

**LIFETIME  
CO-OPERATIVE CREDIT UNION LTD.  
FINANCIAL STATEMENTS  
31 MARCH 2021**

**Lifetime Co-Operative Credit Union Ltd.**  
**Financial Statements**  
**Year ended 31 March 2021**

**CONTENTS**

|                                            |      |
|--------------------------------------------|------|
| Independent Auditors' Report .....         | 1-3  |
| Financial Statements                       |      |
| Statement of Financial Position.....       | 4    |
| Statement of Changes in Equity .....       | 5    |
| Statement of Comprehensive Income .....    | 6    |
| Statement of Cash Flows .....              | 7    |
| Notes to Financial Statements .....        | 8-20 |
| Other Financial Information                |      |
| Schedule of Other Operating Expenses ..... | 21   |



*M. E. Murrell & Co.*  
**Chartered Accountants**  
*Established 1960*

"Murrell House"  
Country Road  
P. O. Box 624C  
Bridgetown BB11000  
Barbados W.I.

Telephone: (246) 426-3215  
(246) 436-6710  
(246) 427-0407  
Facsimile: (246) 436-0856

E.mail:  
murrell1965@gmail.com

**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, 2021, statements 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at March 31, 2021 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**

**June 16, 2021**



**Lifetime Co-Operative Credit Union Ltd**  
**Statement of Financial Position**  
**As of 31 March 2021**  
**(Expressed in Barbados dollars)**

|                                   | Note | 2021       | 2020         |
|-----------------------------------|------|------------|--------------|
| <b>Assets</b>                     |      |            |              |
| Cash & cash equivalents           | 6    | 4,489,410  | 3,516,786    |
| Accounts receivable & prepayments | 7    | 853,582    | 716,662      |
|                                   |      | 5,342,992  | 4,233,448    |
| Net loans to members              | 8    | 38,280,759 | 41,162,014   |
| Investments                       | 9    | 19,246,077 | 19,836,027   |
| Investment property               | 9.1. | 4,430,000  | -            |
| Plant & equipment                 | 10   | 241,722    | 325,294      |
| Total assets                      |      | 67,541,550 | 65,556,783   |
| <b>Liabilities and equity</b>     |      |            |              |
| <i>Liabilities</i>                |      |            |              |
| Accounts payable & accruals       | 11   | 263,044    | 101,161      |
| Deposits and shares payable       | 12   | 63,545,373 | 62,043,246   |
|                                   |      | 63,808,417 | 62,144,407   |
| <i>Equity</i>                     |      |            |              |
| Statutory reserves                |      | 4,264,023  | 4,263,208    |
| Undivided deficit                 |      | ( 731,749) | ( 1,051,691) |
| Other reserve                     |      | 200,859    | 200,859      |
|                                   |      | 3,733,133  | 3,412,376    |
| Total liabilities & equity        |      | 67,541,550 | 65,556,783   |

See notes to financial statements.

Approved by the Board of Directors on June 16, 2021, and signed on their behalf by:



President



Treasurer

**Lifetime Co-Operative Credit Union Ltd.**  
**Statement of Changes in Equity**  
**As of 31 March 2021**  
**(Expressed in Barbados dollars)**

|                                    | <u>Statutory<br/>Reserve</u> | <u>Undivided<br/>deficit</u> | <u>Other<br/>reserve</u> | <u>Total</u>      |
|------------------------------------|------------------------------|------------------------------|--------------------------|-------------------|
| Balance – 31 March 2019            | 4,260,858                    | ( 81,745)                    | 17,353                   | 4,196,466         |
| Effect of adopting IFRS 9          | <u>-</u>                     | <u>( 383,113)</u>            | <u>-</u>                 | <u>( 383,113)</u> |
| 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       | <u>-</u>                     | <u>-</u>                     | <u>-</u>                 | <u>-</u>          |
| Balance – 31 March 2020            | 4,263,208                    | ( 1,051,691)                 | 200,859                  | 3,412,376         |
| Entrance fees                      | 815                          | -                            | -                        | 815               |
| Net income for year                | -                            | 30,623                       | -                        | 30,623            |
| Unrealised gain                    | <u>-</u>                     | <u>289,319</u>               | <u>-</u>                 | <u>289,319</u>    |
| Balance – 31 March 2021            | <u>4,264,023</u>             | <u>(731,749)</u>             | <u>200,859</u>           | <u>3,733,133</u>  |

See notes to financial statements.

