



30th
Anniversary
 1989 - 2019

LIFETIME
 Co-operative Credit Union Ltd

2020
 ANNUAL REPORT

All about you.... our Members

VISION

We will be the financial institution of choice in our communities.

MISSION

We are committed to enhancing the quality of life of our members by providing opportunities for financial prosperity through innovative solutions, trusted financial information and 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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BOARD OF DIRECTORS



Left to Right:

Anthony H. Branker, Dip. BDMS, JP
Noel M. Nurse
Eian W. J. Clarke
Nicholas A. Branker, BSc
David R. A. Williams, JP
Ronnie R. Mascoll
Kyle J. Albert, MBA

President
1st Vice President
2nd Vice President
Secretary
Assistant Secretary
Treasurer
Assistant Treasurer

CREDIT COMMITTEE



Lecent C. Headley
Chair



Diana L. Greenidge
Secretary



Gillian J. Burnham
Officer



Deborah D. Grainger
Officer



Melvin Worrell
Officer

SUPERVISORY COMMITTEE



Left to Right:

Mary A. Inniss, BA, MA, MSc
Chair
Kezia O. Nurse, BSc
Secretary
Mark N. Harding
Officer

MANAGEMENT TEAM



Edmund C. Grimes CPA,
CGA, FCA (Barbados)
General Manager



Dionne P. Waterman, BSc
Accountant



Rachel L. Corbin
Member Services
Manager



Natasha R. Lashley, ACIM
Marketing Officer

Corporate Information

All about you.... our Members

EMPLOYEES

General Manager
 Accountant
 Marketing Officer
 Member Services Manager
 Administrative Assistant
 Compliance Officer
 Member Services Supervisor
 Member Services Supervisor
 Accounting Officer
 Accounting Officer
 Member Services Officer
 Member Services Officer
 Member Services Officer - Collections
 Securities Officer
 Marketing Assistant
 Member Services Clerk- Relief & Support
 Member Services Loans Clerk
 Member Services Loans Clerk
 Member Services Loans Clerk
 Member Services Representative
 Member Services Representative
 Member Services Representative
 Member Services Representative
 Member Services Representative

Edmund C. Grimes, CPA, CGA, FCA (Barbados)
 Dionne P. Waterman, BSc
 Natasha R. Lashley, ACIM
 Rachel L. Corbin
 Nandy S. J. Nedd, BBA, MEd
 Anita Chandler-Marshall, MICA
 Nicole N. Webster
 Gale A. Williams
 Raheem T. Riviere, BSc
 Shurkim S. Alleyne, BSc
 Dwayne O. N. Trotman, BSc
 Machel B. King, BSc
 Ann P. Roach
 Nichola N. Thomas, BBA
 Subira A. Jelani
 Faith-Marie P. Bryan
 Sheena S. Freeman
 Cherish V. Thorne
 Shanika L. Beckles
 Kim K. Taylor
 Kathy-Ann U. Bascombe, Dip. Theol.
 Jalisa S. Lokey, BSc
 Rommel A. Gilkes, BSc
 Shon-lyn S. Callender

AUDITORS

M E Murrell & Co

BANKERS

Republic Bank Barbados
 First Citizens Bank Barbados

REGISTERED OFFICE

1st Floor James Fort Building
 Corner Hincks and Prince Alfred Streets
 Bridgetown, Barbados

SATELLITE OFFICES

Sargeant's Village, Christ Church
 Kensington Mall
 Fontabelle, St. Michael

ATTORNEYS-AT-LAW

Denaz Law Chambers

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

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

ANNUAL GENERAL MEETING



EDUCATION GRANTS & SCHOLARSHIPS



Photo Gallery 2019

All about you.... our Members

11-PLUS CELEBRATION



MORTGAGE FAIR



30TH ANNIVERSARY CELEBRATIONS



Photo Gallery 2019

All about you.... our Members

MEMBER APPRECIATION DAY



BARBADOS MANUFACTURERS' EXHIBITION (BMEX)



MEMBER PROFILE

This year's Member Profile is a tribute to Founding and Long Serving Members who have played an integral part in the establishment and development of the Credit Union over the last thirty years.



M. Ann Lady Hewitt

M. Ann Lady Hewitt is a founding member of the Credit Union and the former Director of Human Resources for the BS&T Group. At the time the Credit Union was established, Mrs. Hewitt held the post of Group Training Manager. Through discussions it was decided to take the necessary steps to establish a Credit Union for the employees of the BS&T Group. Mrs. Hewitt was elected as the first Chairperson of the Credit Committee and she served on this committee in several positions from 1989 to 2001. She joined the Credit Union's Board of Directors in 2002 in the post of Assistant Treasurer and served on the Board in various positions until 2008. Mrs. Hewitt noted that the Credit Union encouraged and assisted members in developing financial literacy as they were able to save and borrow for themselves.



Helena D. Baldeo

Helena Baldeo, as is the case with all the founding members, joined the then BS&T Employees' Credit Union on August 31st, 1989. Ms. Baldeo became an active member of the Credit Union and was elected to serve on the first Credit Committee in the position of Secretary. Helena served on this Committee for 8 years from 1989 to 1994. She was then nominated and elected to act as Chair of the Credit Committee from 1994 until 1997. Ms. Baldeo worked in Carlisle House in the Food Division and became involved in the Credit Union as a founding member through Mr. Kenneth Branker. She believed that the Credit Union benefitted many employees of the group through savings and incentives.



