



KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED (KCCU)

53rd Annual General Meeting

Reports and Accounts 2014



53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

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53rd Annual General Meeting

Reports and Accounts 2014

"Ever Progressing"

Kingstown Methodist Church Hall - 29th July, 2015 - 4:30 p.m.

BOARD OF DIRECTORS



Colin John, President



Dominic White, Director



Harvey Farrell, Vice President



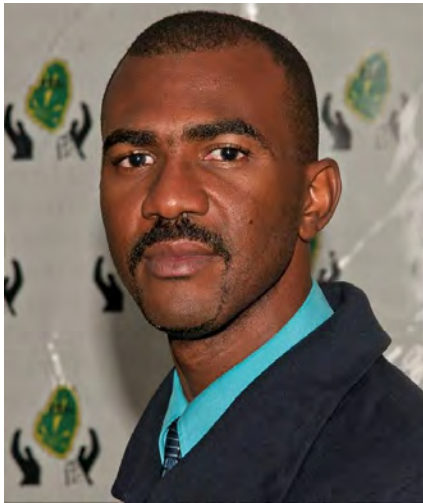
Susan Clarke, Director



Phyllis Allen-James, Secretary



Terral Mapp, Director



Gillon Frederick, Treasurer

STANDING ORDERS

1.
 - a. A member to stand when addressing the Chair.
 - b. Speeches to be clear and relevant to the subject before the meeting.
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he/she shall immediately take his or her seat.
3. No member shall address the meeting except through the Chairman.
4. A member shall not speak on the subject twice except:
 - a. The Mover of a motion – who has the right to reply.
 - b. He/she rises to object or explain (with the permission of the Chair).
5. The Mover of a Procedural Motion – (Adjournment lay on the table, Motion to Postpone) to have no right to reply.
6. No speeches to be made after the “Question” has been put and carried or negated.
7. A member rising on a “Point of Order” to state the point clearly and concisely. (A “Point of Order” must have relevance to the “Standing Orders”).
8.
 - a. Member should not “Call” another member “To Order” but may draw the attention of the Chair to a (“Breach of Order”).
 - b. In no event shall a member call the Chair to order.
9. A “Question” should not be put to the vote if a member desires to speak on it or move an amendment to it except, that a Procedural Motion, the “Previous Question”.
10. “Proceed to the next Business” or the Closure: “That the Question be Now Put”, may be moved at any time.
11. When a motion is withdrawn any amendment to it falls.
12. The Chairman to have the right to a “Casting Vote”.
13. If there is equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is “lost”.
14. Provision to be made for protection by the Chairman from vilification (Personal Abuse).
15. No member shall impute improper motives against another member.

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

NOTICE AND AGENDA OF THE 53rd ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd Annual General Meeting of the Kingstown Co-operative Credit Union Limited is scheduled to be held on 29th July, 2015, at the Kingstown Methodist Church Hall at 4:30 pm.

AGENDA

OPENING SESSION

1. Ascertainment of Quorum
2. Call to Order and Welcome
3. Prayer
4. National Anthem
5. Credit Union Song
6. Apologies for Absence
7. Silent Tribute
8. Greetings

BUSINESS SESSION

1. Call to Order
2. Adoption of Standing Orders
3. Minutes of the 52nd Annual General Meeting
 - (a) Amendments and Confirmation
 - (b) Matters arising from the Minutes
4. Reports – Presentation and Adoption
 - (a) Board of Directors
 - (b) Treasurer and Auditor
 - (c) Credit Committee
 - (d) Supervisory Committee
 - (e) Education Committee
5. Election of
 - (a) Officers
 - (b) Auditors
6. New Business
7. Adjournment

Co-operatively yours



Sis. Phyllis Allen-James
Secretary

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

CREDIT UNION PRAYER

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;
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;
It is in dying, that we are born to eternal life,

Bless, O Lord our deliberations and grant that
whatever
We may say and do will have Thy blessing and
Guidance through Jesus Christ our Lord.

Amen.

THE NATIONAL ANTHEM OF ST.VINCENT AND
THE GRENADINES

St Vincent, Land so beautiful
With Joyful hearts we pledge to thee
Our Loyalty and Love and Vow
To keep you ever free.

Hairoun Our fair and Blessed Isles
Your mountains high so clear and green

Are home to me though I may stray
A haven calm serene.

