



2021
ANNUAL REPORT

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

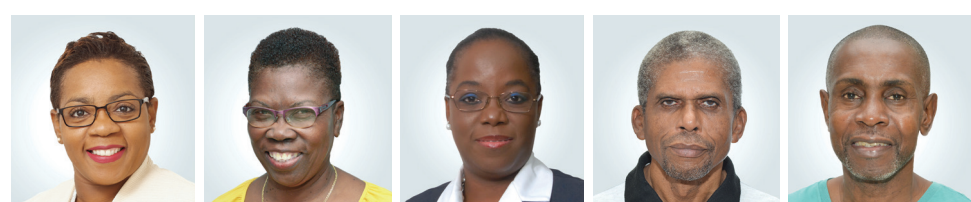


Left to Right:

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



Diana L. Greenidge
Chair

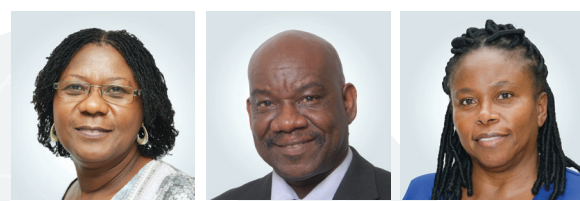
Deborah D. Grainger
Secretary

Lecent C. Headley
Officer

Melvin Worrell
Officer

Wayne Springer
Officer

SUPERVISORY COMMITTEE



Left to Right:

Mary A. Inniss, BA, MA, MSc
Chair

Mark N. Harding
Secretary

Jacqueline Best, BSc
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

2021 ANNUAL REPORT

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
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 T. 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. Chartered Accountants

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 2020

All about you... our Members



2021 ANNUAL REPORT

MEMBERS APPRECIATION DAY



ICU DAY



MEMBER PROFILE

This year's Member Profile is a tribute to our Long Serving Employees.



KATHY-ANN U. BASCOMBE – Member Services Representative

Kathy-Ann Bascombe joined the Credit Union in 2002 as a temporary Filing Clerk and Teller in the Member Services Department. She then moved into the Accounts Department as Relief Accounts Clerk where she assisted the Accounting Officer with various accounting duties as well as being responsible for processing the withdrawal and deposit transactions facilitated by the then Super Centre and DaCosta Manning Stores. Mrs. Bascombe soon became the familiar voice for this service amongst the staff at the various store locations. In January 2020 Kathy-Ann moved into the position of Member Services Representative at the Credit Union's Head Office in Bridgetown. She stated that the Credit Union has become more efficient in its technological systems over the years, and this has facilitated improved convenience for members. Mrs. Bascombe enjoys being able to serve and assist members and meet their needs to the best of her ability. She believes that this is a guiding principle of the Credit Union noting "we are here to help" members and this is achieved through the personalized and professional relationships developed with members. She also enjoys the friendly environment of the Credit Union and being able to interact with her colleagues and members. Kathy-Ann noted that working at the Credit Union allowed her to grow and understand the operational systems and principals of the Credit Union. Mrs. Bascombe believes she has developed personally over the years and has obtained keen insight on financial literacy which she readily shares with others. During her leisure time Kathy-Ann enjoys the beach, family time, reading and handicraft in jewelry making, knitting, and crocheting.



NICHOLA T. THOMAS – Securities Officer

Nichola Thomas became an employee of the Credit Union in October 2009. Nichola's first position was as the Relief & Support Clerk, and she also worked as Receptionist for a short time. She was promoted to Loans Clerk and thereafter moved to the Sergeants Village branch office. She moved into her current position of Securities Officer in February 2019. Ms. Thomas mentioned that some of the notable changes that occurred during her tenure with the Credit Union included the rebranding to Lifetime Credit Union, the opening of a satellite office at Kensington Mall and the change over to the current IT platform. Nichola remarked about some of the improvements in services to members such as easier access to funds via direct transfers, the introduction of online banking for real time account information and statements, and partnerships that facilitate deposits and loan payments directly to members Credit Union accounts. Nichola has gained experience within the Credit Union through cross-training. She has also benefitted from the opportunities provided, by the Credit Union, for training and development having successfully completed her bachelor's degree in Business Administration. She noted that the Credit Union continues to make these types of opportunities available to employees to assist in their technical and personal development. Working in the Member Services department has allowed Nichola to interact with "all kinds of people" and she explained that she has learnt over the years "how to deal with different personalities." She believes that challenges are a part of life and therefore she tries to always look for the positive in every situation.

Member Profile

All about you... our Members



FAITH-MARIE P. BRYAN – Member Services Clerk



Faith-Marie Bryan currently holds the position of Member Services Clerk, having joined the Credit Union on May 17th, 2006. She started her employment with the Credit Union at the Cavans Lane office in the position of Remote Transactions Clerk in the Accounts Department. After moving from the Accounts Department to Members Services, Faith held the positions of Member Services Representative both as Receptionist and Teller as well as Securities Officer. She also served as the Health and Safety Representative on the employee committee Task Force 1. In the natural course of things Faith explained that she has worked with many talented individuals at the Credit Union inclusive of Board of Directors and Committees members. Faith-Marie commented that she has had the pleasure of seeing members evolve through various milestones in their lives – from school graduations to home ownership. She enjoys the camaraderie among the Lifetime team and the amicable rapport that has been built with numerous members of the Credit Union. Despite any organizational challenges or changes she believes that this has remained a hallmark of the culture at Lifetime, she noted that “we try our best to assist and are genuinely happy to see our members succeed”. Faith remarks that the Credit Union has weathered many challenges over the years, most recently an unprecedented global pandemic, all while ensuring “we work tirelessly to meet the needs of our members.” According to Faith-Marie the camaraderie, shared experiences and insights gained, training, and lessons learned over the years at the Credit Union have all been invaluable and unforgettable.