Honor H. Williams

Honor Williams joined the Credit Union on the date it was established, August 31st, 1989. She served on the Credit Union's first Credit Committee from 1989 until 1992; and she was elected to this committee at the Credit Union's first General Meeting. At the time Honor worked with DaCosta Business Systems in Carlisle House as a Sales Representative for office furniture. Ms. Williams was a dedicated Credit Union volunteer lending assistance where needed. On the Credit Union's first Anniversary she was recognized for her volunteerism with a Certificate of Appreciation. Ms. Williams believes that the Credit Union provided a tremendous benefit to many persons within the Group by allowing them to borrow within their savings.

Member Profile

All about you.... our Members



Mark C. Douglas

Mark Douglas has been a dedicated member of the Credit Union, having served in various positions for more than a decade. He started his service as Chairman of the Supervisory Committee serving from 1989 to 1991. This was followed by positions on the Management Committee which included President and Vice President from 1992 to 1999. Mark returned to the Supervisory Committee for a second time from 1999 to 2002. He worked at BS&T as a Business Development Officer and remembered the early discussions at BS&T Head Office about the establishment of a Credit Union for the group; he became involved as he was associated with credit unions and familiar with the movement and its concept. He noted that the Credit Union provided members with the opportunity to save, borrow and serve on the committees and learn about financial matters.



Jennifer D. Lynch

Jennifer Lynch more popularly known as Sue Lynch played a pivotal role in establishing the Credit Union. As Personnel Officer of the then Barbados Shipping & Trading Co. Ltd. (BS&T) she was tasked with researching the legal and operational requirements for starting a co-operative Credit Union for the employees of the BS&T Group. When her research was completed, Sue took on the task of writing the Credit Union's first By-laws, which laid the foundation for the current By-laws. In addition to this key role she also promoted the credit union to the Group's employees through a quarterly in-house newsletter for which she had responsibility. Jennifer "Sue" Lynch served as the first Secretary of the Management Committee of the credit union from 1989 to 1991.



Kenneth A. Branker

Kenneth Branker was the Financial Controller for DaCosta Ltd; he was the Credit Union's first President of the Management Committee serving from 1989 to 1991. He noted that as Financial Controller, many staff members came to him for financial assistance. He remembers speaking with Desmond Marshall and Ann Lady Hewitt, about starting a Credit Union for the BS&T companies. At the inaugural meeting at Harrison College on Crumpton Street those in attendance were in favor of moving forward with the establishment of the Credit Union. He was elected as President at this first General Meeting. Mr. Branker noted that initially savings and borrowing were the main benefits provided by the Credit Union; it was able to assist many persons who were denied financing at other institutions.



Eian W. J. Clarke

Eian Clarke joined and began serving the Credit Union in 1989. Mr. Clarke began his career as a Clerk at Manning Wilkinson and Chandler Limited which later became DaCostaManning. He remembers attending the Credit Union's launch at its inaugural General Meeting which was held at Harrison College. At this meeting Eian was nominated and elected to the post of Vice President and was the youngest member elected to serve on this first Management Committee of the Credit Union. He held the post of Vice President until 1991 after which he took on the role of Assistant Secretary in 1992. He viewed the Credit Union as a viable option to banks, for employees as they could become members and owners of the institution with which they saved. Eian has remained an active Credit Union member over the years, returning to serve on the Board of Directors in 2017.



Anthony G. Inniss

Anthony Inniss remembers being contacted by the Human Resources Department of the Barbados Shipping & Trading Co. Ltd. about joining the Credit Union. At the time he thought it was a good idea, so he signed up and has never looked back. One of the reasons he was eager to join the Credit Union was his desire to start saving for himself and his family. He noted that the availability of payroll deductions sent directly to the Credit Union made saving easy for him once he committed to a monthly deduction. Anthony's volunteerism with the Credit Union has spanned over 20 years starting from 1996. Over the years he has served in various roles on the Board of Directors and Supervisory Committee which included President and Chairman, respectively. Mr. Inniss has also served as the Credit Union's representative on the board of the Barbados Co-operative Credit Union League.



Noel M. Nurse

Noel Nurse has been a devoted member of the Credit Union over the past thirty years. He admits to seeing the importance of the Credit Union from its inception and this compelled him to become involved by volunteering to serve. Throughout the years Mr. Nurse has served in various positions starting with his service as a member of the Supervisory Committee from 1992-1993 and as its chairman from 1993-2000. He has held positions as Treasurer and President on the Management Committee and Board of Directors between 2001 to 2006. He returned to serve on the Supervisory Committee in 2006 until 2012. Today, Mr. Nurse continues to be an active member of the Credit Union's current Board of Directors in the position of 1st Vice President. Noel currently represents the Credit Union on the board of the Barbados Co-operative & Credit Union League.

Member Profile

All about you.... our Members



A. Richard S. Marshall

Richard Marshall joined the Credit Union in 1989 and served on the Management Committee for two years as the Assistant Secretary. He became involved with the Credit Union through Mr. Desmond Marshall who worked at DaCosta Manning's and Mrs. M. Ann Hewitt, who at the time was the Group Training Manager of BS&T. Mr. Marshall worked at BS&T Head office as the Corporate Secretary. He was asked to assist with the groundwork for starting the credit union, as he dealt with the legal matters for BS&T. Mr. Marshall saw the Credit Union's decision to start a mortgage portfolio as a major benefit for employees of the Group. Prior to this, staff members were able to apply for mortgage loans through the BS&T pension scheme which was unable to readily fulfill the demand for this type financing.