Our little sister Islands are
Those gems, the lovely Grenadines
Upon their seas and golden sands
The sunshine ever beams.

Refrain

Whate'er the future brings
Our faith will see us through
May peace reign from shore to shore
And God bless and keep us true

BROTHERS IN CO-OPERATION

**Men and Women of the nation,
Join us in co-operation
For our social elevation
Hasten to the call
The present is the time for action
Let no selfish class or faction
Here among you spread distraction,
Come one and all.**

Refrain:

**Hand in hand on pressing,
All our wrongs redressing,
Work and we right soon shall see
Wide scattered many a blessing
Ernest true Co-operation,
Be our glorious aspiration
Till we see among the nation,
Love for one and all.**

Be our efforts never tiring,
Each success a new inspiring,
Here's a cause your aid requiring
Here's work for you.
Come and make each man a brother,
If you're strong come help another,
Strong and weak can aid each other
If their hearts be true.

See the banner waving o'er us,
Hear the men who've gone before us,
Sending back the shouting chorus
Keep the flag unfurled,
Their's the seed that now upspringing,
Hope to many a heart is bringing
All our moans we'll change to singing
Aye, throughout the world.

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

CORPORATE PROFILE

DATE OF REGISTRATION

12TH April 1958

REGISTERED OFFICE

K.C.C.U. Financial Centre
P.O. Box 1533
Granby Street
Kingstown
St Vincent and the Grenadines

BOARD OF DIRECTORS

Bro. Colin John	-	President
Bro. Harvey Farrell	-	Vice President
Bro. Gillon Frederick	-	Treasurer
Sis. Phyllis Allen/James	-	Secretary
Bro. Dominic White	-	Director
Sis. Ingrid Susan Clarke	-	Director
Bro. Terral Mapp	-	Director

CREDIT COMMITTEE

Sis. Cynthia Hope-Browne	-	Chairman
Bro. Martin Sheen	-	Secretary
Sis. Angelita Miller	-	Member
Bro. Bernard John	-	Member
Sis. Marcelle Burgin	-	Member

SUPERVISORY COMMITTEE

Bro. Elsworth Abbott	-	Chairman
Sis. Gale Thorpe	-	Secretary
Sis. Nicolette Balcombe/Dalton	-	Member
Bro. Rohan Providence	-	Member
Bro. Franklyn Linley	-	Member

EDUCATION COMMITTEE

Sis. Lucille Browne	-	Chairman
Sis. Juanika Joseph	-	Secretary
Sis. Reanna Solomon	-	Member
Sis. Laura Smart	-	Member

BANKERS

Bank of St. Vincent & the Grenadines
First Caribbean International Bank

AUDITOR

BDO
Chartered Accountants

SOLICITORS

Saunders & Huggins
Caribbean International Law Firm

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STAFF PROFILE

Mr. Clement Lynch	-	Chief Executive Officer
Mrs. Alice Adams/Francois	-	C.E.O. Secretary
Ms. Hadasha Butcher	-	Compliance Officer

CUSTOMER SERVICES AND ADMIN DEPARTMENT

Mr. Alonso Munroe	-	Head of Customer Service and Administration
Mrs. Clairiesa Anderson/Pierre	-	Customer Service Representative
Mrs. Michka Keizer	-	Receptionist
Ms. Senica Williams	-	Office Assistant

CREDIT DEPARTMENT

Mrs. Marcelle Alexander	-	Head of Credit
Ms. Sharlene Antoine	-	Senior Loans Officer
Ms. Sharol-Rose Gregg/Abbott	-	Loans Officer
Ms. Sherry-Ann Parsons	-	Loans Officer
Ms. Theresa John	-	Securities Officer
Ms. Reisa Daly	-	Filing Clerk

LOANS RECOVERIES DEPARTMENT

Ms. Judith Seaman	-	Senior Recoveries Officer
Mr. Levan Richardson	-	Recoveries Officer
Ms. Makeda Frederick/Smith	-	Recoveries Officer

ACCOUNTS DEPARTMENT

Mr. Kemuel King	-	Accountant
Ms. Allisa Barnum	-	Senior Accounts Clerk
Ms. Koriene Chance	-	Accounts Clerk
Ms. Monique Springer	-	Head Teller
Ms. Shana Cunningham	-	Teller
Ms. Chante' Francis-Melville	-	Teller

BRANCH OFFICES

<u>MARRIAQUA</u>	<u>BEQUIA</u>	<u>UNION ISLAND</u>	<u>CANOUAN</u>
Ms. Maria Ryan	Ms. Shemica Hazell	Ms. Rachel Phillips	Ms. Shirlon Ashton
Mrs. Shaunda Bruce			
Ms. Jasmine Woods			
Ms. Rhonelle John			
Ms. Cara Hunter			

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MINUTES OF THE 52ND ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED (KCCU), HELD AT THE PEACE MEMORIAL HALL ON APRIL 28, 2014 AT 4:30 PM.

