. Vincent Building and Loan Association	1,000	1,000
Total equity securities at fair value	2,070,100	1,111,237

The movement in expected credit loss allowance is as follows:

	2024			
	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Loss allowance as at 1 January 2024	1,971,674	-	522,500	2,494,174
Provision on additions to investment	935,497	-	-	935,497
Provision on matured investments	(1,464,504)	-	-	(1,464,504)
- Increases due to change in credit risk	404,060	-	-	404,060
Loss allowance as at 31 December 2024	1,846,727	-	522,500	2,369,227
	2023			
	Stage 1 12-month ECL \$	Stage 2 Lifetime ECL \$	Stage 3 Lifetime ECL \$	Total \$
Loss allowance as at 1 January 2023	1,886,474	-	522,500	2,408,974
Provision on additions to investment	1,046,963	-	-	1,046,963
Provision of matured investments	(1,345,201)	-	-	(1,345,201)
- Increases due to change in credit risk	383,438	-	-	383,438
Loss allowance as at 31 December 2023	1,971,674	-	522,500	2,494,174

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9. Loan to members

The Credit Union's loans portfolio as at December 31, 2024 are in the following staging categories.

	2024			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Consumer	108,221,481	2,448,141	8,724,282	119,393,904
Computer	96,731	733	48	97,512
Mortgage	99,683,836	910,215	7,007,814	107,601,865
Student	2,744,099	-	301,982	3,046,081
Gross loans	210,746,147	3,359,089	16,034,126	230,139,362
Add: Interest receivable	666,906	32,956	189,421	889,283
Gross loans and interest receivable	211,413,053	3,392,045	16,223,547	231,028,645
Less: ECL allowance	(761,560)	(52,267)	(5,678,146)	(6,491,973)
	210,651,493	3,339,778	10,545,401	224,536,672

	2023			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Consumer	93,587,860	2,197,401	5,942,340	101,727,601
Computer	217,176	-	-	217,176
Mortgage	93,088,862	346,528	5,998,887	99,434,277
Student	3,022,628	-	147,535	3,170,163
Gross loans	189,916,526	2,543,929	12,088,762	204,549,217
Add: Interest receivable	650,831	53,618	159,620	864,069
Gross loans and interest receivable	190,567,357	2,597,547	12,248,382	205,413,286
Less: ECL allowance	(781,261)	(62,945)	(4,804,297)	(5,648,503)
	189,786,096	2,534,602	7,444,085	199,764,783

The average yield on loans for the year was 8.1% (2023: 8.3%).

The movement in the expected credit loss allowance is as follows:

	2024				
	Consumer	Computer	Mortgage	Student	Total
	\$	\$	\$	\$	\$
Balance, beginning of year	3,657,761	958	1,937,819	51,965	5,648,503
Amounts charged/(write off)	-	-	-	-	-
Expected credit losses	749,165	(380)	67,494	27,191	843,470
Balance, end of year	4,406,926	578	2,005,313	79,156	6,491,973

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9. Loan to members (cont'd)

The movement in the provision for impaired loans is as follows:

	2023				
	Consumer \$	Computer \$	Mortgage \$	Student \$	Total \$
Balance, beginning of year	3,868,451	1904	1,918,114	108,150	5,896,619
	(996,462)	-	-	(67,514)	(1,063,976)
Expected credit losses	785,772	(946)	19,705	11,329	815,859
Balance, end of year	3,657,761	958	1,937,819	51,965	5,648,503

10. Right-of-use assets

	2024 \$	2023 \$
Cost		
Balance as at January 1	1,086,058	944,654
Additions	167,273	141,404
Balance as at December 31	1,253,331	1,086,058
Accumulated depreciation		
Balance as at January 1	717,176	618,658
Depreciation charge	139,668	98,518
Balance as at December 31	856,844	717,176
Net book value as at December 31	396,487	368,882

11. Other assets

	2024 \$	2023 \$
ATM receivable	689,597	598,643
Rent receivable	359,534	187,607
Prepaid expenses	57,376	56,858
Staff receivables - net	11,569	2,591
Western Union receivable	26,383	30,144
Deposits on fixed assets	331,605	612,161
Others	70,975	42,682
	1,547,039	1,530,686