Osmond B. Grant

Osmond Balfour Grant known to many as O. B. Grant joined the Credit Union on August 31, 1989. He was a Supervisor with DaCosta Ltd. and was one of the founding members of the Credit Union. Mr. Grant held many volunteer positions within the organization from its inception until the early 2000's. He held the position of Treasurer on the Credit Union's Committee of Management from 1989 to 1992. He later joined the staff of the Credit Union as an employee in the early 90's retiring in July 1998. After his retirement Mr. Grant continued to keep abreast of the development of the Credit Union and was a mainstay at the Annual General Meetings. Sadly, Mr. Grant passed away June 8th, 2017, the date of the Credit Union's 27th Annual General Meeting.

The financial year ended March 31, 2020 was one of mixed fortunes for the Credit Union. We experienced pleasing increases in membership, members savings and loans. At the same time there were other areas of the business which faced difficult challenges, as outlined in this report. Our achievements were marred from a financial standpoint with escalating delinquency levels, significant loan losses due to adjustments for the International Financial Reporting Standard (IFRS) 9, and by the closing weeks of the year, we observed a complete reversal of significant investment gains seen during earlier months. The reversal of these gains came with the jarring note of the onset of the global COVID-19 pandemic.

FINANCIAL PERFORMANCE

Total assets grew by \$3.6 million, driven by growth of members' savings by \$4.1 million. Net loans increased by \$3 million, comparing very favourably with a contraction of \$0.5 million the previous year.

We must recollect from the prior year, that the returns from our investments in Government of Barbados securities were severely diminished as the Barbados Economic Recovery and Transformation (BERT) program was implemented. This led us during the year under review to concerted efforts to increase earnings by way of growth of loans to members. Interest earned on loans therefore increased by \$302,000 over the previous financial year. As the Credit Union experienced a full year of the BERT program however, its revenue from the holdings of Government securities fell by a further \$168,000 from the previous year. As has been the case in recent years, a general downward trajectory of market interest rates continued, and our matured interest-bearing investments were reinvested at significantly lower rates. Consequently, earnings from these fell by \$40,000 from the prior year.

As the year progressed, the Board took decisions to lower interest rates on savings, while still ensuring that these remained competitive within market. Interest expense therefore fell by \$213,000.

Unrealized investment gains netted to \$184,000 by the year-end. This was primarily due to the revaluation of the shareholding in Co-operators' General Insurance. The provision for doubtful loans and expected credit losses (ECL) increased by \$523,000. This was due in part to adjustments for IFRS 9 compliance, and conservative provisioning for a significant loan that is now with the Court for a decision. Despite the imposition of regulatory fees, other operating expenditure was reduced by \$51,000. This combination of factors resulted in an overall net loss of \$403,000.

LOANS AND DELINQUENCY

The Board approved various loan specials throughout the year and our management has ensured that our offerings were competitive within the market and crafted with the critical elements of member care and risk management. The Board and Management maintained keen focus on lending policies, well-constructed procedures, collections and staff training. These were necessary to achieve worthwhile loan business while curtailing risks. While we achieved pleasing loan growth, delinquency spiralled to 7.1% by year-end, a level previously unseen by our Credit Union. This was not specific to new loans, but more so to loans that had been performing well in prior years. Management has analysed that the predominant reason that leads to delinquency is job losses. Some delinquent members were affected by reduced working hours and reduced income.

The Credit Union's principle remains that we are committed to working with members who experience genuine difficulty but demonstrate intent to repay their debts. However, its staff will make every effort to recover all outstanding amounts that are due from its borrowing members. This commitment has been consistently repeated in our Board of Directors' annual reports.

GENERAL OPERATIONS

During the year, we took the decision to end the Credit Union's facilitation of Western Union money transfer services, which commenced in February 2019. Our Board and Management considered that the small net revenue did not justify the level of effort required to facilitate the service, which was also impairing the speed and quality of our member service. A significant

Report of the Board of Directors

All about you.... our Members

business challenge arose when the Massy Stores decided to end their longstanding facilitation of Credit Union withdrawals and payments at all store locations. We were unsuccessful with attempts to negotiate continuance of this service. This drove more members to our Offices for in-person transactions. The Office at Sargeant Village became inadequate with the greater number of members visiting, and this was further exacerbated with necessary physical distancing protocols. We have therefore commenced preparations for a new space on the same compound. This became functional during the 2020-2021 financial year. It will facilitate faster member service, improved social distancing protocols and give our Credit Union the benefit of greater visibility.

The Credit Union maintained its opening of the Kensington Mall Office each Saturday throughout the year and extended the hours of the Office at Sargeant Village until 6:00 pm on Friday evenings. These initiatives were well utilized. All offices of the Credit Union continued to be well patronized throughout the year, and our online services (Internet and Mobile access) continues to grow in use among membership. Other member service initiatives implemented included the facilitation of incoming payments via debit cards and Sure-Pay.

In keeping with the traditions of our Credit Union, we afforded the Noel Nurse Scholarship, the Anthony Inniss Education Grants, and the M. Ann Hewitt Education Grants, these awards having been named after our Credit Union's volunteers with the longest tenures. We hosted the annual Eleven-Plus celebration for students associated with this institution. The Credit Union also hosted a mortgage fair in October 2019, and a member appreciation day on December 13th, 2019, and it took part in various promotions throughout the year. The avenue of social media has also proven useful in reaching our members and potential members.

