



ANNUAL REPORT 2017

VISION

We will be the financial institution
of choice for our members,
providing excellent service,
relevant products and trusted
financial information.

MISSION

We are a member-based organization that is committed
to enhancing the quality of life for its members by
providing opportunities for wealth creation
through sustainable growth and delivering
excellent service.

PRAYER OF ST. FRANCIS OF ASSISI

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

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

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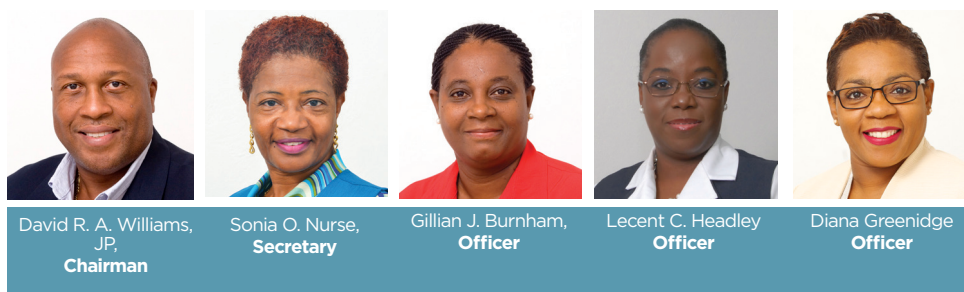
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BOARD OF DIRECTORS & COMMITTEES

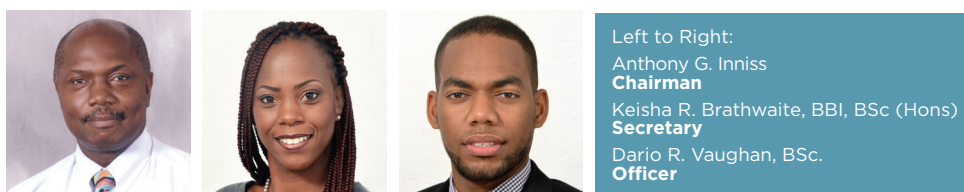
BOARD OF DIRECTORS



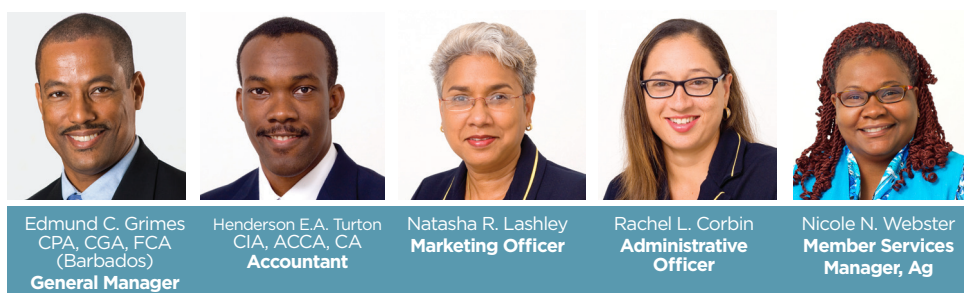
CREDIT COMMITTEE



SUPERVISORY COMMITTEE



MANAGEMENT TEAM



Corporate Information

EMPLOYEES

General Manager
Accountant
Administrative Officer
Compliance Officer
Marketing Officer
Member Services Manager, Ag
Accounting Officer
Member Services Officer, Credit Risk & R&D
Member Services Officer
Member Services Officer- Delinquency
Securities Officer
Accounts Clerk
Accounts Clerk
Member Services Rep.
Member Services Rep.
Member Services Loans Clerk
Member Services Loans Clerk
Member Services Loans Clerk

Edmund C. Grimes, CPA, CGA, FCA (Barbados)
Henderson E.A. Turton, CIA, ACCA, CA
Rachel L. Corbin
Anita Chandler-Marshall, MICA
Natasha R. Lashley (Mrs.)
Nicole N. Webster
Melissa D. Weekes, BSc.
Mario Greenidge, BSc.
Tareq R. Branch, BSc.
Ann Roach (Mrs.)
Shauntelle O. J. Shepherd (Mrs.)
Dionne P. Waterman, BSc.
Kathy-Ann U. Bascombe (Mrs.), Dip. Theol.
Faith-Marie P. Bryan
Hazel E. Weekes (Mrs.)
Kyle J. Herbert, BSc.
Nichola N. Thomas
Sheena S. Freeman

AUDITORS

M E Murrell & Co

BANKERS

Republic Bank Barbados
First Citizens Bank Barbados

ATTORNEYS-AT-LAW

Denaz Law Chambers

REGISTERED OFFICE

1st Floor Dockland Place
Cavans Lane
Bridgetown
Barbados

SATELLITE OFFICE

Sargeant's Village
Christ Church

Tel. (246) 431-0803/431-0984,
Fax. (246) 431-0006
Website: www.lifetimecu.com
E-mail: info@lifetimecu.com

Tel: (246) 228-5040/228-5043;
Fax. (246) 434-0492
Website: www.lifetimecu.com
E-mail: info@lifetimecu.com

Photo Gallery

ANNUAL GENERAL MEETING



CSEC WINNERS

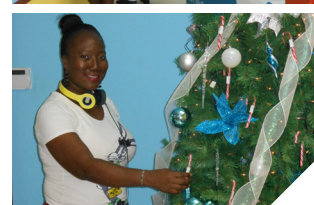


Photo Gallery

11-PLUS CELEBRATION



MEMBER APPRECIATION DAY



Member Profile



Kenroy Lewis

Kenroy Lewis is 25 years old and is employed as a Customer Attendant with Massy Stores. This energetic young man joined the Lifetime Co-operative Credit Union in 2010 at the age of 18. Kenroy was employed with the then Super Centre group and was encouraged by a work colleague to join the Credit Union and begin saving. He readily jumped at the opportunity to open an account with the Credit Union as he has “always liked to save”.

This disciplined desire to save was handed down to Kenroy by his mother. He reminisced that his mother taught him from an early age the importance of saving and that she stressed that he should attempt to put aside some portion of any money he received. During his primary school years, he put his mother’s advice into practice and saved a portion of his pocket money weekly. Kenroy explained with pride that with those savings he purchased all his school supplies for his 1st form year at secondary school on his own. He recalls the pride his mother felt at this accomplishment and

that she proudly shared the story of this achievement with others.