OPENING SESSION

1. ASCERTAINMENT OF THE QUORUM

The Financial Services Authority (FSA) ascertained that there was a quorum.

2. CALL TO ORDER AND WELCOME

Meeting was called to order by Bro. Gillon Frederick who welcomed the membership to the 52nd AGM. He rendered the Prayer and led the singing of the National Anthem.

3. CREDIT UNION SONG

Sis. Judith Seaman led the singing of the Credit Union Song.

4. APOLOGIES FOR ABSENCE

Apologies were made for Vice President Bro. Colin John who was travelling overseas and Director Sis. Phyllis James was unavoidably delayed.

5. SILENT TRIBUTE

In memory of the following members who died during the year, a one minute silence was observed:

Nathan Minors	Curtis Edwards
Francis Frederick	Gilbert Hamilton
Alice Nanton	Margaret Culzac
Curt Samuel	Ezekiel Patterson
Vince Clint Sandy	Ruth Azore
Kenrick Samuel	Charles Graham
Cameron Adams	Francis Douglas
Steve Victory	Clementine George
Josephine Lewis	Cadman Simmons
Ryan Mc Fee	Lavel Nanton
Sandra Williams	Lilly Joseph
Winston Pierre	Cyril Alexander
Casper London	Dorren Young
Travis Lewis	Verrol Mc Kree
Anita Pope	Ernestine Richardson
Dwayne Pierre	Leonard Williams
Annie Baptiste	Carlton Minors
Helen Fox	Allick Findlay
Paulina Best	Clif Perriera

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6. GREETINGS

Greetings were received from the following organizations who wished KCCU a successful 52nd Annual General Meeting:

- General Employees Co-operative Credit Union Ltd;
- Financial Services Authority;
- Police Co-operative Credit Union Ltd;
- Barrouallie Co-operative Credit Union Ltd;
- Marriaqua Co-operative Credit Union Ltd;
- SVG Small Business & Micro-Finance Co-operative Limited
- The St. Vincent and the Grenadines Teachers Co-operative Credit Union Ltd;
- and
- SVG Co-operative Credit Union League.

BUSINESS SESSION

1. CALL TO ORDER

The President, Bro. Jerome DeShong, chaired and called the business session to order.

2. ADOPTION OF STANDING ORDERS

The standing orders were adopted on a motion by Bro. Gillon Frederick and seconded by Bro. Collin Ollivierre. The motion was carried.

3. MINUTES OF THE 51ST ANNUAL GENERAL MEETING

The minutes of the 51st Annual General Meeting were taken as read.

(A) Amendment and Confirmation

Page 17: Nomination – Supervisory Committee “Sis.” Gillon Frederick to be changed to “Bro.”.

A motion was moved by a member to confirm the minutes as amended, it was seconded by Sis. Euna Thompson.

(B) Matters Arising

An enquiry was made from the membership about the continued low number of scholarships being awarded. The President responded that the Board of Directors had reviewed the number of scholarships and decided to leave it at four (4) per annum at a cost of EC\$1100 each. He further detailed that the scholarships grew from two to four in the year and they now comprise two (2) socio-economic scholarships and two (2) academic scholarships. He stated also that in addition there were two bursaries of \$600 each and that all other applicants received \$150 each.

The matter of the compliance and procedural documentation was raised by a member and an update was requested. The President replied that the Board was in the process of finalizing the documents. The present status was that the Employee Policy document was ninety percent completed; the Credit policy was completed; and the Disaster Management policy and the Investment policy were works in progress.

The matters of the development of the real estate assets at Kingstown Park and Canouan were raised by the membership; additionally it was stated that these investments have good potential for generating long term revenues for the organization. The president answered that these two projects were delayed because of the economic uncertainty. He said that the plan was to construct a building on the Kingstown Park property for business storage and office rental; and the intent of Canouan was to erect a building to house a KCCU office as well as to generate rental income. The Chief Executive Officer (CEO) added that there was an issue with a squatter blocking the entrance to the land in Canouan and, although the authorities were notified and took action, the squatting has persisted.