We are happy to report that net membership increased by a record number of persons for a second successive year. The net growth was three hundred and sixty-two (362) persons, compared to two hundred and seventy-three (273) in the previous year.

30TH ANNIVERSARY

Our Credit Union reached the milestone of its 30th Anniversary on August 31, 2019. We were heartened by the presence of many members at the 30th Anniversary Service of Thanksgiving held at the Bethel Methodist Church on September 1st, 2019. Your Board felt that it would be remiss of us not to commemorate this significant milestone. We therefore honoured founding and longstanding volunteers as well as longstanding employees at a 30th Anniversary Awards Ceremony on December 28th, 2019.

CORPORATE GOVERNANCE

Your Board remains committed to the highest standard of governance by being active and informed about the Credit Union's business and any developments that may affect it. During the year, we convened eighteen (18) Board meetings, three (3) meeting of the Finance Committee and three (3) joint meetings of the Board and Committees. The Board upgraded policies, remained focussed on its governance of the Credit Union, and its operations. Active representation remains in place 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.

We maintained our commitment to continuous learning, integrity, diligence and transparency. Your Board and elected Officers are engaged at a minimum in annual training as required for AML/CFT compliance. From the outset of the year, we decided to forego any overseas conventions since we anticipated a difficult year, and we upheld that decision. Ongoing training of employees was supported and reported to the Board for monitoring. We declare zero tolerance for misconduct of any kind in our business.

During the year, elected Officers received a stipend as resolved at the Annual General Meeting on July 15th, 2019 based upon the profitability of the Credit Union. The stipend was paid only in respect of the first three quarters of the year. No stipend will be paid in respect of the last quarter of the year, as this was when a change to losses became apparent.

OUTLOOK FOR 2020-2021

The current (2020-2021) financial year began with the backdrop of the COVID-19 Pandemic and the imposed emergency measures to control its spread. We are happy to note that pre-emptive initiatives implemented prior to the 24-hour curfew (lockdown) allowed our Credit Union to service its members. These included the online services, as well as direct transfers via bank accounts for disbursements and receipts. Our staff were able to work remotely to facilitate members' queries and transactions throughout the 24-hour lockdown, and we maximized use of the allowed opening hours for in-person transactions. Only the Kensington Mall Office of the Credit Union was closed when the entire mall was closed. We were able to implement all required protocols to safeguard our employees and members. Your Credit Union also facilitated moratoriums of loan payments to members affected by job losses and reduced household incomes.

We believe that LIFETIME has emerged from the lockdown and related situations as an institution that can be respected by its members for being able to service them in the circumstances. We must now build on this and maintain our Credit Union's relevance to members. In recent times, we upgraded and refreshed our website, maintaining functionalities for online requests, and we are currently working with the credit union movement to facilitate card payment systems for members. These initiatives are not entirely within our control. We deem it prudent to work with the movement to share costs. Nonetheless, we anticipate that their implementation will commence early in the 2021 calendar year.

While the 2020-2021 year is proving to be profitable thus far, major challenges remain in our midst. Lending has become much riskier amidst several ongoing job cuts and some members are understandably reluctant to incur debt. Despite loans being our primary source of earnings, we do not anticipate significant or easy loan growth over the year. Anything other than caution would be reckless in this regard. Your Board and Management developed a new framework for lending to lessen the associated risks in the prevailing circumstances. We have also committed to every possible avenue to pursue delinquents. In addition, we will undergo the second full year of significantly reduced earnings from our investments in Government Securities, and from the expense perspective, the cost of supporting our information technology (IT) has increased and the Credit Union has initiated plans for an IT upgrade to be more efficient and to stem long-term operating costs.

Measures such as risk-worthy loans, managing interest rate spreads, increasing our active membership, investing excess cash prudently and curbing operating expenditures remain in place. The Credit Union will implement some new and improved services at a cost to members. We are also awaiting the permission of the Financial Services Commission to proceed with a project that we have deemed as economically feasible. We believe that LIFETIME will continue to grow and service its members profitably.

Your Board pledges its consistent 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 and to our members for their patronage.



Anthony H. Branker
President, Board of Directors
September 22, 2020

Financial Review

All about you.... our Members

OVERVIEW

Despite a pleasing financial performance for the first three quarters of the financial year under review, the Credit Union ended the year with a loss. The main contributor to this negative turnaround was loan loss provisioning, and to a lesser extent, loss of investment values.

FINANCIAL PERFORMANCE

Total assets grew by \$3.6 million, or 5.7%. This was driven by members' savings which increased by \$4.1 million. Net loan growth was \$3 million, or 8%, compared to negative growth of \$0.5 million, or -0.4% in the previous year. Mortgage loans grew by 3%, and therefore the significant growth of the portfolio resulted from the shorter-term but higher yielding loans. Bearing in mind that under the Barbados Economic Recovery and Transformation (BERT) Program, the Credit Union would undergo a prolonged period of reduced earnings from its investments in Government of Barbados (Government) securities, and that the yields on our interest-bearing deposits were trending downwards, the Credit Union diverted its focus to growing loans to increase earnings. Interest earnings from loans therefore increased by \$302,000, or 10.5% over the previous year, despite reductions of loan interest rates.