When Kenroy became a member of the Credit Union his initial and immediate focus was on saving; though he knew that the possibility existed that he may borrow from the Credit Union at some point in time, his attention was savings driven. He liked the fact that he could separate his savings from his earnings for living expenses because in his words “it’s always easy to take off (money) but extremely hard to put it back”. One of the things this young man indicated he is really “glad” about, is the fact that he does not have 24/7 access to his credit union account. This together with his disciplined approach and the added benefit of a direct payroll facility from his employer continue to assist him with achieving his savings goals.

When questioned about the key to his savings success, Kenroy sums it up in one word “patience”. He believes that we live in a fast paced world and that the expectation is for everything to happen immediately but this does not apply to building savings. This young man plans to work towards his goals in a very focused and patient manner. His advice to young people like himself is to “start saving before you start borrowing” and keep saving on a consistent basis.

Kenroy enjoys travelling and participating in regional carnivals. He has experienced some of the carnival celebrations within the region and looks forward to someday moving outside the Caribbean. His hobbies include playing football and cricket and listening to Soca music.



Report of the Board of Directors

On behalf of the Board of Directors, I am pleased to report that the year ended March 31, 2017 was another successful one for the Lifetime Co-operative Credit Union Ltd.

Your Board and Management has focussed conscientiously on safeguarding sustainable profitability, ensuring that the Lifetime Credit Union adapts itself to remain relevant to its members, working within a risk management context, policy changes to manage risk and excellent governance through standard setting and achievement.

FINANCIAL PERFORMANCE

Our Credit Union exhibited a sound financial performance with growth of total assets by \$1.7 million, members' savings by \$1.7 million, net loans by \$1.2 million and investments by \$0.8 million. We reduced our demand deposits and non-earning cash by \$0.2 million to maximize our return on excess cash.

Interest earned on loans fell by \$33,000. This resulted from lower rates of interest offered to members, coupled with insignificant loan growth during the first half of the financial year. Investment interest earned fell by \$65,000. This resulted from the low interest rate environment that exists. As our interest bearing investments matured, many were reinvested at significantly lower rates. Therefore, considering the market conditions that prevailed, your Board took the decision to reduce interest rates on all classes of deposits during the year but ensured that our rates remained competitive such that members earned reasonable returns on their savings. With these decisions, interest expense fell by \$113,000 and Net Interest Income increased by a mere \$15,000.

Other Income improved by \$62,000 over the previous year. This resulted significantly from increases in dividends and investment gains. However, operating expenses increased by \$82,000 and the combination of all financial factors resulted in before-tax Net Income of \$284,000 falling by \$5,000 from the previous-year result. The Assets Tax ended on commencement of the financial year under review; and therefore, the final Net Income improved by \$101,000. As the interest expenses includes interest paid on Share savings, the Net Income is equivalent of the amount required to be transferred to the Credit Union's Statutory Reserves for the year.

LOANS AND DELINQUENCY

Our Credit Union has consistently maintained careful lending policies to minimize its lending risks. During the year, the Board approved some changes to lending as part of a new Credit Risk Policy, while lowering its lending rates. We are confident that such changes have made our institution more competitive and that they have contributed to the loan growth as reported.

Report of the Board of Directors

We are pleased that our delinquent loan balances have been reduced and the delinquency ratio improved from 4.7% to 3.8% as of the end of the financial year. Nonetheless, I echo the sentiments of previous Boards that our Management remains committed to working with members who experience genuine difficulty and who demonstrate intent to repay their debts but will make every effort to recover all outstanding amounts due to our Credit Union.

GENERAL OPERATIONS

Along with the enhancements to its financial products, the Credit Union placed greater emphasis on mass media advertising and raising the profile of the Lifetime Co-operative Credit Union brand during the year. Our initiatives culminated in a net increase of one hundred and eighty-eight members, thirteen (13) persons more than the growth of the previous year.

The two locations of the Credit Union continued operations seamlessly throughout the year, both offering cash withdrawals to members. After the decisions by Massy Stores Home at Pierhead and PriceLo at Sargeants Village to discontinue the cash withdrawal service for members at those locations, members welcomed this new cash withdrawal service within the Credit Union's offices and utilized it well. As should be expected, it has resulted in security enhancements and related increases in security expenses. The Saturday opening during December 2016 was also well utilized at both branches.

CORPORATE GOVERNANCE

Your Board remains active and informed about our business performance and of any developments that may affect it. During the year, we convened fourteen (14) Board meetings, three (3) meetings of a Finance Committee of the Board and Management and four (4) joint meetings of the Board and Committees. We instituted new policy documents, improved upon existing policies to curb foreseeable risks, considered the comprehensive business plans and contributed to the development of the credit union movement with active representation at the level of the Barbados Co-operative and Credit Union League Ltd., as well as with Co-operators General Insurance Co. Ltd., of which we are shareholders. Our commitment to integrity, diligence and transparency remains; along with a zero tolerance for wrong-doing of any kind in our business.

All Directors and Committee members continue to serve voluntarily.

FUTURE

We expect that the 2017-2018 financial year will be another one of growth for our Credit Union. Consistent with recent press highlights, the low market interest rates on savings have led to noticeable increases in our members' savings thus far in the ensuing financial year (2017-2018). This growth, coupled with the ongoing lowering of market investment yields and very limited investment options will continue to engage



Report of the Board of Directors

our attention. Nonetheless, we will allow our members to build savings while we maintain the objective of growing our portfolio of loans through sound lending decisions. The objective of offering additional member services is of equal importance but these must be cost-effective to maintain the financial stability that is associated with our brand.

Your Board pledges its diligence in the governance of our institution.

APPRECIATION

On behalf of the Board of Directors, I extend sincere appreciation to our Committees, Management and employees for their service. We extend thanks to our members for their patronage and for allowing us to serve this important institution.



Noel M. Nurse
President, Board of Directors
May 15, 2017

Financial Review

OVERVIEW

The Credit Union continued to grow and saw a creditable 3% growth whilst it maintained very good financial health for the year. This was quite commendable given the harsh and uncertain macroeconomic environment in which the Credit Union has had to operate.

PERFORMANCE

General reductions in interest rates for loans and investments resulted in lower total interest income for the year. Net interest for the year was almost identical to last year and the welcomed improvement in other income was overcome by the increase in operating expenses, which rose 4%. With no significant change in income before tax between this year and the prior year, the termination of Tax on Assets as of April 1st, 2016 has led to a boost of net income for the year and translates to income after tax showing a 36% improvement. It meant the Credit Union continued the net income rebound toward pre-2015 levels.

Delinquency indicators showed good improvement during the year, along with those for liquidity, the institution's wealth and our ability to put assets to provident use. These were evident by review of the PEARLS Ratios, which also showed the loans and savings growth rates to be identical.