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The introduction of an employees' pension plan was raised and the membership requested an update on the progress on this matter and whether or not the plan proposed was a defined contribution or defined benefit plan. The Chairman stated that staff was still unwilling to accept proposals for the pension plan because the coverage for past services was not included.

Moreover he indicated that past services was cost prohibitive to the organization at an estimate of about five hundred thousand dollars. It was confirmed by the CEO that the intent was to provide a defined contribution plan.

The matter of stipend payments to the Board of Directors was raised and it was expressed that such payments should be brought before the membership for approval and that a policy should be created for such amounts. The President indicated that payments to cover additional expenses were disclosed on page 21 in the Board of Director's report to the membership.

A motion was moved by a member for the adoption and confirmation of the minutes and seconded by Sis. Irene Patrick.

4. REPORTS - PRESENTATION AND ADOPTION

4.1 Board of Directors report

The Board of Directors report was taken as read by the membership. The President however addressed some key areas that warranted emphasis. He reported that the organization realized a surplus of EC\$1.7 (M) Million before dividend payments, revaluations and COMFI loss share and despite the tough economic times the results reflected a growth of about 6% year on year.

There was a growth of 5.7% or EC\$3.7M in the assets. The total assets value was EC\$69M. The delinquency rate was 4.4% and below the PEARLS standard. The building and Loan investments were expected to be substantially honoured and a schedule of five repayments, with a final date of August 31, 2016 was received showing when the installments were to be repaid.

The following dividends were proposed: 5% - Permanent Shares; 1.25% - Regular Shares; 3.25% - Loan Interest Rebate amounting to a total pay-out of EC\$0.66M. In the area of HR, a new appraisal system commenced in 2014 and after negotiations the collective agreement was signed for a three year period.

The President reported that a fraud took place at the Union Island branch and that all evidence was provided to the police who was investigating the matter. The President further stated that plans were progressing for the provision of ATM services in collaboration with one of the Banks. He announced that the school quiz continued to be a success.

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With regard to the fraud, the question was raised about the existence of an internal auditor and the President responded that the Supervisory Committee performed that role until an auditor (internal) is employed. In relation to the Human Resources and negotiation matters, an enquiry was made by the membership regarding the process for linking staff performance to the organizational growth.

The President replied that there was a strategic plan with goals that were linked to staff targets and that actual achievements were measured against the targets in order to determine the performance award. The President thanked the membership for electing him to serve as a director.

A motion was moved for the adoption of the Board of Directors report by Stanley Walker and seconded by Bro. Reuben John.

4.2 TREASURER AND AUDITOR REPORT

4.2.1 Auditor's Report

The Auditor's Report was presented by Mr. Floyd Patterson of the auditing firm BDO. He referred to the financial statements indicating that the statement of financial position was important in showing the organization's financial soundness; the profit and loss reported on financial performance; and the statement of cash flow showed how the cash was managed.

KCCU complied in every respect with the financial reporting standards, statutory requirements, liquidity, solvency and capital adequacy. In his opinion the accounts showed a true and fair view of the results reported for the period and therefore the report was unqualified.

A question was put to the Auditor on whether or not it was more viable to invest in permanent shares compared with regular shares. He responded by stating that the Act makes provisions for equity and qualifying shares. He encouraged members to invest in equity shares to help contribute to the development of the organization.

4.2.2 Treasurer Report

The Treasurer's report was taken as read. The Treasurer in his presentation highlighted that the financial performance of KCCU was strong, reflecting a growth in net assets of 5% to EC\$69 (M).

He further stated that the core business of the credit union (loans) continued to be skewed towards mortgages and in fact it increased from 50% to 53.7%. It meant therefore that the portfolio was backed by real assets which gave confidence that the credit union has recourse to real assets in our continued efforts to control delinquency.

The financial statements showed that the organization has achieved compliance with the Co-operatives Societies Act in the areas of capital adequacy and liquidity.

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The delinquency rate was 4.4% an improvement of 1.3 percentage points over the previous year and below the PEARLS standard rate of five per cent. He praised the staff for their sterling efforts in managing this difficult operational task.