Interest earned on term and demand deposits and investments in Government securities fell by a total of \$208,000 from the previous year. The most significant reason for this reduction is that it was the first full year of the Credit Union earning at the reduced rate on its Government securities. With interest rates trending downwards in recent years, as the Credit Union's investments in term deposits matured, these were reinvested at lower yields. The Credit Union therefore lowered its interest rates on all classes of members' savings at various times throughout the year. This resulted in the interest expense reducing by \$213,000.

Unrealized investment gains netted to \$184,000 for the year, compared to \$17,353 for the previous year. This was generously helped by the revaluation of shares of Co-operators' General Insurance Co. Ltd., in which our investment was revalued upwards by \$246,000. Despite this unusual gain, the return on investments calculated to only 2.9% for the year, compared to 2.7% for the previous year. This was disappointing considering the trend of impressive investment gains for the first ten (10) months of the year, after which stock markets plunged with the news of the COVID-19 pandemic, and the portfolio lost over \$145,000 of value between February and March 2020. The low yield on the investment portfolio was also heavily weighted downwards by the Credit Union's substantial investment of \$6 million in Government securities, earning only 1% per annum.

Expenditure includes conservative loan loss provisioning for a significant loan that is before the Courts for a decision. With full adoption of International Financial Reporting Standard (IFRS) 9, expenditure also includes a significant adjustment for expected credit losses (ECL), and ECLs on investments.

The Credit Union became fully aware of the amount and structure of regulatory fees that it must bear after the end of the previous financial year. The fee is based on a percentage of average assets for the previous calendar year. The fees of \$44,000 allocated to this financial year therefore reflect fees for the year 2018 to 2019, as well as fees for the year under review (2019-2020).

The foregoing circumstances resulted in the Net Loss of \$403,327 for the year. This compares with the reported net loss of \$415,353 for the previous year.

OUTLOOK FOR 2020 – 2021

Extraordinary challenges and maneuvering through difficult financial circumstances have become the business norm for the Credit Union. While we succeeded with the objective of shifting cash from investments to loans, the global pandemic then brought business slowdowns, job losses and reduced earnings for members. This situation triggers both delinquency and loan losses. Delinquency and loan loss controls must therefore remain in high focus by the Board and Management. We will also bear another full year of the reduced interest earnings from the investment in Government securities. The Credit Union therefore maintains its operations with a very strict budget.

Management will continue to monitor market interest rates to offer reasonable returns on the various classes of members' savings, as well as affordable loan rates and terms for risk worthy loans. In addition, we are intent on growing the Credit Union and increasing its revenue sources via services to members and lucrative investment opportunities.

The 2020-2021 financial year is proving to be profitable thus far. Nonetheless, the Board has again vowed to forego optional expenditures and projects that place the Credit Union at risk. We anticipate a reasonable performance this year.



Ronnie Mascoll
Treasurer, Board of Directors
September 18, 2020.

Financial Review

For the year ended 31 March 2019



All about you.... our Members

FIVE YEAR FINANCIAL SUMMARY

BALANCE SHEET - (\$000s)

	2020	2019	2018	2017	2016
Assets					
Loans to Members	41,162	38,134	38,960	35,828	34,676
Investments & deposits	19,836	20,328	20,032	19,383	18,364
Other Assets	4,559	3,533	2,257	1,662	2,194
	65,557	61,994	61,249	56,873	55,234
Liabilities & Capital Reserves					
Liabilities	62,144	58,181	56,639	52,395	51,040
Reserves	4,464	4,278	4,259	3,951	3,666
Undivided Earnings	-1,052	-465	351	527	527
	65,557	61,994	61,249	56,873	55,234

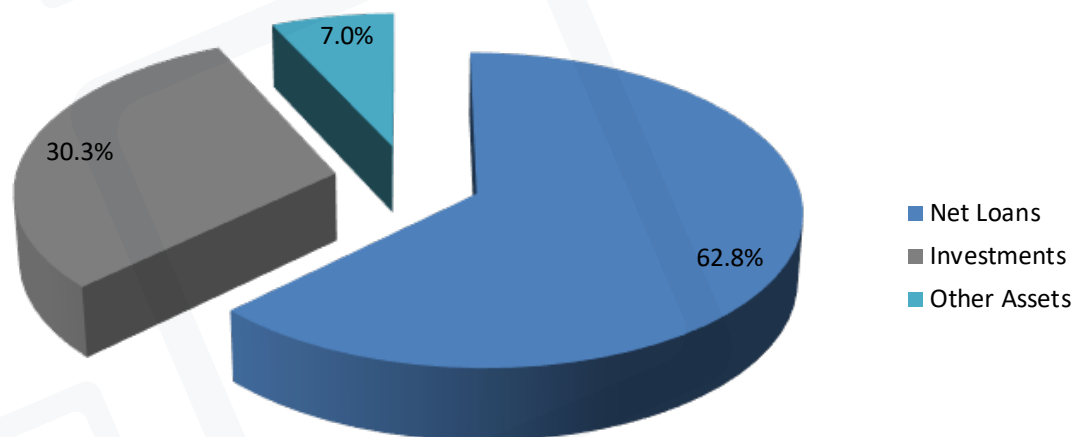
INCOME STATEMENT

Income					
Interest - Loans	3,183	2,881	2,883	2,982	3,014
Income - Investments	637	668	845	910	916
Other Income			3	8	6
	3,820	3,550	3,731	3,899	3,935
Expenditure					
Administrative & general	3,162	2,727	2,265	2,119	2,061
Interest expense on deposits	794	988	1,024	1,072	1,060
Interest/dividend expense on Shares	72	91	185	314	439
Depreciation	195	158	126	111	87
Assets Tax			-	-	106,202
	4,223	3,965	3,600	3,616	3,753
Net Income for year	-403	-415	131	284	183