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12. Investment properties

	Coombs Building \$	Bounty Building \$	Reliance Building \$	Cane Hall (land) \$	River 14 \$	Main Office (Upper Halifax Street) \$	Total \$
Year ended December 31, 2024							
Carrying value, beginning of year	1,313,339	3,195,141	3,382,681	1,276,000	1,481,975	3,030,000	13,679,136
Additions	-	-	-	-	-	-	-
Grant income realised	-	-	-	-	-	-	-
Gain/(loss) on revaluation	-	-	-	-	-	-	-
Carrying value, end of year	1,313,339	3,195,141	3,382,681	1,276,000	1,481,975	3,030,000	13,679,136
Year ended December 31, 2023							
Carrying value, beginning of year	1,313,339	3,195,141	3,382,681	1,276,000	1,434,500	3,030,000	13,631,661
Additions	-	-	-	-	47,475	-	47,475
Grant income realised	-	-	-	-	-	-	-
Gain on revaluation	-	-	-	-	-	-	-
Carrying value, end of year	1,313,339	3,195,141	3,382,681	1,276,000	1,481,975	3,030,000	13,679,136

Investment properties comprise property held for rental and capital appreciation. Rental income from investment properties amounted to \$747,246 (2023: \$771,465) and direct operating expenses amounted to \$209,533 (2023: \$135,750). Fair value gain of \$nil (2023: nil) has been recognised in other operating income (expense) (see note 27).

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Credit Union's investment property portfolio every three years.

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13. Property, plant and equipment

	Land	Buildings	Furniture and Equipment	Computer equipment & software	Motor Vehicles	Leasehold Improvement	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost or valuation								
Balance as at January 1, 2023	6,125,238	5,094,907	2,377,532	2,505,557	345,114	165,722	549,214	17,163,284
Additions	-	-	220,284	203,010	-	7,038	-	430,332
Disposals	-	-	-	(32,117)	-	-	-	(32,117)
Balance as at December 31, 2023	6,125,238	5,094,907	2,597,816	2,676,450	345,114	172,760	549,214	17,561,499
Balance as at January 1, 2024	6,125,238	5,094,907	2,597,816	2,676,450	345,114	172,760	549,214	17,561,499
Additions	90,421	-	488,384	424,767	-	-	-	1,003,572
Disposals	-	-	(193,851)	(42,807)	-	-	-	(236,658)
Balance as at December 31, 2024	6,215,659	5,094,907	2,892,349	3,058,410	345,114	172,760	549,214	18,328,413
Accumulated depreciation								
Balance as at January 1, 2023	-	203,796	1,954,666	1,739,107	233,749	159,215	-	4,290,533
Depreciation for the year	-	101,898	263,505	427,366	37,121	4,659	-	834,549
Disposals	-	-	-	(31,058)	-	-	-	(31,058)
Balance as at December 31, 2023	-	305,694	2,218,171	2,135,415	270,870	163,874	-	5,094,024
Balance as at January 1, 2024	-	305,694	2,218,171	2,135,415	270,870	163,874	-	5,094,024
Depreciation for the year	-	101,898	322,372	467,762	37,121	4,659	-	933,812
Disposals	-	-	(191,688)	(40,403)	-	-	-	(232,091)
Balance as at December 31, 2024	-	407,592	2,348,855	2,562,774	307,991	168,533	-	5,795,745
Net book value								
As at December 31, 2023	6,125,238	4,789,213	379,645	541,035	74,244	8,886	549,214	12,467,475
As at December 31, 2024	6,215,659	4,687,315	543,494	495,636	37,123	4,227	549,214	12,532,668

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14. Other payables

	2024	2023
	\$	\$
Accrued expenses	618,867	543,259
ATM payable	2,567,233	2,087,483
Due to COMFI	282,201	282,201
Accrued vacation liability	130,535	113,816
Accrued pension liability	476,951	412,675
Retirement benefit provision	476,510	296,837
Member's Insurance deposit payable	915,483	601,186
ECL provision on undisbursed loans	340,039	344,639
Trade and other payables	2,728,435	1,919,338
	<u>8,536,254</u>	<u>6,601,434</u>

15. Staff retirement benefit plan

The Credit Union has a defined contribution retirement plan, which is administered by Colonial Life Insurance Company (Trinidad) Limited (CLICO) for eligible full-time employees. Pursuant to the provisions of the plan, the Credit Union is required to contribute four per cent (4%) of each qualifying employee's salary to the plan. As of reporting date, Colonial Life Insurance Company (Trinidad) Limited is under judicial management and is insolvent. The Credit Union retains the pension contributions in a deposit account, which at reporting date amounted to \$1,428,871 (2023: \$1,235,833). The deposit earns interest at the rate of 2% per annum.