FINANCIAL POSITION

Total Assets stood at \$56.8M at the end of the current year, reflecting growth by \$1.6M, or 3%, compared to the previous financial year-end. This was propelled by the increase in total members' savings. Members again showed confidence in the Institution as a primary place for saving. Reference to the PEARLS ratios revealed a 3.4% savings growth rate for the year. This however represented a return to normalcy given the surge of the previous year.

The loans to total assets ratio remained stable at 64% at the current year-end and was still outside the lower limit of the range suggested by the PEARLS ratios. Maintenance of the position was quite commendable however, given the harsh and ultra-competitive environment that has emerged for credit. Lifetime therefore held its own, particularly in the regular loans aspect of the portfolio where there was a 7% increase, whilst the mortgages side was comparable to the previous year-end.

Another noteworthy point was the hard work, which translated to a significant reduction in the ratio of delinquent loans from 4.7% to 3.8%. Maintaining this positive region will be a key success factor indicating asset quality as we go forward.

Financial Review

OUTLOOK FOR 2017 - 2018

Rising excess liquidity may remain for the near future, and thereby drive the growth of the Credit Union as members continue to save. However, the challenge will come with balancing the excess liquidity against an increasingly less appealing market for investment; and attracting good borrowers in the face of more aggressive competitors and increasing operational costs.

The soundness and stability of our institution continues to be underpinned by the execution of thorough plans and careful policy-making. This will hold us in good stead. We shall continue to work with our members, enabling provident opportunities for them, despite the harshness and uncertainties presented by these economic times.



Tradaine Ifill
Treasurer, Board of Directors
15 May 2017

Financial Review

PEARLS RATIO ANALYSIS

	Period to 31-Mar-17	Period to 31-Mar-16	Benchmark
Protection			
Equity (less shares) : Total assets	7.9%	7.6%	>10%
Earnings			
Return on average assets	3.0%	3.2%	> 1%
Operating expense : Gross income	57.2%	54.6%	< 50%
Asset Quality			
Delinquent loans : Total loans	3.8%	4.7%	< 5%
Doubtful loans : Total loans	2.1%	2.0%	None
Rate of Growth			
Savings growth	3.4%	9.0%	10% - 20%
Loan growth	3.4%	4.2%	8% - 15%
Liquidity			
Loans : Total assets	64.3%	64.1%	70% - 85%
Structure			
Non-earning assets : Total assets	2.7%	3.8%	< 5%
Other Relevant Ratios:			
Return on members' savings	3.3%	3.5%	None
Asset growth	3.0%	8.4%	None
Ave. yield on investments	4.8%	5.2%	None
Ave. yield on loans	8.3%	8.7%	None
Liquid Investments: Withdrawals & Short loans (months)	18	17	None

Financial Review

5 YEAR FINANCIAL SUMMARY

BALANCE SHEET - (\$000s)

Assets

	2017	2016	2015	2014	2013
Loans to Members	35,828	34,676	33,306	28,972	27,990
Investments & deposits	19,383	18,364	16,686	19,560	16,633
Other Assets	1,662	2,194	976	783	1,412
	56,873	55,234	50,968	49,316	46,034

Liabilities & Capital Reserves

Liabilities	52,395	51,040	46,958	45,373	42,310
Reserves	3,951	3,666	3,389	3,134	2,886
Undivided Earnings	527	527	621	809	838
	55,234	55,234	50,968	49,316	46,034

INCOME STATEMENT

Income

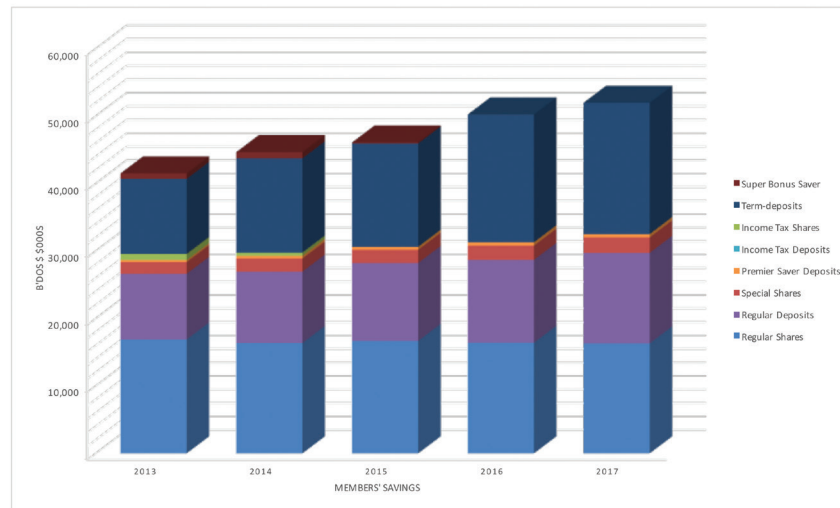
Interest - Loans	2,982	3,014	2,722	2,457	2,589
Income - Investments	910	916	936	939	767
Other Income	8	6	10	9	20
	3,899	3,935	3,668	3,405	3,376

Expenditure

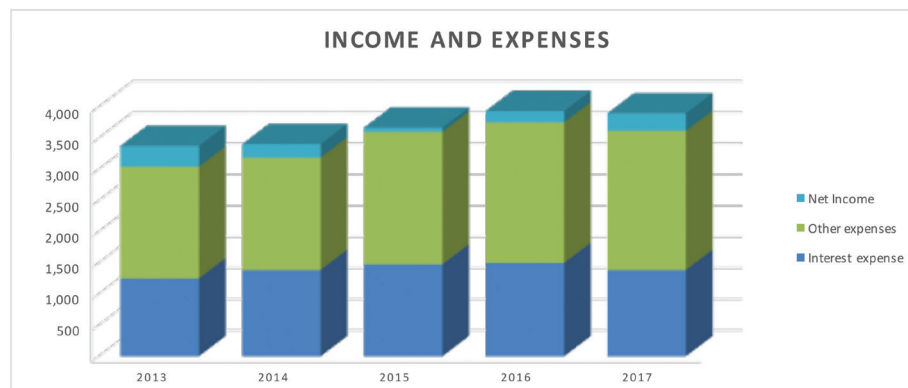
Administrative & general	2,119	2,061	2,004	1,759	1,749
Interest expense on deposits	1,072	1,060	1,003	914	756
Interest/dividend expense on Shares	314	439	472	473	494
Depreciation	111	87	48	41	43
Assets Tax		106	75,274	-	-
	3,616	3,753	3,602	3,187	3,042
Net Income for year	284	183	66	218	334