PEARLS RATIO ANALYSIS

	Period to 31-Mar-20	Period to 31-Mar-19	Benchmark
Protection			
Equity (less shares) : Total assets	5.2%	6.7%	>10%
Equity (including qualifying shares) : Total assets	5.7%	7.2%	
Earnings			
Return on average assets	0.1%	1.1%	> 1%
Operating expense : Gross income	97.9%	81.3%	< 50%
Asset Quality			
Delinquent loans : Total loans	7.1%	5.5%	< 5%
Rate of Growth			
Savings growth	7.3%	3.1%	10% - 20%
Loan growth	9.6%	-0.4%	8% - 15%
Liquidity			
Loans : Total assets	66.2%	63.5%	70% - 85%
Structure			
Non-earning assets : Total assets	4.4%	2.5%	< 5%

ASSET DISTRIBUTION 2020

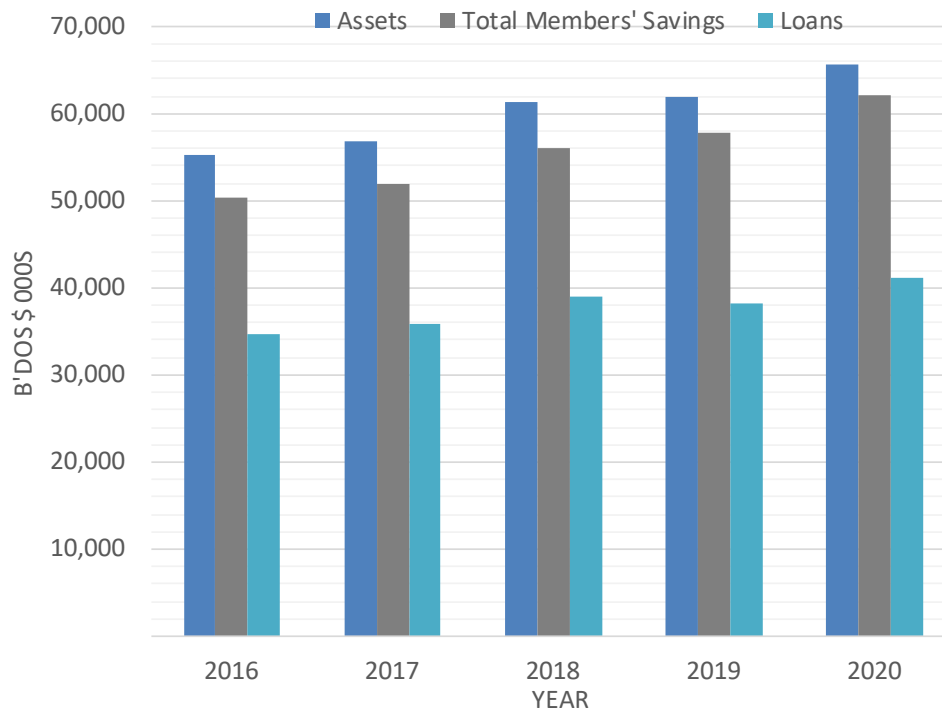


Financial Review

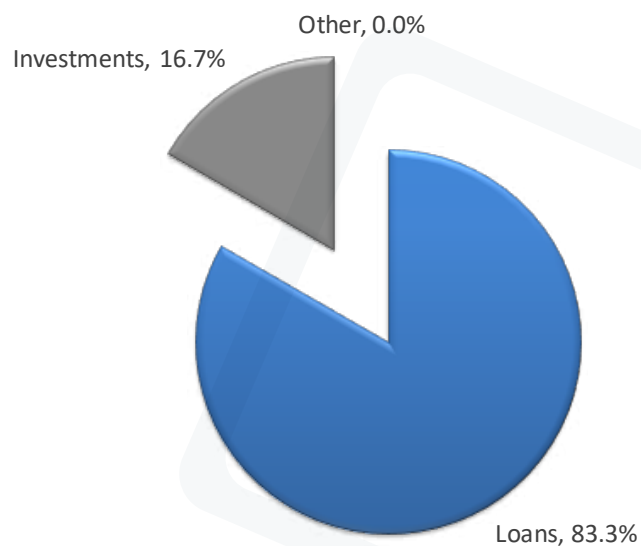
For the year ended 31 March 2019

All about you.... our Members

FIVE YEAR GROWTH SUMMARY



SOURCE OF INCOME 2020



SUMMARY OF MEETINGS

The Credit Committee met a total of seventy (70) times over the preceding year to consider loan applications. This consisted of fifty-five (55) ordinary meetings with regards to loans for general members; five (5) teleconference, two (2) offsite meetings and eight (8) meetings of the Extra-Ordinary Credit Committee, in which loans were considered for elected officers and employees of the Credit Union. The Committee attended three (3) joint meetings with the Board, Supervisory Committee and Management to discuss various challenges. As required, all of the members of the Credit Committee attended the annual Anti-Money Laundering training session.