DIONNE P. WATERMAN – Accountant



Dionne Waterman became a full-time employee of the Credit Union in 2010. She started her tenure with the organization as an intern performing filing and teller duties. Dionne later moved into the permanent position of Remote Location Clerk and was responsible for facilitating withdrawal and deposits transactions through the then Super Centre and DaCosta Manning stores. She then moved into the role of Accounts Clerk and was later promoted to Accounting Officer & Vault Clerk. She also had a short acting stint as Administrative Officer during 2012. Her current position at the Credit Union is Accountant a role she assumed in June 2019. Dionne remarked that she always “liked numbers” hence her chosen career in the field of accounting. Some of the changes Dionne observed at the Credit Union over the years include issuing of cash at all the office locations, the expansion of the Credit Union with its Kensington Mall branch office and the creation of member events such as the annual health walks. As an employee of the Credit Union Dionne appreciates the “good atmosphere among the staff” as well as assisting members with their queries. Dionne shared that her biggest challenge has been working and studying at the same time; her hard work has paid off with her successful completion of her ACCA professional program. Ms. Waterman noted that some of the benefits she has gained as an employee include exposure to different personalities and the ability to learn new things from each department within the Credit Union. In her leisure time, Dionne enjoys watching television and spending time with her daughter.



SHEENA S. FREEMAN – Member Services Loans Clerk

Sheena Freeman joined the Credit Union on April 7th, 2007, at the head office in Bridgetown. She began her association with the Credit Union prior to 2007 when she completed a summer internship while still a student at the Barbados Community College. It was through a chance encounter with a member of staff that Sheena learnt there were vacancies at the Credit Union, and she was encouraged to apply. When Sheena joined the Member Services department her initial responsibilities were filing and processing remote location transactions. She then moved into the position of Relief & Support Clerk, and she remembers being trained by her colleague Nicole Webster for this position. In her current position Sheena, as Member Services Loans Clerk, assists members with loan applications. In this position she worked across all the branch offices as part of the frontline Member Services Team. Sheena enjoys the friendly atmosphere that exists within the Credit Union among both members and colleagues. She noted that the Credit Union's range of products, which has expanded over the years, offers members varied options. She believes that each member has different needs, and it is important to listen to members to better understand their particular need at a given point in time. She remarked about her experiences with members "greeting her" outside of the office, she admits this provided a good feeling knowing that she made a positive impression on that member. In her spare time Sheena enjoys going to the beach, taking her Akita for walks, reading and paint by numbers art.



NICOLE N. WEBSTER – Member Services Supervisor

Nicole Webster joined the Credit Union in January 2001. She was one of six full time employees and started in the position of Receptionist/Teller. In this front-line position Nicole's duties included accepting payments, deposits, and disbursing withdrawals which at the time was a very manual process; she also assisted with and gained experience with payroll accounts, remote location deposit and withdrawal transactions. She remembers that in her early years at the Credit Union when she began assisting with processing loan applications, she had the opportunity to work with one of its founding members Mr. Osmond Grant. She relocated to the Sargeants Village office when it opened in 2006 and was subsequently promoted to the position of Loans Officer. She has acted in the position of Member Services Manager and today is the Member Services Supervisor at the Sargeants Village office. When questioned about what she enjoys most about her job she explained without hesitation "mentoring her colleagues by providing guidance and assistance" at work. As a result of working her way up through the organization, Nicole has gained knowledge in several areas within the Member Services department. During her twenty years with the organization, Nicole has witnessed technology replacing many manual tasks; she believes that "keeping abreast with the changing needs of members" will ensure that the Credit Union continues to improve the expansion and delivery of its products and services. It is her view that the Credit Union offers "excellent member service" and as she looks to the future, she is committed to contributing to the continued growth of the organization.



RACHEL L. CORBIN – Member Services Manager

Rachel Corbin celebrated her tenth anniversary with the Credit Union in March 2021. She joined the organization in 2011 in the role of Administrative Officer. In 2017 she was promoted to her current position of Member Services Manager. During her tenure with the Credit Union Rachel says she has observed several changes. In the area of growth, she highlighted the opening of a new branch office and the Credit Union's core membership expanding from the then BS&T Group now Massy Group to a wider Barbadian community of members as notable changes. She has also seen changes through the expansion of the range of products and services offered and the increased use of technology which allows for improved member service. Rachel noted there were many things she enjoyed about her job which included the ability to create solutions to satisfy members needs and to guide and assist members so that a "frown of financial worry" could be turned into "a smile of relief." Rachel also enjoys the team spirit of the Member Services Team which she leads. When questioned about challenges in her role at the Credit Union she explained that "though we have grown technologically, we still need to use technology to a greater extent to allow us to work smarter" and she is cognizant of the fact that keeping up with the technological changes can be challenging for small and medium sized institutions. Outside of her busy role as Member Services Manager, Rachel enjoys downtime working out at the gym, and Sunday afternoon sojourns at the beach with her family.



EDMUND C. GRIMES – General Manager

Edmund Grimes is the first and only General Manager of the Credit Union to date having joined its staff in July 1998. Before this tenure he was a member of the Supervisory Committee for four years. However, it was during his twenty-three years at the helm of the institution that Edmund was most instrumental in facilitating many changes including growth in membership and assets, expansion of the Credit Union's services and the rebranding of the institution. Throughout those years, Edmund also guided the transformation of the institution from mainly a Board-led operation to one in which a management team is largely responsible for the daily decision-making. He credits the collaborative relationship between the Boards of Directors (both present and past) and the Management team as well as the introduction and use of new technology as major contributors to operational improvements and efficiencies. Equally significant were the implementation of effective governance standards and internal controls which have helped the Credit Union to align with best practices for safeguarding members' funds. Edmund lists maintaining relevance to members while mitigating lending risks and pursuing growth opportunities and profitability, as being among his unending professional challenges. At the same time, growing an institution that is making a meaningful contribution to the development of its various stakeholders brings him immense satisfaction. Edmund remarked, "I have the opportunity to work in the field of my choice, which provides me with the drive and commitment to support the reason for which the Credit Union exists, and which fits perfectly with my philosophy and commitment to God." Apart from his profession, Edmund makes time for his Church commitments, family, exercise, home improvement projects and reading.



