

**LIFETIME  
CO-OPERATIVE CREDIT UNION LTD.  
FINANCIAL STATEMENTS  
31 MARCH 2020**

**Lifetime Co-Operative Credit Union Ltd.**  
**Financial Statements**  
**Year ended 31 March 2020**

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## **INDEPENDENT AUDITORS' REPORT**

**To the Members of Lifetime Co-operative Credit Union Ltd.  
Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of **Lifetime Co-operative Credit Union Ltd.** ("the Credit Union") which comprise the statement of financial position as at March 31, 2020, statement of changes in equity, comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Credit Union adopted International Financial Reporting Standard (IFRS) 9 as at April 01, 2019.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at March 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our 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 audit opinion.

### **Responsibilities of Management and the Audit Committee for the Financial Statements**

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

## **INDEPENDENT AUDITORS' REPORT**

**To the members of Lifetime Co-operative Credit Union Ltd.**

**Report on the Audit of the Financial Statements (Continued)**

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 audit 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 date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activity of the Credit Union to express an opinion on the financial statements.

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 the audit.



## **INDEPENDENT AUDITORS' REPORT**

**To the members of Lifetime Co-operative Credit Union Ltd.  
Report on the Audit of the Financial Statements (Continued)**

### **Auditors' Responsibilities for the Audit of the Financial Statements**

#### **Other Legal and Regulatory Requirements**

This report is made solely to the Credit Union's members, as a body, in accordance with 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 them 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's members as a body, for our audit work, for this report, or for the opinion we have formed.



**CHARTERED ACCOUNTANTS**

**Barbados**

**September 30, 2020**

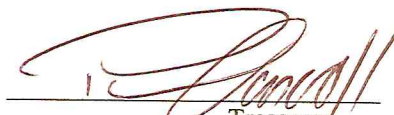
**Lifetime Co-Operative Credit Union Ltd**  
**Statement of Financial Position**  
**As of 31 March 2020**  
**(Expressed in Barbados dollars)**

	Note	2020	2019
<b>Assets</b>			
Cash & cash equivalents	6	3,516,786	2,463,143
Accounts receivable & prepayments	7	716,662	619,031
		4,233,448	3,082,174
Net loans to members	8	41,162,014	38,133,853
Investments	9	19,836,027	20,327,740
Plant & equipment	10	325,294	450,485
Total assets		65,556,783	61,994,252
<b>Liabilities and equity</b>			
<i>Liabilities</i>			
Accounts payable & accruals	11	101,161	331,754
Deposits and shares payable	12	62,043,246	57,849,145
		62,144,407	58,180,899
<i>Equity</i>			
Statutory reserves		4,263,208	4,260,858
Undivided deficit		( 1,051,691)	( 464,858)
Other reserve		200,859	17,353
		3,412,376	3,813,353
Total liabilities & equity		65,556,783	61,994,252

See notes to financial statements.

Approved by the Board of Directors on September 30, 2020, and signed on their behalf by:

  
 President

  
 Treasurer

**Lifetime Co-Operative Credit Union Ltd.**  
**Statement of Changes in Equity**  
**As of 31 March 2020**  
**(Expressed in Barbados dollars)**

	<b>Statutory Reserve</b>	<b>Undivided deficit</b>	<b>Other reserve</b>	<b>Total</b>
Balance – 31 March 2018	4,259,213	350,961	-	4,610,174
Entrance fees	1,645	-	-	1,645
Net loss for year	-	( 432,706)	-	( 432,706)
Unrealised gain	-	-	17,353	17,353
Statutory Reserve allocation	-	-	-	-
Balance – 31 March 2019	4,260,858	( 81,745)	17,353	4,196,466
Effect of adopting IFRS 9	-	( 383,113)	-	( 383,113)
Balance at March 31, 2019 restated	4,260,858	( 464,858)	17,353	3,813,353
Entrance fees	2,350	-	-	2,350
Net loss for year	-	( 586,833)	-	( 586,833)
Unrealised gain	-	-	183,506	183,506
Statutory Reserve allocation	-	-	-	-
Balance – 31 March 2020	4,263,208	( 1,051,691)	200,859	3,412,376

See notes to financial statements.