Financial Review

MEMBERS SAVINGS

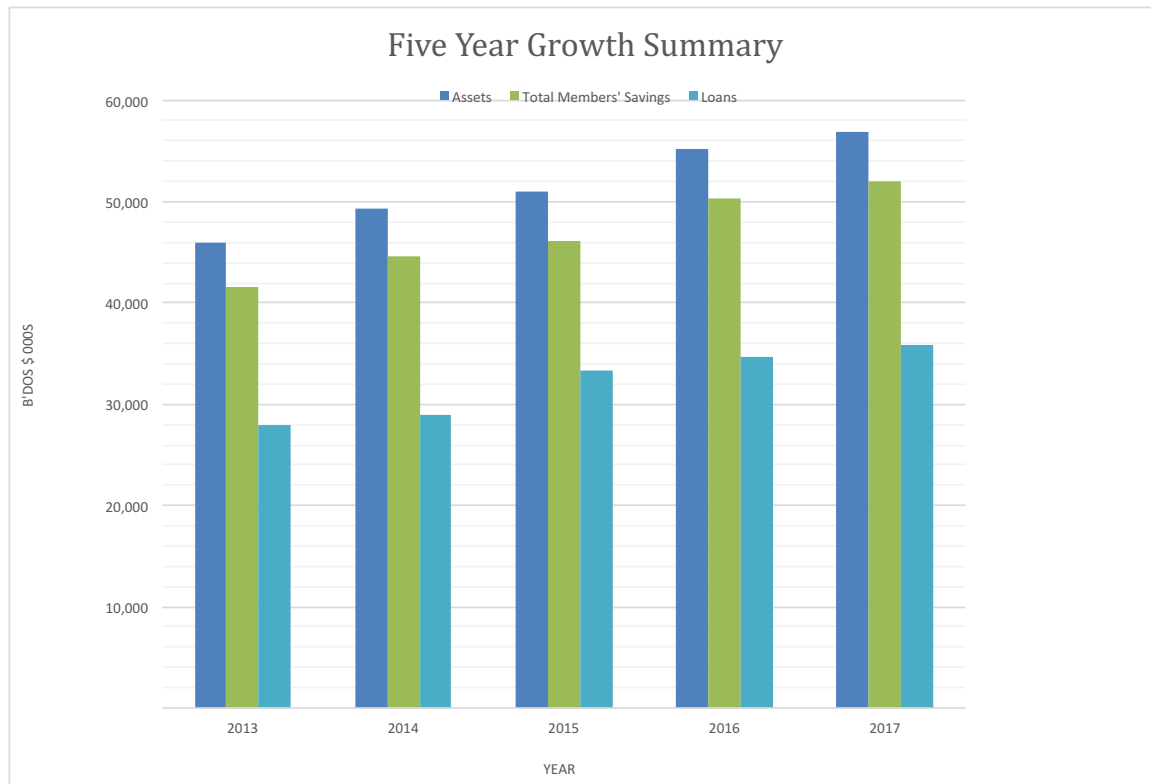


INCOME AND EXPENSES

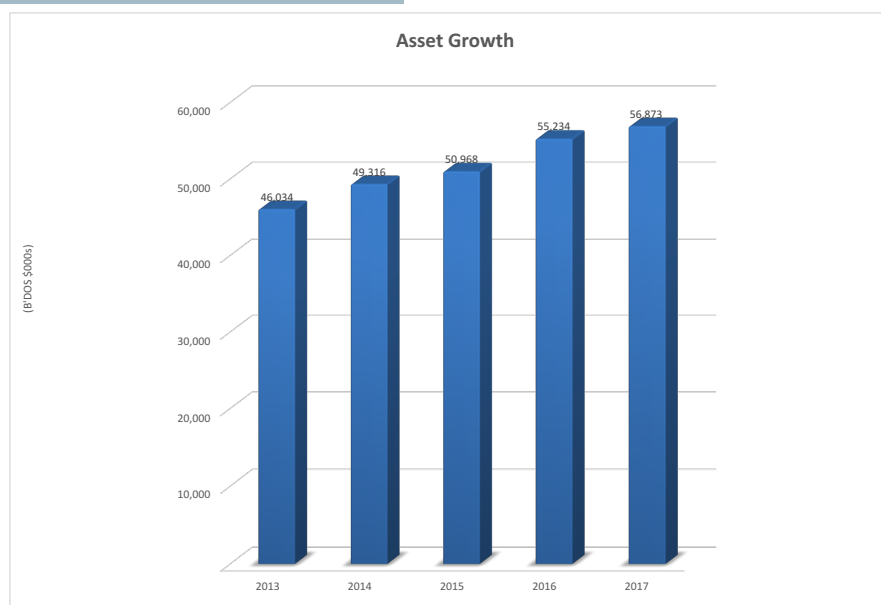


Financial Review

FIVE YEAR GROWTH SUMMARY

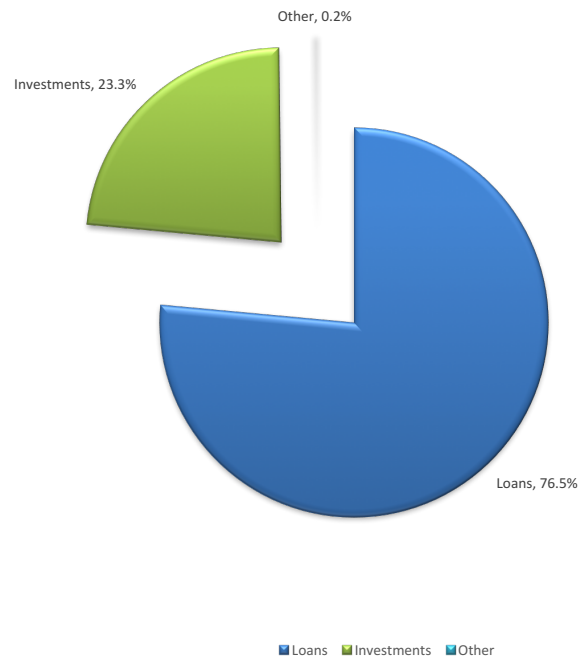


ASSET GROWTH

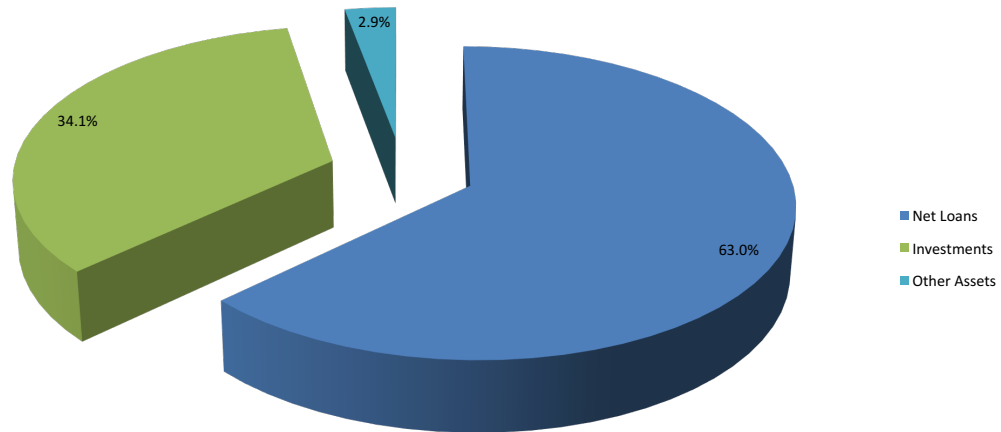


Financial Review

SOURCES OF INCOME 2017



ASSET DISTRIBUTION 2017



Report of the Credit Committee

The Committee is pleased to present its report for the year ended March 2017. We met weekly for 61 regular meetings and 5 Extra-Ordinary Committee meetings.

The amount of loans approved for the period under review was 995, an increase from 835 in the previous year.

Category	No. of Approvals 2017	No. of Approvals 2016	% Change in Number	% Change in Value
Business	2	1	100%	482%
Debt Consolidation	86	91	-5%	47%
Real Estate Purchase	10	5	100%	207%
Real Estate Repair	52	50	4%	-4%
Vacation & Travel	89	69	29%	18%
Vehicle Purchase	49	27	81%	147%
Vehicle Repairs	21	14	50%	45%
Back to School	157	119	32%	59%
Christmas	253	229	10%	41%
Lines of Credit	26	17	53%	7%
Other (Education & Medical)	250	213	17%	-2%
Totals	995	835	19%	66%

LOAN APPLICATIONS

A total number of 1,095 loans were reviewed. Unfortunately, 100 of those applications presented for deliberation could not be approved. The reasons varied from high debt servicing ratios, inadequate security and investigations revealing a history of poor servicing of loans. In addition, inadequate information was submitted by some applicants.

There were significant increases in advances for real estate purchase, vehicle purchase and debt consolidation. Although the number of loans for debt consolidation had decreased, the dollar value increased. This was the only loan type that had decreased in the number of applications although not by a significant number.

Report of the Credit Committee

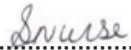
APPRECIATIVE SENTIMENTS

The Committee thanks all the members of staff, particularly the loans officers who worked after 4:30 p.m. to accommodate regular meetings every week and on occasions when Extra-Ordinary Committee meetings were required.

We also thank the Board of Directors, members of the Supervisory Committee and all the stakeholders and members for expressing confidence in our ability to protect members' interests and contribute to the Credit Union's future growth.



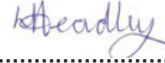
David Williams
Chair



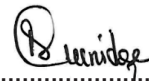
Sonia Nurse
Secretary



Gillian Burnham
Member



Lecent Headley
Member



Diana Greenidge
Member

Report of the Supervisory Committee

INTRODUCTION

The members of the Supervisory Committee are

Anthony Inniss – Chairman

Keisha Brathwaite – Secretary

Dario Vaughan – Member

The role of the Supervisory Committee is as follows:-

1. Examine documents of the Credit Union
2. Verify securities and other documents
3. Monitor operations
4. Investigate complaints from members
5. Verify the assets of the Credit Union
6. Review policies and procedures of the Credit Union and make recommendations where necessary

INTERNAL AUDIT

During the year the Committee examined and reviewed the Board Minutes. We also reviewed and signed off on the monthly Bank Reconciliation statements. Additionally, we reviewed a sample of loan applications for members, staff and all officials. Our examinations revealed that the documentation was in order. The committee also signed off on the monthly reports sent to the Financial Services Commission.