On behalf of the Board of Directors, I am pleased to report that the year ended March 31, 2021, was a profitable one for our Credit Union. The Board and Management maintained their usual sharp focus throughout a year of immense uncertainties to achieve turnaround from two successive years of losses to a pleasing Net Comprehensive Income of \$320,000.

FINANCIAL PERFORMANCE

Total assets grew by \$2 million, driven by growth of members' savings by \$1.5 million. Such growth again proves the confidence that our members place in our Credit Union. Conversely, net loans contracted by \$2.8 million, comparing unfavourably to growth of \$3.8 million the previous year. The contraction of loans, coupled with lower interest rates resulted in loan interest income reducing by \$249,000.

Whilst a low interest rate regime prevailed, our Credit Union maintained its rates on members savings, but further reduced some lending rates for competitiveness and to negotiate new business. I am also pleased to report that your Credit Union completed the purchase of an investment property, located at Independence Square, Bridgetown. We now own the property housing the National Library Service. I would like to personally applaud the efforts of Mr. Noel Nurse who led the effort in acquiring the property. In anticipation of closing the purchase contract, we held low-earning cash for several months, which contributed to lower interest earned on investments. Nonetheless, the decision to invest in the property has proven to be an excellent one thus far. The returns on this investment and other investment gains are major components of profits earned for the year under review.

The Board and Management placed much emphasis on ensuring that the core business of the Credit Union should be viable and sustainable. A budget with further expense reductions and frozen salaries governed our spending. Expected credit losses presented a most perplexing threat to profitability from core operations. Expected losses include estimated future losses and is therefore not an exact calculation based on identified impaired loans. Your Board and Management has consistently maintained conservative estimates. Considering that we are still in an environment of a one-in-a-century global pandemic that has devastated lives and economies, and that our local economy will likely trail a recovery of the world's economy, we have maintained a high level of conservatism, which results in an expense estimate of \$387,000 for the year.

LOANS AND COLLECTIONS

The area of loans and collections occupied much of the Board's and Management's attention. We sought to respond to the need to assist members, whilst balancing this with our responsibility to ensure collection of members' savings that are loaned to borrowing members. This entailed assessing applications for new loans in the highly unusual circumstances, as well as requests for moratoriums from borrowers who were current with their payments, as well as those who were already in arrears. We also halted the introduction of late payment fees at the onset of the pandemic. Amidst the government-imposed curfews, restricted business hours and closure of some businesses, new unsecured loans were discontinued for the first few weeks of the financial year as the Board and Management supplemented the Credit Risk Policy with the aim of reducing potential loan losses. Our staff reached out to borrowers and, on a case-by-case basis, facilitated moratoriums, and/or renegotiated loan agreements to enable more affordable payments. As signs of improvements surfaced in the third quarter of the financial year, competitive loan specials were introduced. As usual, these were crafted with the focus on member care and risk management.

Amidst the contraction of loans, the delinquency ratio again reached a successive year-end record of 7.6%, increasing from 7.1% the previous year, despite loan balances by this measurement increasing by only \$30,000. This highlights that the main reason for the worsened ratio was the shrinkage of the portfolio. As stated in the Board's report for last year, Management has analysed that the major cause to delinquency is job losses and that some delinquent mem-

Report of the Board of Directors

For the financial year ended March 31, 2021

All about you... our Members



bers were affected by reduced working hours and lower incomes. The Board and Management shall remain relentless in our commitment to assist members by means of viable loans, and with renegotiations when members experience genuine difficulty but demonstrate intent to service their debts. Nonetheless, as repeated in each report of this kind, we are in the business of lending money, not giving it, and not simply accepting excuses for non-payment. We will therefore be just as relentless in our efforts to fully collect on all loans.

GENERAL OPERATIONS

As referred to in the previous year's report, a pleasing operational achievement was the relocation of our branch office at Sargeant Village to a more prominent position within the Price-Lo Supermarket. This space gives greater visibility to the Credit Union, facilitates the required physical distancing, and allows service by more than one teller at a time. Management revamped the Credit Union's website, which is drastically improved both aesthetically, and with functionalities to facilitate withdrawal requests. Members have been increasingly utilizing the online services, payments via Sure-Pay, as well as direct transfers for withdrawals, deposits, and loan payments. I am pleased to report that during the periods that our offices had to be closed or operated with shortened hours as required by the regulatory protocols, our operations continued to function efficiently via remote work to ensure that we serviced members requests promptly. As restrictions were eased, Management maintained minimum levels of staff in the office and much work continued remotely.

In keeping with the traditions for our Credit Union, we issued the Anthony G. Inniss and M. Ann Hewitt education grants, the Noel M. Nurse scholarship, and the annual Eleven-Plus celebratory gifts for students associated with this institution. These were facilitated without the customary in-person events. The Credit Union also hosted member appreciation day on December 11th, 2020 and opened its branch offices on the Saturdays in December to support the seasonal upsurge in activity.

Net membership increased by only 107 persons during the year. This was a reduction from the record net increase of 362 the previous year. Our membership stood at 5,941 persons at year-end.

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. As reflected in this report, we maintained focus on all stakeholders. Long-term stability of the Credit Union, its members' interest, as well as safety and stability of our staff remained top-of-mind. During the year, we convened sixteen (16) Board meetings, two (2) meeting of the Finance Committee and one (1) joint meeting of the Board and Committees. The Board upgraded policies, and was determinedly focussed on its governance, and the Credit Union's operations during the very challenging year. Substantially all meetings, including Board, Management, and staff, were also conducted online. 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. Ongoing training of employees was supported and reported to the Board for monitoring. Much training was also facilitated online. We maintained our declaration and attitude of zero tolerance for misconduct of any kind in our business.

During the year, elected Officers continued to receive a stipend as resolved at the Annual General Meeting of July 15th, 2019, based upon the profitability of the Credit Union. The stipend was paid in respect of each quarter as the Credit Union recorded a net income for each quarter of the year.