**Lifetime Co-Operative Credit Union Ltd.**  
**Statement of Comprehensive Income**  
**For the period ended 31 March 2020**  
**(Expressed in Barbados dollars)**

	Note	2020	2019
<b>Interest income:</b>			
Loans to members		3,182,944	2,881,395
Cash equivalents		9,305	9,064
Investments		423,632	631,856
<i>Total interest income</i>		<u>3,615,881</u>	<u>3,522,315</u>
<b>Interest expense:</b>			
Regular deposits		148,081	264,466
Term deposits		718,266	814,990
<i>Total interest expense</i>		<u>866,347</u>	<u>1,079,456</u>
<i>Net interest income</i>		<u>2,749,534</u>	<u>2,442,859</u>
<b>Other income:</b>			
Dividends		5,032	2,850
Sundry income/fees		15,574	7,203
<i>Net total - other income</i>		<u>20,606</u>	<u>10,053</u>
Less:			
Expected credit loss		553,944	-
Bad debt provision		384,678	416,200
		<u>938,622</u>	<u>416,200</u>
<b>Operating expenditure:</b>			
Depreciation	10	195,205	158,432
Staff costs		1,156,795	1,177,080
Other operating expenditure		1,066,351	1,133,906
<i>Total operating expenditure</i>		<u>2,418,351</u>	<u>2,469,418</u>
Net comprehensive loss before:		<u>( 586,833)</u>	<u>( 432,706)</u>
<b>Other comprehensive income</b>			
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		183,506	17,353
Comprehensive loss		<u>( 403,327)</u>	<u>( 415,353)</u>

See notes to financial statements.



**Lifetime Co-Operative Credit Union Ltd.**  
**Statement of Cash Flows**  
**Year ended 31 March 2020**  
**(Expressed in Barbados dollars)**

	Note	2020	2019
<b>Operating activities</b>			
Net loss for the year		( 586,833)	( 432,706)
<i>Adjustment for non-cash items:</i>		<b>183,506</b>	17,353
Unrealised gain			
Depreciation	10	<b>195,205</b>	158,432
Gain on disposal of asset		<b>172</b>	( 1,036)
		<b>( 207,950)</b>	( 257,957)
<i>Changes in non-cash operating items:</i>			
Accounts receivable & prepayments		( 97,631)	127,573
Accounts payable and accruals		( 230,593)	( 180,686)
Deposits and shares payable		<b>4,194,101</b>	1,722,660
<b>Net cash provided by operating activities</b>		<b>3,657,927</b>	1,411,590
<b>Investing activities:</b>			
Net change in:			
Loans to members		( 3,028,161)	443,211
Investments		<b>491,713</b>	( 3,606,278)
Purchase of plant and equipment	10	( 70,186)	( 225,120)
<b>Net cash (used by) investing activities</b>		<b>( 2,606,634)</b>	( 3,388,187)
<b>Financing activities:</b>			
Entrance Fee		<b>2,350</b>	1,645
<b>Net cash provided by financing activities</b>		<b>2,350</b>	1,645
Net increase/ (decrease) in cash and cash equivalents		<b>1,053,643</b>	( 1,974,952)
Cash and cash equivalents brought forward		<b>2,463,143</b>	4,438,095
<b>Cash and cash equivalents at period end</b>		<b>3,516,786</b>	2,463,143

See notes to financial statements.

**1. Registration and Principal Activity**

**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 Corner Hincks & Prince Alfred Streets, Bridgetown, Barbados; Fontabelle, St. Michael, Barbados and Price-Lo Supermarket, Sargeant's Village, Christ Church, Barbados.

**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 preparation*

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*

The Credit Union is exempt from taxation under Section 9(g) of the Income Tax Act of Barbados.

**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 (1%) of net income is appropriated for education.

(g) *Cash equivalents*

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

(h) *Adopted Standard*

IFRS 9 — *Financial Instruments Effective January 01, 2018*

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 in-so-far 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. The Credit Union adopted this standard as at April 01, 2019.



**3. Significant Accounting policies...continued**

(i) *Financial instruments*

Financial assets and financial liabilities are recognized on the statement of financial position of the Credit Union when it becomes a party to contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities are added or deducted from the fair value of the financial asset as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of the financial asset or liability at fair value through profit loss are recognized immediately in profit or loss.

All regular way purchases or sale of financial assets are recognized or derecognized on a trade date basis.

All recognised financial assets are measured subsequently in their entirety at amortised cost or fair value depending on the classification of the financial asset.

(j) *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held with the business model whose objective is to hold the financial asset to collect contractual cash flows; and
- The contractual terms of the asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(1) *Amortised cost and effective interest method.*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective rate of interest to the gross carrying amount of the financial asset.

**3. Significant Accounting policies...continued**

*(2) Equity instruments designated at FVTOCI*

On initial recognition, the Credit Union may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI (fair value through other comprehensive income). Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Society manages together and has evidence of a recent actual pattern of short-term profit taking.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment re-valuation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments: instead it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit and loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Credit Union has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

**(k) Measurement and recognition of expected credit losses.**

The measurement of expected credit losses is a function of the probability of default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount as at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Credit Union in accordance with the contract and all cash flows that the Credit Union expects to receive discounted at the original effective interest rate.