ANALYSIS OF LOAN APPLICATIONS BY THE COMMITTEE

The Committee reviewed 1,099 loan applications. Of the total reviewed, 897 were approved and 202 were denied. The reasons for loan denials were as follow: high debt-servicing ratios, inadequate collateral security, investigations revealing a history of non-payment of loans and applicants presenting inaccurate information.

The following table shows the percentage change in loan values approved and denied by the Committee from 2019 to 2020, along with the total number of loans in each year.

Category Values	No of loans 2019/2020	No of loans 2018/2019	No of loans	% No of loans
Business	5	7	-2	-29%
Debt Consolidation	41	86	-45	-52%
Real Estate Purchase	12	16	-4	-25%
Real Estate Repair	30	37	-7	-19%
Vacation & Travel	45	45	0	0%
Vehicle Purchase	58	41	17	41%
Vehicle Repairs	11	10	1	10%
Other (B.T.S/Christmas/Education/LOC/Education & Medical)	695	696	-1	0%
Totals	897	938	-41	-4%
Total Number of loans declined	202	214	-12	-6%

The table highlights an overall decrease in the number and value of loans reviewed by the Committee. Although the total number of loan approvals fell by 4%, loans for vacation and travel remained constant while vehicle purchase, and vehicle repairs increased. This is the third time in the past five years that the Credit Committee reviewed fewer loan applications than in an immediate prior year.

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

The Committee would like to further thank the Board of Directors, members of the Supervisory Committee, all other stakeholders and members for expressing confidence in our ability to safeguard members' interests and contribute to the Credit Union's future growth.



Lecent C. Headley
Chairperson



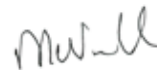
Diana L. Greenidge
Secretary



Gillian J. Burnham
Officer



Deborah D. Grainger
Officer



Melvin Worrell
Officer

Report of the Supervisory Committee

For the year ended 31 March 2020



All about you.... our Members

INTRODUCTION

The Supervisory committee of the Lifetime Co-operative Credit Union Ltd comprised of the following persons who served for the period, in the capacities and attended meeting as outlined below:

COMPOSITION OF THE COMMITTEE

FOR THE PERIOD APRIL 2019 to JUNE 2019

MEMBERS	POSITION HELD	PRESENT	ABSENT/APOLOGIES	TOTAL NUMBER OF MEETINGS
Anthony Inniss	Chairman	3	-	3
Kezia Nurse	Secretary	3	-	3
Mark Harding	Officer	3	-	3

Between April and June three meetings were held with full attendance.

COMPOSITION OF THE COMMITTEE

FOR THE PERIOD JULY 2019 TO MARCH 2020

MEMBERS	POSITION HELD	PRESENT	ABSENT/APOLOGIES	TOTAL NUMBER OF MEETINGS
Mary Inniss	Chair	9	-	9
Kezia Nurse	Secretary	8	1	9
Mark Harding	Officer	7	2	9

During the year under review and in accordance with Section 212 of the Co-operative Societies Act Chapter 378A and as outlined in Section 70 of the By-laws of Lifetime Co-operative Credit Union Ltd the Supervisory Committee carried out its duties as specified.

EXAMINATIONS

Operations Management Audit Samples

- We reviewed and examined the policies and operating procedures and made appropriate recommendation to the Board.
- Examined Bank Reconciliations
- Examined Payables
- Filing of Reports with the Financial Services Commission
- Verify assets

Risk Management Audit Samples

- Reviewed and carried out test periodically verifying the Bank reconciliations.
- Made recommendations regarding dormant accounts
- Examined sample of loan applications and we signed off in accordance with the Credit Risk Policy
- Examined Health and Safety Policy of Staff and Members
- Regulatory Compliance – Re: Members Due Diligence
- Tested the integrity of the information technology system re: controls
- Delinquency management Via Delinquency Report and made recommendations
- Verified Periodic Cash Count
- Reviewed Board Minutes
- Monitor Management & Operational expenses
- Verified Loan and Mortgage securities and Internal controls of same

The Committee enlisted the services of an independent auditor to conduct audits mainly in the areas of; Unannounced Cash Counts, User Access of the Operating system, Bank Reconciliation, Members Loans, and Investments held.

OUTSTANDING

- The IFRS9 which was raised in Last Year's AGM report still remains an issue
- The Revaluation on the Co-operator's General Insurance limited shares have been utilised
- The Legal matter still outstands; however, there have been some communication in the year under review

COMPLAINT

There was one complaint which was resolved amicably and timely.

FINDINGS

Based on the review of the Board Minutes seen and the joint meeting held with the Board of Directors, Management, Credit Committee and Supervisory Committee we have concluded that the Board of Directors made a genuine effort to be diligent in the discharge of their responsibilities.

DELINQUENCY MANAGEMENT

Delinquency continues to climb as the country continues to experience economic challenges. The stress for consistent aggressive follow-up of this portfolio has not been understated. However, with the unwelcomed appearance of the global pandemic 'COVID 19' a totally new policy and strategy would have to be instituted to try to contain the delinquency levels.

The introduction of the IFRS 9 standards seek to reduce excess losses by making early provision. It would be prudent for this matter to be urgently resolved.

Report of the Supervisory Committee

For the year ended 31 March 2020



All about you.... our Members

CONCLUSION

We foresee some financial challenges based on what is happening in Barbados and in the world. However, we would continue to put our heads together utilising our experiences, knowledge, skills, and attributes for the survival of the Lifetime Co-operative Credit Union Ltd which is ours as shareholders. So, we pray that God would give us a new vision as we fight to continue to grow stronger and healthier.