OUTLOOK FOR 2021-2022

Whilst the 2021-2022 financial year is again proving profitable thus far, your Board and Management will not entertain complacency. We are constantly working to ensure that our Credit Union maintains its relevance to members and that we preserve the stability for which it is known. We anticipate working through another year of taxing uncertainties. Predictions were for only 1% to 3% growth of the economy, the level of unemployment remains elevated, high inflation is imminent, and the pandemic still threatens the world and our economy. Such conditions challenge our efforts towards the level of growth to which we are working. We must however put infrastructure in place for growth and relevance. Therefore, during the coming year, we will continue working with the credit union movement to facilitate card and electronic payment systems, as these are the most highly requested service improvements. Whilst we anticipated that this service would have commenced early in the 2021 calendar year, it is now expected to come to fruition some time before the end of this financial year. Additionally, the Board has committed to an upgrade of our core IT system during this financial year, which will further enhance our service to members. It is prudent that our Credit Union works with the movement to share and minimize costs, even as we earn new streams of revenue from the services.

Improvements in our technological infrastructure and staffing infrastructure will increase the operating costs, and we must therefore increase our revenues. Initiatives include the boost of earnings that will accrue from a full year of income from the rental property. Consistent with the premise of relevance and our mission of providing opportunities for financial prosperity, we launched a new category of loans to enable members investments in the lucrative renewable energy sector, in which there is keen interest. The Credit Risk Policy is also under constant review to secure worthwhile business. We are confident about our plans and that LIFETIME will achieve growth 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 maintaining their patronage in what was a very challenging year for all of us.



Anthony H. Branker
President, Board of Directors
June 11, 2021

Financial Review

For the financial year ended March 31, 2021

All about you... our Members



OVERVIEW

I am delighted to report on a successful outcome for the financial year under review. The Credit Union maintained its trajectory of assets and savings growth. Arduous deliberations of Board and Management combined with efforts of staff were rewarded with a pleasing result for Net Comprehensive Income.

FINANCIAL PERFORMANCE

Total assets grew by \$2 million, or 3%. This was driven by members' savings which increased by \$1.5 million. Net loan growth was negative \$2.9 million, or -7%, compared to growth of \$3.8 million, or 9.6% in the previous year. Balances for mortgage loans and personal loans contracted by \$200,000 and \$2.6 million, respectively. With such a significant contraction of the loan portfolio, interest earnings from loans fell by \$249,000 from the prior year.

Net earnings from interest-bearing investments fell by \$30,000 from the previous year. This was partly because the Credit Union had few options but to hold low-earning and non-earning cash for much of the year in anticipating the purchase of its investment property. Interest rates on members' savings were maintained at final rates agreed in the previous year. Therefore, the reduction of interest expense reflects the final rates agreed for the previous year, as well as the effect of maturing term deposits renewed at the most current rates. This resulted in the interest expense reducing by \$199,000. The combination of interest rate elements resulted in Net Interest Income falling by \$71,000.

Other income was boosted by investment gains of \$225,000, net rental income of \$105,000 and a surplus from the investment property revaluation of \$64,000. Financial Reporting Standards require reporting of investment properties in financial statements at market value, with changes in market value reflected in Net Comprehensive Income. We therefore had our property valued to promptly comply with the Standard.

The Financial Statements show that inclusive of loan losses, we achieved a reduction of overall operating costs by \$586,616. However, a major concern of expenses is still the expected credit losses estimated at \$387,430. These calculate to 13% of loans revenue, and 14% of total expenditure. Considering the extreme economic downturn that became imminent with the pandemic, the lending policies were supplemented with controls to reduce risks of potential losses. We are confident that these controls were in the best interest of the Credit Union and that the benefit of caution outweighed the cost of irresponsible inaction.

All circumstances are considered, the Net Comprehensive Income of \$319,942 is a commendable achievement for the year under review.

OUTLOOK FOR 2021 – 2022

The new financial year is one in which we are advised of slow or flat economic growth of the economy and above average inflation. These have negative implications for loan growth and the disposable incomes of our members. Delinquency and loan loss controls will therefore remain in high focus. We have again supplemented the Credit Risk Policy to secure quality loans whilst addressing risks. We will continue to manage our interest rate spread, whilst balancing risks with potential returns.



We have worked to safeguard the Credit Union’s sustainability. Our plans include a full year of rental income from the property and net revenues from new card services. We expect the first upward adjustment to the rate of interest on Government securities, which becomes due in the second half of the year. This will increase our earnings from this \$6 million investment by approximately \$90,000 annually. Operating expenses will increase with improvements in information technology, staffing and infrastructure. We therefore expect a reasonable performance this year.

Ronnie Mascoll
Treasurer, Board of Directors
June 11, 2021.

Financial Review

For the financial year ended March 31, 2021

All about you... our Members



2021 ANNUAL REPORT

FIVE YEAR FINANCIAL SUMMARY

BALANCE SHEET - (\$000s)

2021

2020

2019

2018

2017

Assets

Loans to Members	38,281	41,162	38,134	38,960	35,828
Investments & deposits	19,246	19,836	20,328	20,032	19,383
Other Assets	10,015	4,559	3,533	2,257	1,662
	67,542	65,557	61,994	61,249	56,873

Liabilities & Capital Reserves

Liabilities	63,808	62,145	58,181	56,639	52,395
Reserves	4,264	4,464	4,278	4,259	3,951
Undivided Earnings	-531	-1,052	-465	351	527
	67,542	65,557	61,994	61,249	56,873

INCOME STATEMENT

Income

Interest - Loans	2,934	3,183	2,881	2,883	2,982
Income - Investments	842	637	668	845	910
Other Income				3	8
	3,776	3,820	3,550	3,731	3,899