**Lifetime Co-Operative Credit Union Ltd.**  
**Statement of Comprehensive Income**  
**For the period ended 31 March 2021**  
**(Expressed in Barbados dollars)**

|                                                                              | Note | 2021                  | 2020                     |
|------------------------------------------------------------------------------|------|-----------------------|--------------------------|
| <b>Interest income:</b>                                                      |      |                       |                          |
| Loans to members                                                             |      | 2,933,744             | 3,182,944                |
| Cash equivalents                                                             |      | 4,182                 | 9,305                    |
| Investments                                                                  |      | 407,941               | 423,632                  |
| <i>Total interest income</i>                                                 |      | <u>3,345,867</u>      | <u>3,615,881</u>         |
| <b>Interest expense:</b>                                                     |      |                       |                          |
| Regular deposits                                                             |      | 104,620               | 148,081                  |
| Term deposits                                                                |      | 562,577               | 718,266                  |
| <i>Total interest expense</i>                                                |      | <u>667,197</u>        | <u>866,347</u>           |
| <i>Net interest income</i>                                                   |      | <u>2,678,670</u>      | <u>2,749,534</u>         |
| <b>Other income:</b>                                                         |      |                       |                          |
| Dividends                                                                    |      | 2,654                 | 5,032                    |
| Rental income                                                                |      | 108,104               | -                        |
| Sundry income/fees                                                           |      | 29,564                | 15,574                   |
| <i>Net total - other income</i>                                              |      | <u>140,322</u>        | <u>20,606</u>            |
| Less:                                                                        |      |                       |                          |
| Expected credit loss                                                         |      | 387,430               | 553,944                  |
| Bad debt provision                                                           |      | -                     | 384,678                  |
|                                                                              |      | <u>387,430</u>        | <u>938,622</u>           |
| <b>Operating expenditure:</b>                                                |      |                       |                          |
| Depreciation                                                                 | 10   | 152,121               | 195,205                  |
| Staff costs                                                                  |      | 1,182,544             | 1,156,795                |
| Other operating expenditure                                                  |      | 1,066,274             | 1,066,351                |
| <i>Total operating expenditure</i>                                           |      | <u>2,400,939</u>      | <u>2,418,351</u>         |
| Net comprehensive income(loss) before:                                       |      | 30,623                | ( 586,833)               |
| <b>Other comprehensive income</b>                                            |      |                       |                          |
| Fair value gain on investment property - see note 9 (b)                      |      | 63,823                | -                        |
| Fair value gain on investments in equity instruments designated as at FVTOCI |      | 225,496               | 183,506                  |
| <b>Comprehensive income / (loss)</b>                                         |      | <u><u>319,942</u></u> | <u><u>( 403,327)</u></u> |

See notes to financial statements.



**Lifetime Co-Operative Credit Union Ltd.**  
**Statement of Cash Flows**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

|                                                  | Note | 2021                    | 2020                    |
|--------------------------------------------------|------|-------------------------|-------------------------|
| <b>Operating activities</b>                      |      |                         |                         |
| Net income / (loss) for the year                 |      | 30,623                  | ( 586,833)              |
| <i>Adjustment for non-cash items:</i>            |      |                         |                         |
| Unrealised gain                                  |      | 289,319                 | 183,506                 |
| Depreciation                                     | 10   | 152,121                 | 195,205                 |
| Gain on disposal of asset                        |      | 441                     | 172                     |
|                                                  |      | <u>472,504</u>          | <u>( 207,950)</u>       |
| <i>Changes in non-cash operating items:</i>      |      |                         |                         |
| Accounts receivable & prepayments                |      | ( 136,920)              | ( 97,631)               |
| Accounts payable and accruals                    |      | 161,883                 | ( 230,593)              |
| Deposits and shares payable                      |      | <u>1,502,127</u>        | <u>4,194,101</u>        |
| <b>Net cash provided by operating activities</b> |      | <u>1,999,594</u>        | <u>3,657,927</u>        |
| <b>Investing activities:</b>                     |      |                         |                         |
| Net change in:                                   |      |                         |                         |
| Loans to members                                 |      | 2,881,255               | ( 3,028,161)            |
| Investments                                      |      | 589,950                 | 491,713                 |
| Investment property                              |      | ( 4,430,000)            | -                       |
| Purchase of plant and equipment                  | 10   | <u>( 68,990)</u>        | <u>( 70,186)</u>        |
| <b>Net cash (used by) investing activities</b>   |      | <u>( 1,027,785)</u>     | <u>(2,606,634)</u>      |
| <b>Financing activities:</b>                     |      |                         |                         |
| Entrance Fee                                     |      | <u>815</u>              | <u>2,350</u>            |
| <b>Net cash provided by financing activities</b> |      | <u>815</u>              | <u>2,350</u>            |
| Net increase in cash and cash equivalents        |      | 972,624                 | 1,053,643               |
| Cash and cash equivalents brought forward        |      | <u>3,516,786</u>        | <u>2,463,143</u>        |
| <b>Cash and cash equivalents at period end</b>   |      | <u><u>4,489,410</u></u> | <u><u>3,516,786</u></u> |