4.2.3 Discussion on Treasurers Report

An explanation was asked of the Treasurer in connection with the staff cost increase. He replied that the growth was attributed to the collective agreement payments, performance appraisal, severance payment and reimbursement to staff, under the collective agreement, for completion of degree studies.

It was suggested that given the low delinquency the organization should concentrate on shorter term loans to improve the mix in the loan portfolio. It was also observed that investment income had declined and that operating cost had increase and the question being put to the Treasurer was to explain KCCU's strategic response. The Treasurer replied that the causes of the adverse movements in these two elements were generally because of wider economic drivers and they were systemic and outside the control of the organization.

A motion was moved by Bro. Cools Vanloo and seconded by Bro. Jules Anthony to adopt the Treasurer's report.

Bro. Jules Anthony moved a motion to accept the dividend proposed and it was seconded by Alston Scott.

5. ELECTIONS

It was suggested that the elections be completed before the presentation of the other reports. A motion to amend the agenda to bring forward the elections was moved by Harriette Bushay and seconded by Nicolette Dalton. The motion was carried by the membership.

5.1 BOARD OF DIRECTORS

There were four (4) positions to be filled. Retiring, after serving 6 consecutive years, were Bro. Jerome Deshong and Bro. Telbert Samuel. Sis. Phyllis James retired and was eligible for re-election, while Bro. Grenville Williams resigned.

5.1.1 Members nominated by the Nominations Committee:

Sis. Phyllis James
Bro. Terral Mapp
Bro. Dominic White
Bro. Gillon Frederick

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There were no nominations from the floor. The motion to have the BOD nominations closed was moved by Sis. Gale Thorpe, seconded by Sis. Nicolette Dalton and carried by the membership.

5.1.2 Result:

The members nominated were elected:

Sis. Phyllis James
Bro. Terral Mapp
Bro. Dominic White
Bro. Gillon Frederick

The Board of Directors would decide who will serve one year to complete Bro. Grenville Williams tenure.

5.2 AUDITORS

BDO and KPMG were nominated for election to be the auditor. Nominations were closed on a motion moved by Sis. Michelle Hinds and seconded by Sis. Sally-Ann Butler.

The results of the votes were as follows:

BDO	46
KPMG	25

5.2.1 Result:

BDO was elected to continue serving as auditors.

5.3 CREDIT COMMITTEE

5.3.1 Retiring:

Bro. Alston Scott
Sis. Caliez Bascombe

5.3.2 Nominated by the nominations committee:

Bro. Martin Sheen
Bro. Cornelius Walker. Note that Bro. Walker was not present and could not be elected.

5.3.3 Nominated from the floor:

Sis. Marcelle Burgin

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A motion to close the nominations was moved and seconded.

5.3.4 Result:

Sis. Burgin and Bro. Sheen were elected to serve for 3 years.

5.4 Supervisory Committee

Retiring: Bro. Rohan Providence

Resigned: Bro. Christo Primus

5.4.1 Nominated by the nominations committee

Bro. Rohan Providence

Sis. Gale Thorpe

Bro. Michael Burke was not present.

5.4.2 Nominated from the floor:

Bro. Franklyn Linley

A motion to close the nominations was moved and seconded.

5.4.3 Result:

Sis. Gale Thorpe, Bro. Rohan Providence and Bro. Franklyn Linley were elected to serve for 3 years.

6. CREDIT COMMITTEE REPORT

This was presented by The Chairman of the Credit Committee and he outlined that that members continued to support loan products resulting in 3644 and 3143 applicants for 2013 and 2012 respectively, a 16% increase. Of the 2013 applications, 93% was approved. The value of loan applications grew from EC\$21.2 M to EC\$29.9 M, a 41% increase. Delinquency recorded an improvement to 4.4% and was commendable given the economic challenges posed in these times.

A motion to adopt the Credit Committee Report was moved by Bro. Jules Anthony and seconded by Bro. Jerome De Shong.

7. SUPERVISORY REPORT

Supervisory Committee Chairman asked permission of the membership to take his report as read and invited questions.

A question was posed on whether the fraud perpetrated in Union Island could have been prevented or detected at an earlier stage. The Committee chairman responded that it could have been if members had reported the discrepancies earlier, however he stated

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that better measures would be put in place to avoid such recurrences.

Bro. Gillon Frederick moved a motion to adopt the Supervisory Report and it was seconded by Sis. Lecia Quow. The motion was carried by the membership.