Expenditure

Administrative & general	2,636	3,162	2,727	2,265	2,119
Interest expense on deposits	615	794	988	1,024	1,072
Interest/dividend expense on Shares	52	72	91	185	314
Depreciation	152	195	158	126	111
Assets Tax			-	-	-
	3,456	4,223	3,965	3,600	3,616

Net Income for year

	320	-403	-415	131	284
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PEARLS RATIO ANALYSIS

	Period to 31-Mar-21	Period to 31-Mar-20	Benchmark
Protection			
Equity (less shares) : Total assets	5.5%	5.2%	>10%
Equity (including qualifying shares) : Total assets	6.0%	5.7%	
Earnings			
Return on average assets	1.5%	0.1%	> 1%
Operating expense : Gross income	80.0%	97.9%	< 50%
Asset Quality			
Delinquent loans : Total loans	7.7%	7.1%	< 5%
Rate of Growth			
Savings growth	2.4%	7.3%	10% - 20%
Loan growth	-6.2%	9.6%	8% - 15%
Liquidity			
Loans : Total assets	60.3%	66.2%	70% - 85%
Structure			
Non-earning assets : Total assets	6.8%	4.4%	< 5%
Other Relevant Ratios:			
Return on members' savings	1.6%	0.1%	None
Asset growth	3.0%	5.1%	None
Ave. yield on investments	3.4%	2.9%	None
Ave. yield on loans	7.0%	7.7%	None

Financial Review

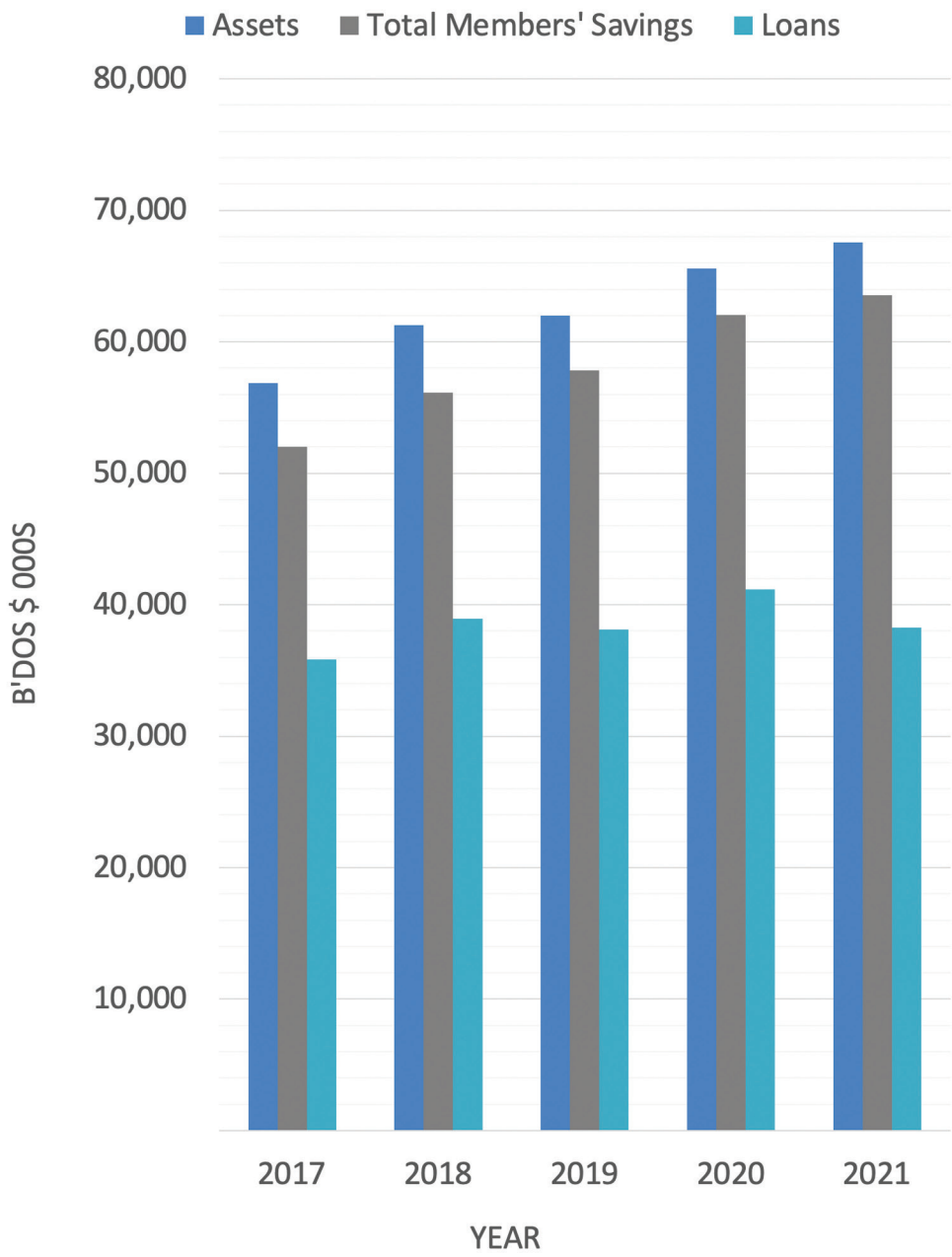
For the financial year ended March 31, 2021