See notes to financial statements.

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

---

**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 a 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.

**Impact of COVID-19** Following the announcement of COVID-19 as a global pandemic on March 11, 2020 by the World Health Organization (WHO), there was a significant downturn in the level of economic activity across the globe. Governments enforced restrictions which included the closure of non-essential businesses as well as restrictions on both international and domestic travel. Some restrictions were lifted over the course of the year, allowing for increased economic activity. While the Credit Union is considered an essential business and remained open for business for most of the year, its offices were closed to comply with state-of-emergency protocols at various periods during the year.

To assist members that were experiencing financial hardship, the Credit Union offered member assistance in the form of payment deferrals. Some sectors have seen sustained negative impacts, while others have seen restrictions re-imposed as cases rose again towards the end of the year. The overall economy continues to operate below pre-pandemic levels. Vaccine approvals provide a path to normalcy from current restrictions, but there is still uncertainty over the timing of when large-scale immunization will be attained. As such, the Credit Union continues to operate in an uncertain economic environment.

(b) *Depreciation*

Depreciation is provided on plant and equipment and vehicle on a straight-line 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%.

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

---

(c) *Use of estimates and judgments*

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting years. Actual results may differ from those estimates. Estimates and judgments are continually evaluated and are made based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. The credit union's results and operations have been and will continue to be impacted by the COVID-19 pandemic and related uncertain macroeconomic environment. The effect of these events and how long they will continue have introduced additional uncertainty around estimates, including a higher degree of uncertainty in determining reasonable and supportable forward-looking information and assessing significant increase in credit risk used in measuring expected credit loss ("ECL").

The most significant uses of estimates and judgments include the following:

(i) Fair value of financial instruments

Where the fair value of financial assets and liabilities cannot be derived from active markets, The Credit Union uses valuation techniques that include inputs derived from either observable market data or management's judgment.

(ii) Impairment losses on financial assets

The measurement of impairment losses under IFRS 9, Financial Instruments ("IFRS 9") requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The credit union's ECL allowance calculations are outputs of complex models with several underlying assumptions.

(d) *Taxation*

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

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

---

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

(c) *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.

(f) *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.

(g) *Education Fund*

A minimum amount of one percent (1%) of net income is appropriated for education.

(h) *Cash equivalents*

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

(i) *Adopted Standard*

At the date of authorization of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published. None of these standards or amendments to existing standards have been adopted early by the Credit Union. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Credit Union's financial statements.

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

---

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

**(j) 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.

**(k) 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 for which the 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 FVTOCI

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

The expected credit loss (ECL) model requires management to make judgments and estimates in a number of areas. Management must exercise significant judgment in determining whether there has been a significant increase in credit risk since initial recognition and in estimating the amount of ECLs. The calculation of ECLs includes the incorporation of forward-looking forecasts of future economic conditions, which requires significant judgment to determine the forward-looking variables that are relevant for each portfolio and the scenarios and probability weights that should be applied. Management also exercises expert credit judgment in determining the amount of ECLs at each reporting date by considering reasonable and supportable information that is not already incorporated in the modeling process. Changes in these inputs, assumptions, models and judgments directly impact the measurement of ECLs.

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.

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

*m. Impairment of financial assets*

In relation to the impairment of financial assets, IFRS9 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.

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 12months 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.