8. EDUCATION REPORT

The Education Committee Chairman presented the report. He outlined that the organization's key focus was on the Senior Care day, School Quiz competition and the Secondary school scholarship.

A member inquired into the Marketing strategy and policy of the credit union and whether or not any new projects were planned.

The Chief Executive Officer responded that there were two components to KCCU's marketing strategy, comprising Corporate Public Relations and Product Management. He further stated that the Education Committee was responsible primarily for the overall corporate image in relation to the public perception. On the product marketing aspect the operational management in office covered the development and penetration of products.

A motion was moved by Sis. Angelita Miller and seconded by Bro. Reuben John to adopt the report.

9. OTHER BUSINESS

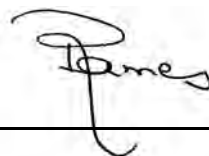
An inquiry was made about KCCU's relationship with the St Vincent and the Grenadines League and SVG Small Business & Micro-Finance Co-operative Limited (COMFI), particularly the alleged reluctance on the part of KCCU to invest more funds in COMFI. The President responded that KCCU has continued excellent relations with the League. On the matter of further investment of funds in COMFI, he stated that the approach was one of caution and prudence, in the absence of realistic plans for the future development of that organization.

10. ADJOURNMENT

The meeting was adjourned at 9:55 P.M. on a motion moved by Bro. Harvey Farrell seconded by Sis. Marcelle Burgin.



Bro. Colin John
President



Sis. Phyllis Allen-James
Secretary

MINUTES OF THE SPECIAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION HELD ON 22ND SEPTEMBER, 2014 AT THE PEACE MEMORIAL HALL.

12. ASCERTAINMENT OF QUORUM and CALL TO ORDER

President, Bro. Colin John, of The Kingstown Co-operative Credit Union Limited (KCCU) indicated that there was a quorum and called the meeting to order.

13. PRAYER

Sis Marcelle Alexander led the meeting in prayer.

14. ADOPTION OF STANDING ORDERS

The President asked for a motion to be moved for the adoption of the standing orders. The motion was moved by Bro. Clement Lynch and seconded by Bro. Alphanso Myers.

15. PRESIDENT'S REMARKS

The President welcomed everyone and acknowledged the presence of the consultants from the auditing firm of KPMG, Directors and the membership. He explained the purpose of the meeting as being to discussion of a resolution to accept the assets and liabilities of the Marriaqua Co-operative Credit Union Ltd (MCCU) and the Kingstown Co-operative Credit Union Ltd (KCCU). He made reference to the Co-operatives Societies Act 12 of 2012, particularly sections 147 to 154 that speaks to the amalgamation of Credit Unions. He indicated that meetings were held by the Boards of Directors of the two Credit Unions. He stated that a resolution was passed by the MCCU membership approving the transfer of its assets and liabilities to KCCU. He said that the audit firm KPMG was employed by KCCU as consultants to conduct a financial review of MCCU and provide due diligence advice.

16. PRESENTATION BY THE CONSULTANTS KPMG

The KPMG representative was invited to report on the findings of the financial review of MCCU. The consultants analysed the performance of MCCU for the period of five years, six months prior to the report which was dated September, 2014. In addition comparison of the Credit Union sector was given for KCCU for the same period, together with an analysis of the sector. The presentation showed a deficit in equity of EC\$1.7 m comprising assets of EC\$3.2 m and liabilities of EC\$4.9 m.

17. MATTERS ARISING FROM THE PRESENTATION

A member asked the KPMG representative about the risk and whether it was worth it. The representative responded that all business decisions carry risk. The KPMG representative stated that there were upside potential to a strategic presence in an integral area such as the Marriaqua Valley. He concluded that with the streamlining of the business operations, KCCU should stand to benefit from the merged entity.

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A member inquired about the quality of the loan portfolio and whether any write-offs were to be done. The Chief Executive Officer commented that challenges existed due to the absence of proper management, recording and reporting systems at MCCU, however based on the results of the KPMG financial review it seemed that asset values were fairly stated. The extent of the write offs could not be assessed at this time.

The matter of the level of collateral within loans was raised. The KPMG representative responded that some loans had mortgages but most were secured by shares. He also noted that loans were two or three times outside shares.

Bro. Cools Vanloo inquired whether a quorum was ascertained before the commencement of the meeting. The President responded by referring the meeting to the relevant sections of the Co-operative Societies Act 2012 and indicated that a quorum was present.