All about you... our Members

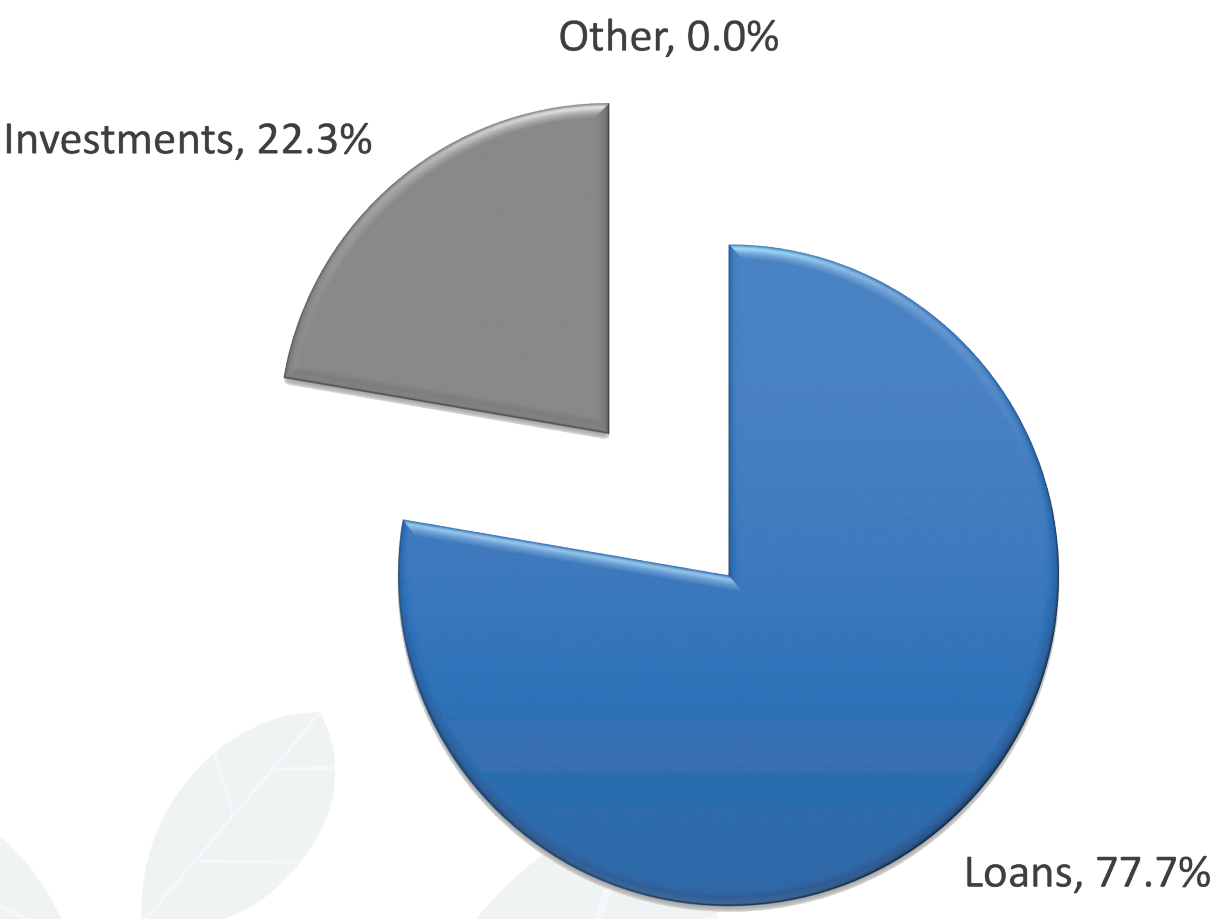


2021 ANNUAL REPORT

FIVE YEAR GROWTH SUMMARY



SOURCE OF INCOME 2021



Financial Review

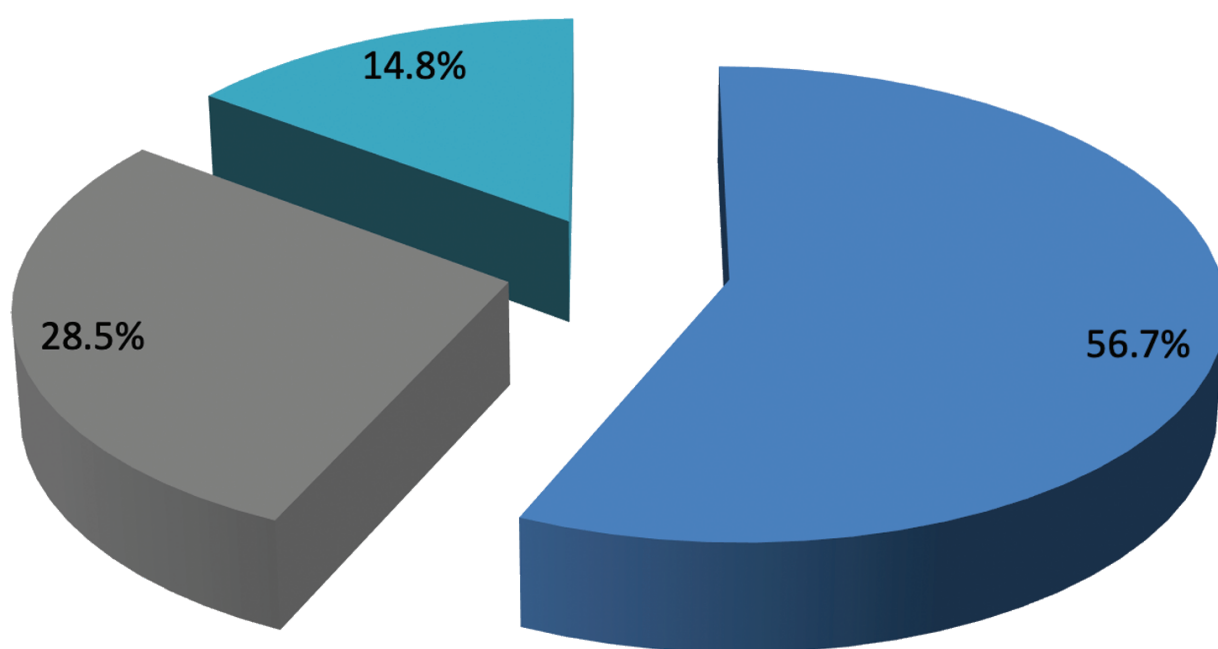
For the financial year ended March 31, 2021

All about you... our Members



2021 ANNUAL REPORT

ASSET DISTRIBUTION 2021



- Net Loans
- Investments
- Other Assets

SUMMARY OF MEETINGS

The Credit Committee met a total of forty-nine (49) times over the preceding year to consider loan applications. This consisted of forty (40) ordinary meetings with regards to loans for general members and nine (9) meetings of the Extra-Ordinary Credit Committee, in which loans were considered for elected officers and employees of the Credit Union. The Committee did not participate in any joint meetings with the Board of Directors, Supervisory Committee and Management, due to the impact of COVID-19. As required, all of the members of the Credit Committee attended the annual Anti-Money Laundering training session which was presented online.