**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

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

(c) *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>2021</u>             | <u>2020</u>      |
|--------------------------------------------------------------|-------------------------|------------------|
| Current accounts                                             | <b>3,467,387</b>        | 2,085,327        |
| Cash                                                         | <b>318,820</b>          | 272,434          |
| Barbados Co-operative Credit Union League Ltd – shares       | <b>17,300</b>           | 17,300           |
| Central Fund Facility Trust:                                 |                         |                  |
| - Ordinary Deposit –0.75% p.a. (prior year 0.75%)            | <b>200,950</b>          | 197,614          |
| - 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>332,958</b>          | 292,116          |
| Signia Globe Financial Group Inc.                            |                         |                  |
| Demand deposits - 0.5 - 1.00% (prior year 0.5 – 1.00%)       | <u><b>25,283</b></u>    | <u>525,283</u>   |
|                                                              | <u><b>4,489,410</b></u> | <u>3,516,786</u> |

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.

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

**7. Accounts receivable and prepayments**

|                           | <u>2021</u>           | <u>2020</u>           |
|---------------------------|-----------------------|-----------------------|
| Interest receivable       | 945,504               | 852,348               |
| Sundry accounts           | 204,493               | 156,773               |
| Prepayments               | 72,839                | 75,494                |
|                           | <u>1,222,836</u>      | <u>1,084,615</u>      |
| Less: bad debts provision | <u>( 369,254)</u>     | <u>( 367,953)</u>     |
|                           | <u><u>853,582</u></u> | <u><u>716,662</u></u> |

**8. Loans to members**

The Credit Union offers ordinary loans and products to members at rates varying from 4.5% to 16% (2020: 4.5% to 16%) 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 (2020: \$15,000) at the interest rate of 15% (2020: 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>                  | <u>2021</u>              | <u>2020</u>              |
|---------------------------------------|--------------------------|--------------------------|
| Less than one year                    | 1,031,948                | 1,274,772                |
| One to five years                     | 16,967,243               | 15,826,853               |
| Over five years                       | 23,009,993               | 26,303,413               |
|                                       | <u>41,009,184</u>        | <u>43,405,038</u>        |
| Less bad debt provision               | (331,371)                | (233,400)                |
| Less: Expected credit loss/adjustment | <u>( 2,397,054)</u>      | <u>( 2,009,624)</u>      |
| Total                                 | <u><u>38,280,759</u></u> | <u><u>41,162,014</u></u> |

**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 expected credit loss for 2020           | <u>533,055</u>          |
| <b>Balance as at March 31, 2020</b>                   | 2,009,624               |
| Net change in expected credit loss for 2021           | <u>387,430</u>          |
| <b>Balance as at March 31, 2021</b>                   | <u><u>2,397,054</u></u> |

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

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

**Loan Structure**  
**2021**

|                         | <b>Personal</b>   | <b>Line<br/>of Credit</b> | <b>Mortgages</b>  | <b>Total</b>      |
|-------------------------|-------------------|---------------------------|-------------------|-------------------|
| Gross loans             |                   |                           |                   |                   |
| Gross loans             | 18,794,357        | 623,368                   | 21,591,459        | 41,009,184        |
| Less ECL                | ( 2,181,197)      | ( 170,786)                | ( 45,071)         | ( 2,397,054)      |
| Less bad debt provision | <u>-</u>          | <u>-</u>                  | <u>( 331,371)</u> | <u>( 331,371)</u> |
|                         | <u>16,613,160</u> | <u>452,582</u>            | <u>21,215,017</u> | <u>38,280,759</u> |

**Loan Structure**  
**2020**

|                         | <b>Personal</b>   | <b>Line<br/>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)                | ( 81,830)         | ( 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> |

**Expected Credit Loss by stage- 2021**

|                | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b>   | <b>Total</b>     |
|----------------|----------------|----------------|------------------|------------------|
| Personal       | 529,332        | 395,583        | 1,256,283        | 2,181,198        |
| Line of Credit | 12,258         | 53,887         | 104,640          | 170,785          |
| Mortgages      | <u>5,666</u>   | <u>11,092</u>  | <u>28,313</u>    | <u>45,071</u>    |
|                | <u>547,256</u> | <u>460,562</u> | <u>1,389,236</u> | <u>2,397,054</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> |

Residential mortgages are repayable in bi-weekly and monthly blended principal and interest instalments over an agreed term generally not exceeding a period of 30 years. Residential mortgages are mainly secured by residential properties. Commercial loans and personal loans, including line of credit loans, are repayable to the Credit Union in weekly, bi-weekly and monthly blended principal and interest instalments over an agreed term, except for line of credit loans, which are repayable on a revolving credit basis and require minimum monthly payments. All loans, except for mortgage loans, are open and, at the option of the borrower, may be repaid at any time without notice. Types of collateral generally obtained by the Credit Union include, but are not limited to: member's personal property such as vehicles; cash and marketable securities; mortgage charges; fixed, floating or specific general security agreements; and personal guarantees.