18. RESOLUTION

The resolution to formally accept the assets and liabilities of the Marriaqua Co-operation Credit Union Limited

WHEREAS the Kingstown Co-operative Credit Union Limited and the Marriaqua Co-operative Credit Union Limited held discussions relating to the matter of the transfer of assets and liabilities of Marriaqua Co-operative Credit Union Limited to the Kingstown Co-operative Credit Union Limited;

AND WHEREAS the Marriaqua Co-operative Credit Union Limited has passed a resolution at the meeting summoned for that purpose on Saturday 17 August 2014 and recorded by the Financial Services Authority;

AND WHEREAS the Kingstown Co-operative Credit Union Limited agreed to accept the transfer of the assets and liabilities of the Marriaqua Co-operative Credit Union Limited in accordance with the provisions of section 147 (1) (b) of the Co-operative Societies Act No. 12 of 2012;

BE IT RESOLVED that the said transfer of the said assets and liabilities as of record with the Financial Services Authority be now part of the assets and liabilities of the Kingstown Co-operative Credit Union Limited with effect from the date thereof;

BE IT FURTHER RESOLVED that the office of the said (former) Marriaqua Co-operative Credit Union Limited shall be an office of the Kingstown Co-operative Credit Union Limited serving principally the multiple communities in Marriaqua and other neighbouring areas.

BE IT RESOLVED that at a Special General Meeting of the Kingstown Co-operative Credit Union Ltd held on 22nd September, 2014 the members approved authorized and directed the Board of Directors to amalgamate with the Marriaqua Co-operative Credit Union Limited.

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The said meeting further resolved that a copy of this Resolution should be sent to the Registrar of Executive Director of Financial Services Authority (FSA).

19. MATTERS ARISING FROM RESOLUTION

There were no matters arising from the resolution.

The motion to accept the resolution was moved by Bro. Colin John and seconded by Bro. Terral Mapp. Seventy persons (70) voted in favour; ten (10) persons voted against; and two (2) persons voided their ballots.

The resolution - to formally accept the transfer of assets and liabilities of the Marriqua Co-operation Credit Union Ltd was accepted and carried by the membership.

20. OTHER BUSINESS

The Chief Executive Officer introduced the representative from Insurance Brokers to make a presentation on the proposed changes to the KUTMED Medical Plan, held with Beacon Insurance Company. The presentation highlighted the losses incurred on the medical plan resulting from the high value of claims being made compared with the premiums. The new plan featured primarily: a new Retiree component; an increase in the age for children pursuing education; and increase in premiums stated below:

	EXISTING PREMIUMS	PROPOSED PREMIUMS
Single	71.23	\$82.00
Single and One	112.65	\$129.00
Family Plan	184.93	\$213.00

21. VOTE OF THANKS

Sis Phyllis James delivered the vote of thanks.

22. ADJOURNMENT

At 7:30 P.M a motion was moved and seconded to adjourn the meeting.



Bro. Colin John
President



Sis. Phyllis Allen-James
Secretary

23. **Board of Directors Report for the 53rd Annual General Meeting of the Kingstown Co-operative Credit Union Limited**

23.1 **INTRODUCTION**

It is a distinct pleasure for me to report on behalf of the Board of Directors of the Kingstown Co-operative Credit Union Ltd (KCCU) to you our valued members on the operations of the Credit Union for the period of our tenure.

The Credit Union's performance in this period was strong in spite of the economic, competitive and other challenges faced. The national economy continued to show low growth, however this is a worldwide phenomenon.

In an effort to strengthen the credit union brand, there has been a general consolidation of the sector by mergers. The resultant reduction in organizational costs, better service and wider palette of products have added significant value to the national Credit Union membership. As part of the national effort, there was a merger between the Kingstown Co-operative Credit Union and the Marriaqua Co-operative Credit Union. The St. Vincent Teachers Co-operative Credit Union and the Barrouallie Co-operative Credit Union also merged in 2014.

Election and meetings

Following the Annual General Meeting held at the Peace Memorial Hall on April 29, 2014 the Board of Directors met as is stipulated by law on May 6, 2014 to fill the executive positions on the Board of Directors.

The results were as follows:

Colin John	– President
Harvey Farrell	– Vice President
Gillon Frederick	– Treasurer
Phyllis Allen-James	– Secretary
Susan Clarke	– Director
Dominic White	– Director
Terral Mapp	– Director

The Board held a total of twenty four meetings during its tenure. There were sixteen scheduled board meetings and eight additional special meetings.