COMPLAINTS

During the period under review the Committee investigated one complaint.

TECHNOLOGY

The new software seems to be settling down and the staff is more comfortable with its operation. However, there are still some areas that need attention. Statements have not been delivered quarterly as was expected. The Committee noted that this matter is getting aggressive attention.

DELINQUENCY

Delinquency continues to be a problem, in these trying times, as the economy continues to face challenges and consequently many job losses. Lifetime Co-Operative Credit Union is consciously aware of the economics situation and uses diverse ways to keep the delinquency within acceptable levels. At March 31, 2017 delinquency was within the Pearls Ratio benchmark and better than the previous year. We commend the staff for a job well done.

Report of the Supervisory Committee

GENERAL

We are happy to report that the satellite branch at Sargeants Village has reopened to facilitate those members who prefer to conduct their business away from the hustle and bustle of Bridgetown.

As interest rates continue to fall and loan growth remains lethargic, the Supervisory Committee is satisfied that we have a diverse investment portfolio to ensure we “keep our head above the water.”

Our performance has again been better than last year and again we hope this positive performance will continue in the next financial year.

ACKNOWLEDGEMENT

The Committee thanks the Board of Directors, the Credit Committee and our wonderful staff who made it possible for us to carry out our mandate. We were indeed happy to serve.



Anthony G. Inniss
Chairman



Keisha Brathwaite
Secretary



Dario Vaughan
Member



INDEPENDENT REPORT OF THE AUDITORS

**To the Members of
Lifetime Co-operative Credit Union Limited**

Opinion

We have audited the financial statements of Lifetime Co-operative Credit Union Limited which comprise the statement of financial position as at March 31, 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 judgement and maintain professional skepticism throughout the audit. We also:

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

Other Matter

This report is made solely to the Credit Union's members, in accordance with Section 109 of the Co-operatives Societies Act of Barbados. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members, for our audit work, for this report, or for the opinion we have formed.



Barbados
May 23, 2017

Statement of Financial Position

As of 31 March 2017 (Expressed in Barbados dollars)

	Note	2017	2016
Assets			
Cash & cash equivalents	6	2,780,475	3,005,639
Accounts receivable & prepayments	7	753,226	760,844
		3,533,701	3,766,483
Net loans to members	8	35,828,070	34,676,082
Investments	9	17,217,019	16,410,534
Plant & equipment	10	294,704	380,717
Total assets		56,873,494	55,233,816
Liabilities and equity			
Liabilities			
Accounts payable & accruals	11	401,249	776,137
Deposits and shares payable	12	51,994,090	50,264,165
		52,395,339	51,040,302
Equity			
Reserves		3,951,410	3,666,213
Undivided earnings		526,745	527,301
		4,478,155	4,193,514
Total liabilities & equity		56,873,494	55,233,816

See notes to financial statements.