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

**9. Investments**

|                                                              |                   |             |
|--------------------------------------------------------------|-------------------|-------------|
| Investments in equity instruments designated as at FVTOCI    |                   |             |
|                                                              | <b>2021</b>       | <b>2020</b> |
| (a) Fair value investments – see part (b)                    | <b>865,849</b>    | 702,285     |
| <i>Held to maturity</i>                                      |                   |             |
| Massy (Barbados) Ltd.                                        |                   |             |
| - PEARL deposits - 2.45%                                     | <b>1,050,000</b>  | 1,050,000   |
| Government of Barbados Bonds - see part (d)                  | <b>6,738,532</b>  | 6,138,532   |
| Signia Financial Group Inc.                                  | <b>3,700,000</b>  | 3,700,000   |
| CAPITA Financial Services Inc. term-deposits 0.65% to 4.30%  | <b>6,498,123</b>  | 7,914,569   |
|                                                              | <b>17,986,655</b> | 18,803,101  |
| Less: expected credit loss                                   | <b>(23,889)</b>   | (23,889)    |
|                                                              | <b>17,962,766</b> | 18,779,212  |
| <i>Available-for-sale</i>                                    |                   |             |
| Co-op. General Insurance shares – 1,114 ordinary shares -(c) | <b>417,262</b>    | 354,330     |
| Barbados Co-operative & Credit Union League Ltd.- shares     | <b>200</b>        | 200         |
|                                                              | <b>19,246,077</b> | 19,836,027  |

(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  | 92,285                | 103,408            | 11,123                 |
| Fortress Growth Funds                     | 103,438          | 437,679 | 536,998               | 687,542            | 150,544                |
| Barbados Sustainable Energy Co-op Society | 1,000            | 1,000   | -                     | 1,000              | -                      |
| Royal Fidelity Select Balanced Fund       | 13,192           | 50,000  | 73,002                | 73,899             | 897                    |
|                                           |                  | 538,554 | 702,285               | 865,849            | 162,564                |

- (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 at March 31, 2020</b> | <b>Fair value at March 31, 2021</b> | <b>Unrealised gain</b> |
|------------------------------------------------------|-------------------------------------|-------------------------------------|------------------------|
| Co-operators General Insurance Co. Ltd. 1,114 shares | <u>354,330</u>                      | <u>417,262</u>                      | <u>62,932</u>          |

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

---

**9. Investments (continued)**

- (d) Government of Barbados 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% |                   |

**9.1 Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business. Investment property is initially recorded at cost and subsequently measured at cost less accumulated impairment losses. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in net income.

During the year under review the Credit Union purchased a property for \$4,366,177. As at year end the realizable value of the property was \$4,430,000 resulting in an unrealized gain of \$63,823.

During the year the Credit Union realized \$108,104 in rental income from its investment property.

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

---

**10 Plant and equipment**

|                                 | <b>Total</b>   | <b>Equipment<br/>&amp; Furniture</b> | <b>Vehicle</b> |
|---------------------------------|----------------|--------------------------------------|----------------|
| <b>Period to March 31, 2021</b> |                |                                      |                |
| Net book value - start of year  | 325,294        | 278,979                              | 46,315         |
| Purchases                       | 68,990         | 68,990                               | -              |
| Disposals                       | ( 441)         | ( 441)                               | -              |
| Depreciation charges            | (152,121)      | ( 131,536)                           | ( 20,585)      |
| Net book value - end of year    | <b>241,722</b> | <b>215,992</b>                       | <b>25,730</b>  |
| <b>As of March 31, 2021</b>     |                |                                      |                |
| Cost                            | 1,392,126      | 1,289,203                            | 102,923        |
| Accumulated depreciation        | ( 1,150,404)   | ( 1,073,211)                         | ( 77,193)      |
| Net book value                  | <b>241,722</b> | <b>215,992</b>                       | <b>25,730</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    | <b>325,294</b> | <b>278,979</b>                       | <b>46,315</b>  |
| <b>As of March 31, 2020</b>     |                |                                      |                |
| Cost                            | 1,323,577      | 1,220,654                            | 102,923        |
| Accumulated depreciation        | ( 998,283)     | ( 941,675)                           | ( 56,608)      |
| Net book value                  | <b>325,294</b> | <b>278,979</b>                       | <b>46,315</b>  |