The Credit Union recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment in the carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserves, and does not reduce the carrying amount of the financial asset in the statement of financial position.

**(l) Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Credit Union to account for expected credit losses and changes in those credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.



**3. Significant Accounting policies...(continued)**

Specifically, IFRS 9 requires the Society to recognize a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost or at FVTOCI; and
2. Trade receivables and contract assets.

In particular, IFRS 9 requires the Credit Union to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on the financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchase or originated credit-impaired financial asset), the Credit Union is required to measure the loss allowance for the initial financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at amount equal to lifetime ECL for trade receivables and contract assets in certain circumstances.

**4. Financial risk management**

(a) *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.

(b) *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.

(c) *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.

(d) *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.

**4. Financial risk management (continued)**

(e) *Write-off*

Loans and debt securities are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Credit Union determines that the borrower does not have the assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in impairment losses on financial instruments in the statement of income and statement of comprehensive income. Financial assets that are written off are still subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.

**5. Related parties**

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.

**6. Cash and cash equivalents**

	<u>2020</u>	<u>2019</u>
Current accounts	<b>2,085,327</b>	697,390
Cash	<b>272,434</b>	259,905
Barbados Co-operative Credit Union League Ltd – shares	<b>17,300</b>	17,300
Central Fund Facility Trust:		
- Ordinary Deposit - 1.25% p.a. (prior year 1.25%)	<b>197,614</b>	191,368
- Statutory Reserve Deposits – 1.25% p.a. (prior year 1.75%)	<b>126,712</b>	126,712
Massy (Barbados) Ltd.		
- Demand deposits -2.25% (prior year 2.25%)	<b>292,116</b>	252,014
Signia Globe Financial Group Inc.		
Demand deposits - 0.5 - 2.25% (prior year 0.5 – 2.25%)	<b>525,283</b>	918,454
	<b><u>3,516,786</u></b>	<b><u>2,463,143</u></b>

The effect of the adoption of IFRS 9 has been calculated to have an immaterial effect on Cash and Cash Equivalents and hence no ECL is provided for at the end of the year under review.

**7. Accounts receivable and prepayments**

	<b>2020</b>	<b>2019</b>
Interest receivable	<b>852,348</b>	751,025
Remote location deposits	-	41,491
Sundry accounts	<b>156,773</b>	123,815
Prepayments	<b>75,494</b>	57,046
	<b>1,084,615</b>	973,377
Less: bad debts provision	<b>( 367,953)</b>	( 354,346)
	<b>716,662</b>	619,031

**8. Loans to members**

The Credit Union offers ordinary loans and products to members at rates varying from 4.5% to 12% (2019: 4.5% to 12%) per annum. The maximum loan limit is 10% of the entity's equity base. A line of credit facility is also in place offering members revolving credit up to \$15,000 (2019: \$15,000) at the interest rate of 15% (2019: 15%) per annum. Interest charged by the Credit Union is computed on the reducing balance basis.

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

<i>Amount due in</i>	<b>2020</b>	<b>2019</b>
Less than one year	<b>1,274,772</b>	903,419
One to five years	<b>15,826,853</b>	11,823,298
Over five years	<b>26,303,413</b>	26,883,705
	<b>43,405,038</b>	39,610,422
Less bad debt provision	<b>( 233,400)</b>	( 1,093,456)
Less: Expected credit loss/adjustment	<b>( 2,009,624)</b>	( 383,113)
Total	<b>41,162,014</b>	38,133,853

**Expected credit loss**

<b>Provision balance as at March 31, 2019 before:</b>	1,093,456
Effect of adoption of IFRS 9	<u>383,113</u>
<b>Revised balance as at March 31, 2019</b>	1,476,569
Net change in ECL for current year	<u>533,055</u>
<b>Balance as at March 31, 2020</b>	<b><u>2,009,624</u></b>



**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2020**  
**(Expressed in Barbados dollars)**

**8. Loans to members (continued)**

**Loan Structure**  
**2020**

	<b>Personal</b>	<b>Line of Credit</b>	<b>Mortgages</b>	<b>Total</b>
Gross loans				
Gross loans	20,913,286	677,327	21,814,425	43,405,038
Less ECL	( 1,794,716)	( 132,978)	( 81,930)	( 2,009,624)
Less bad debt provision	<u>-</u>	<u>-</u>	<u>( 233,400)</u>	<u>( 233,400)</u>
	<u>19,118,570</u>	<u>544,349</u>	<u>21,499,095</u>	<u>41,162,014</u>