Approved by the Board of Directors, 23 May, 2017, and signed on their behalf by:



President



Treasurer

Statement of Changes in Equity

As of 31 March 2017 (Expressed in Barbados dollars)

	Statutory Reserve	Undivided Earnings	Total
Balance - 31 March 2015	3,389,239	620,627	4,009,866
Entrance fees	805	-	805
Net income for year	-	182,843	182,843
Statutory Reserve allocation	276,169	(276,169)	-
Balance - 31 March 2016	3,666,213	527,301	4,193,514
Entrance fees	830	-	830
Net income for year	-	283,812	283,812
Statutory Reserve allocation	284,367	(284,367)	-
Balance - 31 March 2017	3,951,410	526,745	4,478,156

See notes to financial statements.

Statement of Comprehensive Income

As of 31 March 2017 (Expressed in Barbados dollars)

	Note	2017	2016
Interest income:			
Loans to members		2,981,511	3,014,303
Cash equivalents		9,379	9,170
Investments		823,640	888,841
<i>Total interest income</i>		<u>3,814,530</u>	<u>3,912,314</u>
Interest expense:			
Regular deposits		573,635	740,260
Term deposits		812,322	758,410
<i>Total interest expense</i>		<u>1,385,957</u>	<u>1,498,670</u>
<i>Net interest income</i>		<u>2,428,573</u>	<u>2,413,644</u>
Other income:			
Dividends		18,632	9,352
Sundry income/fees		66,203	13,798
<i>Net total - other income</i>		<u>84,835</u>	<u>23,150</u>
Operating expenditure:			
Depreciation	10	110,596	87,050
Loss on asset disposals	10	-	-
Staff costs		1,003,325	1,054,019
Other operating expenditure		1,115,675	1,006,680
<i>Total operating expenditure</i>		<u>2,229,596</u>	<u>2,147,749</u>
Income before Tax		283,812	289,045
Tax on Assets		-	(106,202)
Net income for the year		<u>283,812</u>	<u>182,843</u>

See notes to financial statements.

Statement of Cash Flows

As of 31 March 2017 (Expressed in Barbados dollars)

	Note	2017	2016
Operating activities			
Net income for the year		283,812	182,843
<i>Adjustment for non cash items:</i>			
Depreciation	10	110,596	87,050
Loss on disposal of asset		-	-
		<u>394,408</u>	<u>269,893</u>
Changes in non-cash operating items:			
Accounts receivable & prepayments		7,618	(132,978)
Accounts payable and accruals		(374,888)	(77,971)
Deposits and shares payable		1,729,924	4,160,008
Net cash provided by operating activities		<u>1,757,062</u>	<u>4,218,952</u>
Investing activities:			
Net change in:			
Loans to members		(1,151,988)	(1,369,849)
Investments		(806,485)	(308,005)
Purchase of plant and equipment	10	(24,583)	(267,866)
Net cash (used by) investing activities		<u>(1,983,056)</u>	<u>(1,945,720)</u>
Financing activities:			
Entrance Fee		830	805
Net cash provided by financing activities		<u>830</u>	<u>805</u>
Net increase/ (decrease) in cash and cash equivalents		(225,164)	2,247,037
Cash and cash equivalents brought forward		3,005,639	731,602
Cash and cash equivalents at period end		<u>2,780,475</u>	<u>3,005,639</u>

See notes to financial statements.

Notes to Financial Statements

As of 31 March 2017 (Expressed in Barbados dollars)

1. Registration

LIFETIME CO-OPERATIVE CREDIT UNION LTD. (formerly BS&T Employees Co-operative Credit Union Ltd) was registered on August 01, 1989 in accordance with the Co-operative Societies' Act, Cap 378. The Society was continued on September 02, 1994 under the Co-operative Societies Act 1990. Further to resolution passed at the 2015 Annual General Meeting the change of name to Lifetime Co-operative Credit Union Ltd became effective February 01, 2016. The principal places of business are Cavans Lane, Bridgetown, Barbados and Price-Lo Supermarket, Sargeant's Village, Christ Church, Barbados. The average number of employees during the year was nineteen (prior year - twenty).

2. Principal activities

The principal activities are as follows:

- (a) The provision of means whereby savings can be effected by members and whereby shares in the Credit Union can be purchased;
- (b) The education of members in Co-operative principles and methods and the efficient management of the Credit Union's affairs;
- (c) The creation, out of savings of members and otherwise, of a source of credit available to members on reasonable terms and conditions.

3. Significant Accounting policies

(a) *Basis of accounting*

These financial statements are stated in Barbados dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(b) *Depreciation*

Depreciation is provided on plant and equipment on a straight line basis and on the vehicle on a declining balance basis, at rates designed to reduce the cost of assets to their residual value at the end of their useful lives in the business. The annual rates being used are as follows: furniture - 10% and 20%; equipment - 12.5% to 33.33%; vehicle 20%.

(c) *Taxation*

A Bill of the Parliament of Barbados dated 15 January 2015 stated that a rate of 0.20% per annum will be levied on Credit Unions for the period 1 July 2014 to 31 March 2016. The Tax on Assets was payable quarterly to the Commissioner of the Barbados Revenue Authority in the manner specified in the Bill.

Notes to Financial Statements

As of 31 March 2017 (Expressed in Barbados dollars)

3. Significant Accounting policies...continued

(d) *Investments*

Investments are initially recorded at cost. For subsequent measurement, investments that are classified as being held to maturity are recorded at cost or amortized cost. Marketable securities are designated as investments at fair value through profit and loss, and as such are recorded at their fair values and any gains or losses are recorded in the Income Statement for the year in which they arise. Available-for-sale assets for which there is no quoted market value in an active market, and for which there is no reliable method of measuring the fair value, are shown at cost subject to adjustment for any impairment of value. Impairment occurs where the estimated recoverable amount of an asset is less than its carrying value. Management makes an assessment as at each Balance Sheet date as to whether any assets are impaired.

(e) *Statutory Reserve*

The greater amount of either 0.5% of assets or twenty-five percent (25%) of surplus is to be transferred to a Reserve account until the capital of the Credit Union equals ten percent (10%) of the total assets of the Society, in accordance with the Co-operative Societies' legislation. Similarly, Entrance Fees are taken to a Reserve Account.