ANALYSIS OF LOAN APPLICATIONS BY THE COMMITTEE

The Committee reviewed a total 449 loan applications, of which 329 were approved and 120 were declined. The reasons for loan denials were a result of high debt-servicing ratios, inadequate collateral security, investigations revealing a history of non-payment of loans, applicants presenting inaccurate information along with effects of the COVID-19 Pandemic.

The following table shows the percentage change in loan values approved and denied by the Committee from 2020 to 2021, along with the total number of loans in each year.

Category Values	No of loans 2020/2021	No of loans 2019/2020	No of loans	% No of loans
Business	1	5	-4	-80%
Debt Consolidation	9	41	-32	-78%
Real Estate Purchase	5	12	-7	-58%
Real Estate Repair	19	30	-11	-37%
Vacation & Travel	0	45	-45	-100%
Vehicle Purchase	14	58	-44	-76%
Vehicle Repairs	3	11	-8	-73%
Other (B.T.S/Christmas/Education/LOC/Education & Medical)	278	695	-417	-60%
Totals	329	897	-568	-63%
Total Number of loans declined	120	202	-82	-41%

The COVID-19 Pandemic has had a negative impact with the number of loan applications for the period under review.

The above table highlights a substantial decrease in the number and value of loans reviewed by the Committee. The total number of loans reviewed fell by 650 (59%). Approved loans fell by 63% from last year, and denied loans fell by 41%.

We the members of the Committee would like to thank all members of staff, particularly the loans officers who worked remotely to accommodate regular meetings every week and on occasions for the Extra-Ordinary meetings.

The Credit 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.



Diana L. Greenidge
Chairperson



Deborah D. Grainger
Secretary



Lecent C. Headley
Officer



Melvin Worrell
Officer



Wayne Springer
Officer

Report of the Supervisory Committee

For the financial year ended March 31, 2021

All about you... our Members



2021 ANNUAL REPORT

INTRODUCTION

The Supervisory Committee of the Lifetime Co-Operative Credit Union Limited is pleased to present its report for the 31st Annual General Meeting.

During the year under review, the Supervisory Committee comprised of the following members and met fourteen (14) times in the capacities as outlined below:

COMPOSITION OF THE COMMITTEE

FOR THE PERIOD APRIL 2020 to NOVEMBER 2020

MEMBERS	POSITION HELD	PRESENT	ABSENT/APOLOGIES	TOTAL NUMBER OF MEETINGS
Mary Inniss	Chairman	7	-	7
Kezia Nurse	Secretary	7	-	7
Mark Harding	Officer	7	-	7

COMPOSITION OF THE COMMITTEE

FOR THE PERIOD DECEMBER 2020 TO MARCH 2021

MEMBERS	POSITION HELD	PRESENT	ABSENT/APOLOGIES	TOTAL NUMBER OF MEETINGS
Mary Inniss	Chair	7	-	7
Mark Harding	Secretary	7	-	7
Jacqueline Best	Officer	7	-	7

In accordance with the Section 212 of the Co-Operative Society Act Chapter 378A and as outlined in Section 70 of the By-Laws of the Lifetime Co-Operative Credit Union Limited the Supervisory Committee carried out its duties as specified.

AUDIT AND INVESTIGATIVE ACTIVITIES

Work Plan

- Examine Bank Reconciliation
- Quarterly Surprise cash checks/counts to be conducted by Auditor.
- Review of Financials
- Loan processing for Staff, Board Of Directors and Committee Members
- Examine sample of loan applications and signed off as per credit risk policy.
- Monitoring of Regulatory Compliance -Re Members Due Diligence



- Review of payables.
- Review and follow up procedures to ensure securities held against loans such as life/vehicle policies are paid up to date.
- Review the strength of members information.
- Review of leases for main office and branches to ensure they are diarized for renewal and to make sure the leases are complied with as lessor's expectations.
- Review of Health and Safety Policy.
- Test the integrity of the system- re controls.
- Review Board of Director's Minutes.
- Review Delinquency Management
- Monthly Filing of Reports with the Financial Services Commission
- Verification of assets
- Investigate and respond to member's complaints.

The Committee was able to execute work in the following areas:

Operations Management Audit Samples

- Examined Payables
- Examined Bank Reconciliations
- Cash vouchers
- Filing of Reports with the Financial Services Commission
- Examined the marketing function of other Credit Unions and made recommendations.

FINDINGS

The Committee has not found any significant inconsistencies within the Operations Management Audit Sample.

Risk Management Audit Samples

- Examined samples of loan Applications.
- Audited Members for Due Diligence – RE Regulatory Compliance.
- Audited Delinquency Management and made recommendations.
- Reviewed Board of Directors' Minutes.
- Reviewed Financial Statements and sought explanations.
- Examined Dormant and Inactive Account Ledgers and make recommendations.
- Examined Loan applications for Employees, Board of Directors, and other Committee Members and signed off the process within Credit Risk Policy.
- Examined the procedure for Data Management of Members' Information.

Report of the Supervisory Committee

For the financial year ended March 31, 2021

All about you... our Members



FINDINGS

No significant discrepancies were found in the audited work. The disbursement of loans continues to be within the Loan policy. Compliance with The Financial Services Commission (FSC) remain relevant and is being adhered to. Members can feel confident that their information is protected. From the Board of Directors' Minutes, the committee concluded that the Directors were highly functional in the discharge of their duties.

The Committee was unable to engage the help of the independent auditor.

COMPLAINT

We are happy to report that no complaints reached the Committee.