**Loan Structure**  
**2019**

	<b>Personal</b>	<b>Line of Credit</b>	<b>Mortgages</b>	<b>Total</b>
Gross loans				
Gross loans	17,677,842	791,104	21,141,476	39,610,422
Less ECL	( 1,293,994)	( 127,004)	( 55,571)	( 1,476,569)
	<u>16,383,848</u>	<u>664,100</u>	<u>21,085,905</u>	<u>38,133,853</u>

**Expected Credit Loss by stage**  
**2020**

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Personal	192,222	324,849	1,277,645	1,794,716
Line of Credit	11,196	15,179	106,603	132,978
Mortgages	<u>9,711</u>	<u>5,968</u>	<u>66,251</u>	<u>81,930</u>
	<u>213,129</u>	<u>345,996</u>	<u>1,450,499</u>	<u>2,009,624</u>

**Expected Credit Loss by stage**  
**2019**

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Personal	182,516	103,002	1,008,476	1,293,994
Line of Credit	14,310	8,742	103,951	127,003
Mortgages	<u>10,903</u>	<u>1,862</u>	<u>42,807</u>	<u>55,572</u>
	<u>207,729</u>	<u>113,606</u>	<u>1,155,234</u>	<u>1,476,569</u>

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2020**  
**(Expressed in Barbados dollars)**

9. **Investments**

Investments in equity instruments  
designated as at FVTOCI

	<b>2020</b>	<b>2019</b>
(a) Fair value investments – see part (b)	<u><b>702,285</b></u>	<u>764,809</u>
<i>Held to maturity</i>		
Massy (Barbados) Ltd.		
- PEARL deposits - 2.45%	<b>1,050,000</b>	1,050,000
Government of Barbados Bonds	<b>6,138,532</b>	6,138,532
Signia Financial Group Inc.	<b>3,700,000</b>	3,900,000
CAPITA Financial Services Inc. term-deposits 0.65% to 4.30%	<u><b>7,914,569</b></u>	<u>8,365,899</u>
	<b>18,803,101</b>	19,454,431
Less: expected credit loss	<u><b>( 23,889)</b></u>	<u>-</u>
	<u><b>18,779,212</b></u>	<u>19,454,431</u>
<i>Available-for-sale</i>		
Co-op. General Insurance shares – 1,114 ordinary shares	<b>354,330</b>	108,300
Barbados Co-operative & Credit Union League Ltd.- shares	<u><b>200</b></u>	<u>200</u>
	<u><b>19,836,027</b></u>	<u>20,327,740</u>

(b)

Fair value investments	Number of shares	Cost	Market - start of year	Value –end of year	Unrealized gain/(loss)
Sagicor Financial Company Limited	28,500	49,875	73,815	92,285	18,470
Fortress Growth Funds	103,438	437,679	621,476	536,998	( 84,478)
Royal Fidelity Select Balanced Fund	13,192	50,000	69,518	73,002	3,484
		<u>537,554</u>	<u>764,809</u>	<u>702,285</u>	<u>( 62,524)</u>

(c) The Credit Union adjusted the carrying value of its shares in Co-operators General Insurance Co. Ltd. to reflect the share value resulting from a valuation commissioned by the investee companies, resulting in an unrealised gain as noted below:

	<b>Fair value March 31, 2019</b>	<b>Shares acquired</b>	<b>Unrealised gain</b>	<b>Fair value at March 31, 2020</b>
Co-operators General Insurance Co. Ltd.	<u>108,300</u>	<u>1,114</u>	<u>246,030</u>	<u>354,330</u>



**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2020**  
**(Expressed in Barbados dollars)**

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**9. Investments (continued)**

- (d) During the year ended March 31, 2019, the Government of Barbados offered to exchange treasury notes and debentures and series B amortising strips with maturities of 5,6,7,8,9,10,11,12,13,14 and 15 years.

The interest rates are as follows:

Issuance through year 3	1.0%
Year 4	2.5%
Year 5 –maturity	3.75%

Interest will be paid quarterly and the principal of each strip will be repaid in four equal quarterly installments beginning one year prior to the final maturity of the strip.