16. Lease liabilities

	2024	2023
	\$	\$
Balance as at January 1	374,058	328,623
Additions	167,273	141,404
	541,331	470,027
Less: Lease payments	(150,905)	(95,969)
Balance as at December 31	<u>390,426</u>	<u>374,058</u>

Maturity analysis

	2024	2023
	\$	\$
Less than one year	144,439	105,312
Between one and five years	245,987	268,746
	<u>390,426</u>	<u>374,058</u>

17. Members' deposits

	2024	2023
	\$	\$
Term deposits	66,349,776	66,003,606
Saving deposits	146,042,934	124,083,463
	212,392,710	190,087,069
Interest payable on term deposits	839,566	829,780
	<u>213,232,276</u>	<u>190,916,849</u>

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18. Members' ordinary savings

	2024 \$	2023 \$
Members' ordinary shares	164,351,775	148,384,504
Interest payable on member ordinary shares	3,003,149	2,738,315
	<u>167,354,924</u>	<u>151,122,819</u>

Members' ordinary savings bear interest at rates not exceeding the rate of interest stipulated by the East Caribbean Central Bank (ECCB).

19. Share capital

(i) Qualifying shares

	2024 \$	2023 \$
Authorised number of shares of \$1 par value	Unlimited	Unlimited
Issued and fully paid		
Balance - beginning of year	4,525,846	4,364,318
Issued during the year	207,092	193,962
Repurchased during the year	(31,865)	(32,434)
	<u>4,701,073</u>	<u>4,525,846</u>

(ii) Equity shares

	2024 \$	2023 \$
Authorised number of shares of \$1 par value	Unlimited	Unlimited
Issued and fully paid		
Balance - beginning of year	32,261,137	30,917,107
Issued during the year	1,958,112	1,472,607
Repurchased during the year	(40,112)	(128,577)
Balance - end of year	<u>34,179,137</u>	<u>32,261,137</u>
Total share capital	<u>38,880,210</u>	<u>36,786,983</u>

Holders of qualifying and equity shares are entitled to vote at the Credit Union's general meetings and any dividend duly declared. Each shareholder is entitled to one vote.

20. Statutory reserve

Pursuant to the provisions of Article XIX (1) of the By-Laws and Part VII section 124 of the Co-operative Societies Act 2012 (Amended), the Credit Union shall credit all entrance fees and fines collected from members to the statutory reserve. If at the end of each financial year the amount standing to institutional capital, before any declaration of dividend, is less than seven percent (7%) of total assets, the Credit Union shall transfer to statutory reserves for that year not less than thirty percent (30%) of its surplus or such other sum as may be required to increase the institutional capital to seven percent (7%) of total assets.

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20. Statutory reserve (cont'd)

	2024 \$	2023 \$
Balance - beginning of year	10,821,081	9,698,182
Entrance fees received in current year	1,592	1,497
Appropriation of statutory reserve	1,288,295	1,121,402
Balance - end of year	12,110,968	10,821,081

21. Social development fund

The Social Development Fund is to assist needy members to recover from severe illness/emergencies/natural disasters. Each member is required to make an annual contribution thereto of \$20.

	2024 \$	2023 \$
Balance - beginning of year	2,296,822	2,321,000
Contribution received	700,980	662,820
Payments from fund	(629,301)	(686,998)
Balance - end of year	2,368,501	2,296,822

22. Statutory development fund

In accordance with Article 125 of the Co-operative Societies Act 2012, the Credit Union shall maintain, from annual appropriations not exceeding ten percent of net profits, a Development Fund, which shall be administered by the National League, for the development of registered societies.

	2024 \$	2023 \$
Balance - beginning of year	30,000	30,000
Payment to National League	(30,000)	(30,000)
Annual transfer of profits	30,000	30,000
Balance - end of year	30,000	30,000

23. Investment income

	2024 \$	2023 \$
Interest on savings account	525,635	437,021
Interest on investments	3,165,211	2,934,856
Dividend income	27,460	17,520
	3,718,306	3,389,397

24. Expected credit losses

	2024 \$	2023 \$
Loans and advances and undrawn loan commitments	845,724	815,859
Recoveries	(17,868)	(14,229)
Expected credit loss on loans, net of recoveries	827,856	801,630
Financial investments	(124,947)	85,200
	702,909	886,830

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25. General and administrative expenses