(f) *Education Fund*

A minimum amount of one percent (3%) of net income is appropriated for education in accordance with advice received from the Registrar of Co-operative Societies.

(g) *Bad debt provision*

The bad debt provision is determined after a review of all delinquent loans to identify those loans which are in arrears. Provision is made based on the period of arrears. A provision is also made for unimpaired loans based on the operating history of the Credit Union. The overall provision represents Management's best estimate of the amount which is unlikely to be collected.

(h) *Cash equivalents*

Cash equivalents comprise cash, bank deposits and deposits on call.

(i) *New and amended standards and interpretations*

The accounting policies adopted are consistent with those used in the previous financial year. New standards, amendments and interpretations are noted below.

Notes to Financial Statements

As of 31 March 2017 (Expressed in Barbados dollars)

3. Significant Accounting policies...continued

(j) *Standards in issue but not yet effective*

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Credit Union are as follows:

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IAS 7 (Amendments) – Disclosure Initiative
- IAS 12 (Amendments) – Recognition of Deferred Tax Assets for Unrealized Losses (effective January 1, 2017)
- IFRS 15 - Revenue from Contracts with Customers (effective January 1, 2017)
- IFRS 16 – Leases (effective January 1, 2019)
- IFRS 4 (Amendments) Applying IFRS 9 Financial Instruments with IFRS 4 (effective date January 01, 2018).
- IAS 40 (Amendments) Transfer of Investment Property (effective date January 01, 2018).

None of these is expected to have a significant effect on the financial statements of the Credit Union in the period of adoption, except for IFRS 9 Financial Instruments, which becomes mandatory for the Credit Union's 2019 financial statements, and is expected to impact the classification and measurement of financial assets and financial liabilities. A description of this standard is provided below.

IFRS 9 – FINANCIAL INSTRUMENTS

In July 2014, the IASB released the final version of the IFRS9 Financial Instruments. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement, with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are recognised at either fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognised in profit or loss insofar as they do not clearly represent a return on investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income.

Requirements for financial liabilities carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated as fair value through profit and loss would generally be recorded in the statement of other comprehensive income. It also includes guidance on hedge accounting. The standard is effective for annual periods on or after January 1, 2018, with earlier application permitted. The Credit Union is currently evaluating the impact of the standard on its financial statements.

Notes to Financial Statements

As of 31 March 2017 (Expressed in Barbados dollars)

4. Fair Value of Financial Instruments

(a) *Financial instruments*

Financial instruments consist of financial assets and liabilities. Financial assets include cash and bank deposits, accounts receivable, loans receivable and investments. Financial liabilities include accounts payable and accruals, members' deposits and shares.

(b) *Fair Value*

Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is best evidenced by a quoted market value. An estimate, based on assumptions, is made of the fair value of each class of financial instrument for which it is practical to make an estimate. The fair values of the financial instruments are estimated to be not materially different from their carrying values in the financial statements.

(c) *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As part of the risk management process, bank deposits are placed only with reputable banking institutions. Loans limits are established and approved by Management and security is generally required for loans granted. Credit risk on accounts receivable is limited by the provision made for doubtful debts.

(d) *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. It arises because of the possibility that the entity could be required to pay its liabilities earlier than expected. Management reviews the liquidity position of the credit union periodically to assess the availability of cash resources as compared to the projected cash outflows.

(e) *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk. Interest rate risk is the risk of fluctuations in interest rates. The Credit Union's exposure to market risk on its financial instruments is disclosed in the Notes 6, 8 and 9.

5. Related parties

- (a) Related parties exist where one party has the ability to control or exercise significant influence over the financial or operating decisions of another party. Transactions with related parties may be entered into in the normal course of business. Any such transactions are undertaken on commercial terms and conditions and are conducted at market rates.
- (b) The Credit Union has a related party relationship with its Directors. As at the Balance Sheet date loans due by Directors totaled \$564,574 (prior year \$576,493). Savings held by directors in the form of shares and deposits totaled \$180,916 (prior year \$144,170).

Notes to Financial Statements

As of 31 March 2017 (Expressed in Barbados dollars)

5. Related parties.... continued

- (c) Key management personnel remuneration for the year totaled \$360,714 (prior year \$416,292). At the Balance Sheet date loans due by key management personnel totaled \$321,893 (prior year \$639,963). Savings held by key management personnel in the form of shares and deposits totaled \$224,645 (prior year \$209,134)

6. Cash and cash equivalents

	2017	2016
Current accounts	487,943	967,705
Cash	126,246	84,391
Barbados Co-operative Credit Union League Ltd – shares	17,300	17,300
Central Fund Facility Trust:		
- Ordinary Deposit - 2.75% p.a. (prior year 2.75%)	173,961	165,606
- Statutory Reserve Deposits – 3.00% p.a. (prior year 3.00%)	126,712	126,712
Massy (Barbados) Ltd.		
- Demand deposits -3.25% (prior year 3.25%)	175,508	138,177
Capita Financial Services Inc.		
- Call Deposits – 1.75% (prior year 1.75%)	603,772	600,000
Signia Financial Corporation		
- Demand deposits - 1.50% (prior year 2.00%)	1,069,033	905,749
	<u>2,780,475</u>	<u>3,005,639</u>

7. Accounts receivable and prepayments

	2017	2016
Interest receivable – loans	950,168	899,233
Remote location deposits	56,619	82,121
Sundry accounts	73,852	68,703
Less: bad debts provision	(365,208)	(321,208)
Prepayments	37,795	31,995
	<u>753,226</u>	<u>760,844</u>

Notes to Financial Statements

As of 31 March 2017 (Expressed in Barbados dollars)

8. Loans to members

	2017	2016
Gross loans	36,580,770	35,383,782
Provision for bad debts	(752,700)	(707,700)
Net loans	35,828,070	34,676,082

(a) Bad debt provision

	2017	2016
Balance - start of year	707,700	641,500
Increase in principle provision	45,000	66,200
Balance - end of year	752,700	707,700

(b) As at the Balance Sheet date, the maturity profile of loans to members was as follows:

<i>Amount due in</i>	2017	2016
Less than one year	594,131	899,558
One to five years	9,634,102	12,439,172
Over five years	25,352,537	22,045,052
Total	35,580,770	35,383,782

9. Investments

(a) Fair value investments – see part (b)

Held to maturity

Massy (Barbados) Ltd.