CONCERNS

There is an ongoing legal matter which is before the court and which The Board and Management continue to follow. The delinquency continues to climb. While we understand that it is highly impacted by the challenging financial climate experiencing within the country and the world, we cannot relent in calling on those who are able to honour their commitment to do so. The asset quality, based on Pearls, total loan delinquency/ gross loan portfolio should be 5% or less in the ideal situation. However, we are 7.6% which increased by 0.5% over last year.

CONCLUSION

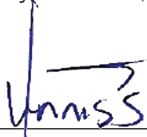
It has been a very challenging year in different respects. Despite that, we were able to conduct most of our meetings virtually and they were all in full attendance. We have the work and the continued success of the Lifetime Co-Operative Credit Union Limited at heart.

APPRECIATION

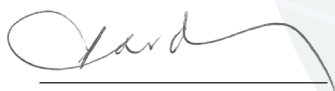
The Committee expresses thanks to Kezia Nurse who was Secretary to the Committee for part of this financial year under review and we welcome Jacqueline Best.

We thank you the members for having the confidence in us to give us the opportunity to serve in this capacity. Additionally, we express our thanks to the Management and Staff, Board of Directors and Credit Committee.

Mary A. Inniss, BA, MA, MSc


Chair

Mark Harding


Secretary

Jacqueline Best, B.Sc


Officer



M. E. Murrell & Co.
Chartered Accountants
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, 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

M. E. Murrell & Co.



Statement of Financial Position

For the financial year ended March 31, 2021

All about you... our Members

2021 ANNUAL REPORT

	Note	2021	2020
Assets			
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
Liabilities and equity			
<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



Statement of Changes in Equity

For the financial year ended March 31, 2021

All about you... our Members

	Statutory Reserve	Undivided deficit	Other reserve	Total
Balance – 31 March 2019	4,260,858	(81,745)	17,353	4,196,466
Effect of adopting IFRS 9	-	(383,113)	-	(383,113)
Balance – 31 March 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 at March 31, 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	-	289,319	-	289,319
Balance – 31 March 2021	4,264,023	(731,749)	200,859	3,733,133

See notes to financial statements.

Statement of Comprehensive Income

For the financial year ended March 31, 2021

All about you... our Members



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	Notes	2021	2020
Interest income:			
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>
Interest expense:			
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>
Other income:			
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>
Operating expenditure:			
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 (loss) before:		30,623	(586,833)
Other comprehensive income			
Fair value gain on investments property - see note 9 (b)		63,823	-
Fair value gain on investments in equity instruments designated as at FVTOCI		225,496	183,506
Comprehensive income / (loss)		<u>319,942</u>	<u>(403,327)</u>

See notes to financial statements.

	Note	2021	2020
Operating activities			
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
		472,504	(207,950)
<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		1,502,127	4,194,101
Net cash provided by operating activities		1,999,594	3,657,927
Investing activities:			
Net change in:			
Loans to members		2,881,255	(3,028,161)
Investments		589,950	491,713
Investments property		(4,430,000)	-
Purchase of plant and equipment	10	(68,990)	(70,186)
Net cash (used by) investing activities		(1,027,785)	(2,606,634)
Financing activities:			
Entrance Fee		815	2,350
Net cash provided by financing activities		815	2,350
Net increase in cash and cash equivalents		972,624	1,053,643
Cash and cash equivalents brought forward		3,516,786	2,463,143
Cash and cash equivalents at period end		4,489,410	3,516,786

See notes to financial statements.

Notes to Financial Statements

For the financial year ended March 31, 2021

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;
- (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%.

(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.

Notes to Financial Statements

For the financial year ended March 31, 2021

All about you... our Members



2021 ANNUAL REPORT

3. SIGNIFICANT ACCOUNTING POLICIES...CONTINUED

(e) *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 of the Credit Union's financial statements.

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 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.

(I) *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.

3. SIGNIFICANT ACCOUNTING POLICIES...CONTINUED

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.

(m) *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.

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.

Notes to Financial Statements

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4. FINANCIAL RISK MANAGEMENT...CONTINUED

(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.

(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

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

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

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

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

Notes to Financial Statements

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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 equity'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>	2021	2020
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
	41,009,184	43,405,038
Less bad debt provision	(331,371)	(233,400)
Less: Expected credit loss/adjustment	(2,397,054)	(2,009,624)
Total	38,280,759	41,162,014

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

8. LOANS TO MEMBERS...CONTINUED

Loan Structure 2021	Personal	Line of Credit	Mortgages	Total
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	-	-	(331,371)	(331,371)
	<u>16,613,160</u>	<u>452,582</u>	<u>21,215,017</u>	<u>38,280,759</u>
Loan Structure 2020	Personal	Line of Credit	Mortgages	Total
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>
Expected Credit Loss by stage - 2021	Stage 1	Stage 2	Stage 3	Total
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	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>

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.

Notes to Financial Statements

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9. INVESTMENTS

Investments in equity instruments designated as at FVTOCI

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

(b)

Fair value investments	Number of shares	Cost	Market - state 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-p 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:

	Shares	Fair value at March 31, 2020	Fair value at March 31, 2021	Unrealised gain
Co-operators General Insurance Co. Ltd.	1,114	354,330	417,262	62,932

9. INVESTMENTS...CONTINUED

- (d) The 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.

Notes to Financial Statements

For the financial year ended March 31, 2021

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10. PLANT AND EQUIPMENT

	Total	Equipment & Furniture	Vehicle
Period to March 31, 2021			
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	241,722	215,992	25,730
As of March 31, 2021			
Cost	1,392,126	1,289,203	102,923
Accumulated depreciation	(1,150,404)	(1,073,211)	(77,193)
Net book value	241,722	215,992	25,730
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

11. ACCOUNTS PAYABLE AND ACCRUALS

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

12. DEPOSITS AND SHARES PAYABLE

	2021	2020
Demand deposits and shares	40,545,031	38,045,493
Term deposits	23,000,342	23,997,753
	63,545,373	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 CONCERNS

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.

Schedule of Other Operating Expenses

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

NOTES