	2024	2023
	\$	\$
Advertising	337,769	387,256
ATM card embossing cost	9,893	3,155
Audit fee	100,226	99,137
Bank charges	200,685	154,080
Board and committee expenses	230,835	212,438
Credit Union week	22,990	13,000
Cleaning expenses	56,560	48,435
Depreciation - property, plant and equipment	933,812	834,549
Depreciation - right -of -use assets	139,668	98,518
Donations	91,016	72,269
Education and promotion	77,246	15,452
Electricity	199,495	172,190
General insurance	123,176	121,097
Georgetown branch expenses	160,265	115,382
Grenadines branches expenses	314,919	224,646
Honorarium	9,600	9,600
Insurance on members' shares and loans	1,981,931	1,845,387
League dues	180,505	173,699
Lease interest	10,072	8,922
Licensing fees	380,602	385,221
Meeting expenses	121,566	113,245
Miscellaneous expenses	813	2,543
Motor vehicle expenses	35,831	34,403
Office expenses	306,744	301,265
Professional fees	186,018	21,591
Property tax	11,851	11,571
Rent	17,911	86,497
Repairs and maintenance	208,285	136,799
River 14 expense	159,975	129,984
Security	191,034	139,885
Social events	176,240	68,162
Social assistance expense	22,647	3,606
School co-operative expense	8,678	1,970
Scholarships	221,712	204,850
South Rivers branch expense	156,475	118,551
Stationery, postage, and office supplies	100,956	94,749
Subscriptions and membership dues	9,039	4,899
Telephone and Internet	184,463	191,368
Water and sewerage	17,312	20,051
Convention and summit	185,676	204,163
	7,884,491	6,884,585

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26. Staff costs

	2024 \$	2023 \$
Education assistance	5,073	1,010
Group medical insurance	141,718	138,375
Holiday grant	12,500	14,500
Pension	157,575	140,089
Retirement benefit	179,673	161,955
National Insurance contributions	168,992	141,743
Salaries, wages, and bonus	3,344,258	3,173,189
Staff training	123,327	85,621
Travel, phone and entertainment allowances	120,387	119,450
Uniforms	86,412	63,027
Utilities and housing allowance	16,800	17,058
	<u>4,356,715</u>	<u>4,056,017</u>
Number of employees as of reporting date	<u>74</u>	<u>73</u>

27. Other operating income/(expenses)

	2024 \$	2023 \$
Commission income	121,842	98,197
Loss on disposal of property, plant, and equipment	(4,567)	(1,059)
Income/(expense) on death benefit plan - net (Note 28)	87,775	(93,620)
Rental income	814,847	830,803
Loan processing fees	661,316	587,674
Security processing fees	890,638	587,081
Gain on sale of land	66,636	-
Other incomes	287,160	114,067
	<u>2,925,647</u>	<u>2,123,143</u>

28. Income on death benefit plan - net

	2024 \$	2023 \$
Members' death benefit contributions during the year	1,131,480	1,098,060
Death benefit claims paid during the year	(1,043,705)	(1,191,680)
	<u>87,775</u>	<u>(93,620)</u>

29. Income tax

In accordance with Section 25 of the Income Tax Act 1979, the Credit Union is exempt from income tax.

30. Short-term leases and leases of low-value assets

The credit union has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets. The credit union uses short-term operating lease mainly to secure additional storage space in Southern Grenadines. The credit union recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes. Short-term operating lease expenditure in 2024 totaled \$6,000 (2023: \$12,000).

31. Related party balances and transactions

a. Identity of related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Credit Union considers the Board of Directors, Committee members and key management personnel as related parties.

If a party has control over or the party has significant influence over the Credit Union or is a member of the key management personnel, it is considered a related party.

The Board of Directors, committees, and staff of the General Employees Co-operative Credit Union Limited are therefore considered as related parties.

These represent loans outstanding and deposits held by related parties as identified in (a).

	2024 \$	2023 \$
Loans		
Directors and volunteers	5,209,431	3,348,918
Staff	10,416,079	9,348,622
	<u>15,625,510</u>	<u>12,697,540</u>

	2024 \$	2023 \$
Deposits		
Directors and volunteers	2,483,919	2,059,767
Staff	1,806,980	1,742,260
	<u>4,290,899</u>	<u>3,802,027</u>

b. Key management compensation

	2024 \$	2023 \$
Salaries	981,653	931,408
National Insurance Services	29,688	23,399
Board honorarium	9,600	9,600
Board and committee allowance	230,835	212,438
	<u>1,251,776</u>	<u>1,176,845</u>

32. Commitments

a. Capital commitments

For the year ended December 31, 2024

As of reporting date, the Credit Union is committed to capital expenditure contracts amounting to approximately \$390,337 as follows:

	Total committed balance \$
Design of the GECCU Head office	386,871
Virtualization and Disaster Recovery Project	3,466
	<u>390,337</u>

For the year ended December 31, 2023

As of reporting date, the Credit Union is committed to capital expenditure contacts amounting to approximately \$405,251 as follows:

	Total committed balance \$
Design of the GECCU Head office	386,871
Painting of South Rivers Project	6,000
Virtualization and Disaster Recovery Project	12,380
	<u>405,251</u>

b. Loan commitments

Loan commitments in respect of undisbursed loans as at December 31, 2024 amounted to \$14,543,204 (2023: \$12,725,288).

33. Comparatives

Certain comparatives have been amended to conform to the current year's presentation.