**11. Accounts payable and accruals**

|                             | <b>2021</b>    | <b>2020</b>    |
|-----------------------------|----------------|----------------|
| Remote location withdrawals | ( 39,903)      | ( 99,903)      |
| Dividends on shares         | 72,634         | 85,436         |
| Other accounts              | 229,313        | 115,628        |
|                             | <b>262,044</b> | <b>101,161</b> |

**Lifetime Co-Operative Credit Union Ltd.**  
**Notes to Financial Statements**  
**Year ended 31 March 2021**  
**(Expressed in Barbados dollars)**

---

**12. Deposits and shares payable**

|                            | <b>2021</b>       | <b>2020</b> |
|----------------------------|-------------------|-------------|
| Demand deposits and shares | <b>40,545,031</b> | 38,045,493  |
| Term deposits              | <b>23,000,342</b> | 23,997,753  |
|                            | <b>63,545,373</b> | 62,043,246  |

- (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. Comparative figures**

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

**14. Going concern**

The Credit Union has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The Credit Union is not aware of any material uncertainties that may cause significant doubt regarding the credit union's ability to continue as a going concern. The financial statements have been prepared on a going concern basis.

..

.



**Lifetime Co-Operative Credit Union Ltd.**  
**Schedule of Other Operating Expenses**  
**31 March 2021**  
**(Expressed in Barbados dollars)**

|                                          | <b>2021</b>             | <b>2020</b>             |
|------------------------------------------|-------------------------|-------------------------|
| Bank charges                             | <b>8,384</b>            | 9,676                   |
| Cleaning                                 | <b>29,360</b>           | 19,112                  |
| Courier services                         | <b>466</b>              | 11,475                  |
| Credit checks                            | <b>12,621</b>           | 5,151                   |
| Donations                                | <b>-</b>                | 1,000                   |
| General                                  | <b>18,203</b>           | 14,645                  |
| Education Fund provision                 | <b>1,200</b>            | 100                     |
| Insurance                                | <b>18,476</b>           | 13,806                  |
| League dues                              | <b>56,537</b>           | 53,725                  |
| Loan Protection & Life Savings Insurance | <b>74,400</b>           | 70,801                  |
| Marketing                                | <b>90,282</b>           | 106,496                 |
| Meetings                                 | <b>25,143</b>           | 42,165                  |
| Stipends BOD & Committee Fee             | <b>26,400</b>           | 19,800                  |
| Member statements                        | <b>7,614</b>            | 15,205                  |
| National Development Fund                | <b>6,099</b>            | 6,126                   |
| Professional fees                        | <b>92,802</b>           | 76,336                  |
| Regulatory fees                          | <b>32,969</b>           | 44,211                  |
| Rent                                     | <b>104,848</b>          | 115,581                 |
| Repairs & maintenance                    | <b>17,885</b>           | 16,380                  |
| Security                                 | <b>97,715</b>           | 78,848                  |
| Software costs                           | <b>73,099</b>           | 38,467                  |
| Special celebrations expenses            | <b>5,700</b>            | 24,160                  |
| Stationery, printing and postage         | <b>23,357</b>           | 38,152                  |
| Subscriptions                            | <b>10,159</b>           | 10,005                  |
| Supplies and maintenance - equipment     | <b>6,145</b>            | 5,052                   |
| Training and seminars                    | <b>5,597</b>            | 11,523                  |
| Utilities - electricity                  | <b>36,864</b>           | 45,809                  |
| Utilities - telephone                    | <b>25,250</b>           | 25,909                  |
| Vehicle expense and parking              | <b>10,934</b>           | 17,941                  |
| WAN & website charges                    | <b>147,765</b>          | 128,694                 |
|                                          | <b><u>1,066,274</u></b> | <b><u>1,066,351</u></b> |