– PEARL deposits - 3.25%

Treasury Notes - 4.25% to 8.5%

Barbados Port Authority Bonds

Signia Financial Corporation - deposits 2.50% to 5.00%

CAPITA term-deposits 2.5% to 4.30%

Available-for-sale

Co-op. Gen. Insurance shares – 1,071 ordinary shares
(prior year – 1,042)

Barbados Co-operative & Credit Union League - shares

	2017	2016
(a) Fair value investments – see part (b)	697,914	639,455
<i>Held to maturity</i>		
Massy (Barbados) Ltd.		
– PEARL deposits - 3.25%	1,050,000	1,050,000
Treasury Notes - 4.25% to 8.5%	6,333,527	7,338,399
Barbados Port Authority Bonds	77,078	124,180
Signia Financial Corporation - deposits 2.50% to 5.00%	4,100,000	3,950,000
CAPITA term-deposits 2.5% to 4.30%	4,850,000	3,200,000
<i>Available-for-sale</i>		
Co-op. Gen. Insurance shares – 1,071 ordinary shares (prior year – 1,042)	108,300	108,300
Barbados Co-operative & Credit Union League - shares	200	200
	17,217,019	16,410,534

Notes to Financial Statements

As of 31 March 2017 (Expressed in Barbados dollars)

9. Investments ...continued

b)

Fair value investments	Number of shares	Cost	Market -start of year	Value -end of year	Unrealized gain
Sagicor Financial	28,500	49,875	57,000	67,830	10,830
Fortress Growth Funds	103,438	437,679	219,625	563,002	45,699
Royal Fidelity Select Balanced Fund	13,192	50,000	62,413	67,083	4,669
Fortress High Income	-	-	300,417	-	(2,738)
		539,875	639,455	697,914	58,460

(c) Available-for-sale investments

There is no quoted market price for equity investments in Co-operators General Insurance Co. Ltd., nor in the Barbados Co-operative & Credit Union League Ltd. In such circumstances, the fair values of these equity investments cannot be reliably measured and the investments are carried at cost.

- (d) The value of the ordinary shares held in Co-operators General Insurance Co. Ltd was \$210 per share as at May 31, 2015, the fiscal year-end date of that company. This valuation is based on the fact that Co-operators General Insurance Co. Ltd issued dividends to the Credit Union in the form of ordinary shares at \$210 per share.

Notes to Financial Statements

As of 31 March 2017 (Expressed in Barbados dollars)

10. Plant and equipment

	Total	Equipment & Furniture	Vehicle
Year ended Mar 31, 2016			
Net book value - start of year	199,901	182,940	16,961
Purchases	267,866	267,866	-
Opening net book value of disposals	-	-	-
Depreciation charges	(87,050)	(83,658)	(3,392)
Net book value - end of year	380,717	367,148	13,569
As of March 31, 2016			
Cost	1,002,280	932,954	69,326
Accumulated depreciation	(621,563)	(565,806)	(55,757)
Net book value	380,717	367,148	13,569
Period to March 31, 2017			
Net book value - start of year	380,717	367,148	13,569
Purchases	24,583	24,583	-
Disposals	-	-	-
Depreciation charges	(110,596)	(107,204)	(3,392)
Net book value - end of year	294,704	284,527	10,177
As of March 31, 2017			
Cost	1,026,864	957,537	69,326
Accumulated depreciation	(732,160)	(673,010)	(59,149)
Net book value	294,704	284,527	10,177

11. Accounts payable and accruals

	2017	2016
Remote location withdrawals	(56,768)	46,272
Dividends on shares	364,992	443,000
Other accounts	93,025	286,865
	401,249	776,137

Notes to Financial Statements

As of 31 March 2017 (Expressed in Barbados dollars)

12. Deposits and shares payable

	2017	2016
Demand deposits and shares	32,514,026	31,296,237
Term deposits	19,480,064	18,967,928
	<u>51,994,090</u>	<u>50,264,165</u>

- (a) There is no pre-determined rate of interest payable on the demand deposits and shares. The rates are set from time to time by the Board of Directors.
- (b) There is no limit to the number of shares that the Credit Union is authorized to issue. The number of shares held by a member does not determine the member's voting rights since each member is entitled to one vote only at any general meeting.
- (c) The Credit Union does not have an unconditional right to refuse to repay shares in any category when a member so requests. Consequently, shares are classified in the Balance Sheet as Liabilities instead of Equity to satisfy the requirements of IAS32 (International Accounting Standard 32). Accordingly, dividends payable on shares have been charged as an expense in the Statement of Comprehensive Income.
- (d) The Credit Union previously applied to the Registrar of Co-operatives for changes to be made to the By-Laws to create a new class of shares called 'Qualifying Shares', in accordance with the requirements of the Co-operative Societies Amendment Act 2007-39. Each member will be required to maintain a specified number of Qualifying Shares in order to maintain membership. Qualifying Shares are intended to be classified as Equity on the Balance Sheet.

13. Contingencies

There are some legal matters that were referred to a Lawyer and which have not been completed. There is no certainty as to what cost may be incurred in order to settle these matters.

Schedule of Other Operating Expenses

31 March 2017 (Expressed in Barbados dollars)

	2017	2016
Advertising	82,893	108,917
Bad debts – change in provision	89,900	128,900
Bank charges	6,531	7,603
Cleaning	17,865	14,724
Co-operative celebrations	1,825	6,414
Courier services	5,060	4,828
Credit checks	6,698	4,994
Donations	300	-
Education Fund provision	7,700	661
General	13,422	6,576
Insurance	11,656	8,925
League dues	46,548	44,099
Loan Protection & Life Savings Insurance	187,720	161,600
Meetings	39,926	43,856
Member statements	38,488	19,535
Moving expenses	-	-
National Development Fund	5,171	4,968
Professional fees	108,165	65,949
Rent	77,134	75,905
Repairs & maintenance	11,034	9,401
Security	57,646	20,922
Software costs	26,251	18,791
Stationery, printing and postage	45,064	56,333
Subscriptions	8,870	6,272
Supplies and maintenance - equipment	4,184	6,271
Training and seminars	12,212	23,724
Utilities - electricity	45,023	44,972
Utilities - telephone	21,037	18,162
Vehicle expense and parking	36,807	26,436
WAN & website charges	101,445	66,943
	<u>1,116,575</u>	<u>1,006,680</u>

Notes

Notes



Head Office | 1st Floor Dockland Place, Cavans Lane, Bridgetown
Tel: (246) 431-0803 / (246) 431-0984 | Fax: (246) 431-0006

Branch Office | Sargeant's Village, Christ Church
Tel: (246) 228-5040 / (246) 228-5043 | Fax: (246) 434-0492

Contact us via email at info@lifetimecu.com | Visit us on-line at www.lifetimecu.com