APPRECIATION

We want to thank you the members for giving us the opportunity to serve you in this capacity. We also express our appreciation for the support of the Management and Staff and for the cooperation of the Board of Directors and the Credit Committee.

Mary A. Inniss, BA, MA, MSc

A handwritten signature in blue ink, appearing to read 'Inniss'.

Chair

Kezia O. Nurse, BSc

A handwritten signature in black ink, appearing to read 'K. Nurse'.

Secretary

Mark N. Harding

A handwritten signature in black ink, appearing to read 'Mark N. Harding'.

Officer



M. E. Murrell & Co.
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Established 1960

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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

All about you.... our Members

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

Statement of Financial Position
As of 31 March 2020
(Expressed in Barbados dollars)



All about you.... our Members

	Note	2020	2019
Assets			
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
Liabilities and equity			
<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

All about you.... our Members

	Statutory Reserve	Undivided deficit	Other reserve	Total
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.

Statement of Comprehensive Income
As of 31 March 2020
(Expressed in Barbados dollars)



All about you.... our Members

	2020	2019
Interest income:		
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>	3,615,881	3,522,315
Interest expense:		
Regular deposits	148,081	264,466
Term deposits	718,266	814,990
<i>Total interest expense</i>	866,347	1,079,456
<i>Net interest income</i>	2,749,534	2,442,859
Other income:		
Dividends	5,032	2,850
Sundry income/fees	15,574	7,203
<i>Net total - other income</i>	20,606	10,053
Less:		
Expected credit loss	553,944	-
Bad debt provision	384,678	416,200
	938,622	416,200
Operating expenditure:		
Depreciation	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>	2,418,351	2,469,418
Net comprehensive loss before:	(586,833)	(432,706)
Other comprehensive income		
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI	183,506	17,353
Comprehensive loss	(403,327)	(415,353)

See notes to financial statements.

All about you.... our Members

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

See notes to financial statements.

All about you.... our Members

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;
- (a) The education of members in Co-operative principles and methods and the efficient management of the Credit Union's affairs;
- (b) 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.

All about you.... our Members

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.

All about you.... our Members

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

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

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.

All about you.... our Members

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2020	2019
Interest receivable	852,348	751,025
Remote location deposits	-	41,491
Sundry accounts	156,773	123,815
Prepayments	75,494	57,046
	1,084,615	973,377
Less: bad debts provision	(367,953)	(354,346)
	716,662	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>	2020	2019
Less than one year	1,274,772	903,419
One to five years	15,826,853	11,823,298
Over five years	26,303,413	26,883,705
	43,405,038	39,610,422
Less bad debt provision	(233,400)	(1,093,456)
Less: Expected credit loss/adjustment	(2,009,624)	(383,113)
Total	41,162,014	38,133,853

Expected credit loss

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

8. LOANS TO MEMBERS...CONTINUED

Loan Structure 2020

	Personal	Line of Credit	Mortgages	Total
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	-	-	(233,400)	(233,400)
	<u>19,118,570</u>	<u>544,349</u>	<u>21,499,095</u>	<u>41,162,014</u>

Loan Structure 2019

	Personal	Line of Credit	Mortgages	Total
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

	Stage 1	Stage 2	Stage 3	Total
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

	Stage 1	Stage 2	Stage 3	Total
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>

All about you.... our Members

9. INVESTMENTS

Investments in equity instruments

designated as at FVTOCI

	2020	2019
(a) Fair value investments – see part (b)	<u>702,285</u>	<u>764,809</u>
<i>Held to maturity</i>		
Massy (Barbados) Ltd.		
- PEARL deposits - 2.45%	1,050,000	1,050,000
Government of Barbados Bonds	6,138,532	6,138,532
Signia Financial Group Inc.	3,700,000	3,900,000
CAPITA Financial Services Inc. term-deposits 0.65% to 4.30%	<u>7,914,569</u>	<u>8,365,899</u>
	18,803,101	19,454,431
Less: expected credit loss	(23,889)	-
	<u>18,779,212</u>	<u>19,454,431</u>

Available-for-sale

Co-op. General Insurance shares – 1,114 ordinary shares	354,330	108,300
Barbados Co-operative & Credit Union League Ltd.- shares	200	200
	<u>19,836,027</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
		537,554	764,809	702,285	(62,524)

(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:

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

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%	16- Year:	9.03%

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10. PLANT AND EQUIPMENT

	Total	Equipment & Furniture	Vehicle
Period to March 31, 2020			
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	325,294	278,979	46,315
As of March 31, 2020			
Cost	1,323,577	1,220,654	102,923
Accumulated depreciation	(998,283)	(941,675)	(56,608)
Net book value	325,294	278,979	46,315
Period to March 31, 2019			
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	450,485	383,585	66,900
As of March 31, 2019			
Cost	1,353,310	1,250,387	102,923
Accumulated depreciation	(902,825)	(866,802)	(36,023)
Net book value	450,485	383,585	66,900

11. ACCOUNTS PAYABLE AND ACCRUALS

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

12. DEPOSITS AND SHARES PAYABLE

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

All about you.... our Members

- (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.

Notes to Financial Statements As of 31 March 2020

(Expressed in Barbados dollars)



All about you.... our Members

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

Notes

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