The allocation of aggregate principal amount among strips are as follows:5-Year:

5- Year: 7.49%	11- Year: 9.37%
6- Year: 7.78%	12: Year: 9.72%
7- Year: 8.07%	13: Year: 10.10%
8- Year: 8.38%	14 – Year: 10.48%
9 -Year:8.70%	15 – Year: 10.88%
10- Year: 9.03%	

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2020**  
**(Expressed in Barbados dollars)**

**10 Plant and equipment**

	<b>Total</b>	<b>Equipment &amp; Furniture</b>	<b>Vehicle</b>
<b>Period to March 31, 2020</b>			
Net book value - start of year	450,485	383,585	66,900
Purchases	70,186	70,186	-
Disposals	( 172)	( 172)	-
Depreciation charges	( 195,205)	( 174,620)	( 20,585)
Net book value - end of year	<u>325,294</u>	<u>278,979</u>	<u>46,315</u>
<b>As of March 31, 2020</b>			
Cost	1,323,577	1,220,654	102,923
Accumulated depreciation	<u>( 998,283)</u>	<u>( 941,675)</u>	<u>( 56,608)</u>
Net book value	<u>325,294</u>	<u>278,979</u>	<u>46,315</u>
<b>Period to March 31, 2019</b>			
Net book value - start of year	382,761	295,955	86,806
Purchases	225,120	225,120	-
Disposals	1,036	1,036	-
Depreciation charges	( 158,432)	( 138,526)	( 19,906)
Net book value - end of year	<u>450,485</u>	<u>383,585</u>	<u>66,900</u>
<b>As of March 31, 2019</b>			
Cost	1,353,310	1,250,387	102,923
Accumulated depreciation	<u>( 902,825)</u>	<u>( 866,802)</u>	<u>( 36,023)</u>
Net book value	<u>450,485</u>	<u>383,585</u>	<u>66,900</u>

**11. Accounts payable and accruals**

	<b>2020</b>	<b>2019</b>
Remote location withdrawals	<u>( 99,903)</u>	<u>( 126,418)</u>
Dividends on shares	<b>85,436</b>	99,834
Other accounts	<b>115,628</b>	358,338
	<u><b>101,161</b></u>	<u>331,754</u>

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2020**  
**(Expressed in Barbados dollars)**

**12. Deposits and shares payable**

	<b>2020</b>	<b>2019</b>
Demand deposits and shares	<b>38,045,493</b>	34,681,081
Term deposits	<b>23,997,753</b>	23,168,064
	<b>62,043,246</b>	57,849,145

- (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, non membership 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 non membership shares have been charged as an expense in the Statement of Comprehensive Income when applicable.
- (d) The Credit Union previously applied to its regulator 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 an Attorney-at Law and which have not been completed. There is no certainty as to what cost may be incurred in order to settle these matters.

**14. Comparative figures**

Certain of the comparative figures have been reclassified to comply with this year's financial statements presentation.

**Lifetime Co-Operative Credit Union Ltd.**  
**Schedule of Other Operating Expenses**  
**31 March 2020**  
**(Expressed in Barbados dollars)**

	<b>2020</b>	<b>2019</b>
Bank charges	<b>9,676</b>	8,974
Cleaning	<b>19,112</b>	17,730
Courier services	<b>11,475</b>	11,905
Credit checks	<b>5,151</b>	5,692
Credit union Convention	-	31,037
Donations	<b>1,000</b>	-
General	<b>14,645</b>	17,165
Education Fund provision	<b>100</b>	1,200
Insurance	<b>13,806</b>	12,080
League dues	<b>53,725</b>	51,155
Loan Protection & Life Savings Insurance	<b>70,801</b>	140,315
Marketing	<b>106,496</b>	98,371
Meetings	<b>42,165</b>	57,910
Stipends BOD & Committee Fee	<b>19,800</b>	23,530
Member statements	<b>15,205</b>	46,152
Moving	-	14,858
National Development Fund	<b>6,126</b>	5,713
Professional fees	<b>76,336</b>	59,654
Regulatory fees	<b>44,211</b>	-
Rent	<b>115,581</b>	121,758
Repairs & maintenance	<b>16,380</b>	17,192
Security	<b>78,848</b>	66,427
Software costs	<b>38,467</b>	38,386
Stationery, printing and postage	<b>38,152</b>	42,978
Subscriptions	<b>10,005</b>	7,322
Supplies and maintenance - equipment	<b>5,052</b>	5,702
Thirtieth anniversary expenses	<b>24,160</b>	-
Training and seminars	<b>11,523</b>	13,777
Utilities - electricity	<b>45,809</b>	53,891
Utilities - telephone	<b>25,909</b>	24,496
Vehicle expense and parking	<b>17,941</b>	15,723
WAN & website charges	<b>128,694</b>	122,813
	<b>1,066,351</b>	1,133,906