23.2 **FINANCIAL PERFORMANCE**

Earnings

KCCU financial statements showed total comprehensive income of EC\$1.45Million (M), compared with the previous year figure of EC\$0.95 M. Note that there were two items that impacted the results for 2014: a loss on acquisition for EC\$1.16M and an appreciation of land and buildings for EC\$1.57M.

Assets

Total assets grew by EC\$9.6M or 13.9% in 2014 over 2013. This growth was attributed mainly to increases in the net Loan portfolio and to a lesser extent asset appreciation. There was a reduction in cash resources brought about by the need to support our loan expansion initiatives. KCCU will continue to upgrade its loans underwriting and credit management effectiveness in order to mitigate credit risks.

Delinquency

The delinquency rate was 4.3% in 2014 and remain unchanged when compared with the previous year. Note that the PEARLS standard rate is 5%. This continued success was the result of a deliberate strategy to have a separate effective team focused entirely on credit management.

Loans

Our loan portfolio has grown by 21% due to increases in mortgages and consumer loans. In 2014 we continued to meet member needs in a proactive way by penetrating the market with innovative products and enhancing our competitive edge in the industry.

Investments

The Building and Loan Association has executed its capitalization plan. In keeping with this plan, that institution has thus far met its commitment to repay the KCCU's investment of EC\$1.8M at periodic intervals. It is anticipated that the association will regain full financial strength and it is on the way to restoring stakeholders confidence.

Dividends and Rebates

The Board of Directors proposes to pay the following dividends and rebates.

Permanent Shares:	5.00%
Redeemable Shares	1.50%
Rebates on Loan interest	3.75%

23.3 HUMAN CAPACITY BUILDING

KCCU is committed to building the human resources capacity to deliver on our future strategic imperatives. Several educational and training initiatives geared to the development of our membership, volunteers and staff were carried out during the year.

Workshops were conducted that addressed the improvement of members financial literacy and money management skills. This workshop was very popular with members

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

and well attended. The WEB site was enhanced to give members a tool (“Financial Preparedness for Wellness”) to quickly assess their personal financial situation in evaluating whether or not they need financial management training.

Staff training continued both in-House with the one-stop employee program and our participation in the ECHMB residential underwriters accreditation courses.

We continued to target very young (age 3 to 16 years) people through the Kingstown Co-operative Youth Club (KCYC) by creating fun skills based programs that interest them and also introduce and teach them about our credit union. The goal is to ensure that we develop a long term future pool of potential members.

All our in-house training was held at the Reuben John Development Centre at the main office at Granby street.

23.4 TECHNOLOGY

We continued our development of the Information technology infrastructure and plans were executed to link our offices in the Grenadines and in Marriaqua seamlessly in a more effective and efficient way. This was important with the movement away from shared agency offices to the establishment of comprehensive KCCU branches. There is now a full office in Bequia at the Bay Shore Mall.

These branches were supported by a high speed wide area network that provided access in real time to member information with the goals of, among others: delivering excellent customer services; reducing fraud risks; and enhancing the KCCU brand.

23.5 PRODUCTS AND SERVICES

There was a significant amount of effort expended in trying to bring our debit card services online during the year. This initiative required that we work with a partner who has the necessary infrastructural capability. Our partner envisaged a software platform change that would have resulted in a doubling of the cost because of the license fee arrangements. This matter caused a delay and was resolved recently. We expect that our card services would be available shortly.

Our Christmas loan product was a huge success in terms of its penetration and the number of new members that joined the organisation. In underwriting these special products we are always very knowledgeable of the need for credit risk mitigation measures. For the first time we used a digital promotion channel to spread our message and the results show that it was very effective in attracting membership and business to the Credit Union.

The Board takes this opportunity to encourage members to join the death benefit and medical plans. Each year there are increasing request from members and

non-members for financial assistance to cover expenses for unexpected deaths and ailments. The Board urges members to transfer these risks by participating in these high value low cost services.

23.6 CORPORATE GOVERNANCE

The Board of Directors is committed to good governance. To achieve this ideal the Board continues to apply appropriate policies and adopt best practices within the rule of law and bye-laws, that reflect responsibility, accountability, transparency and responsiveness to member needs.

The Board is the driver of compliance and is committed to delivering on this essential element. To this end it established a full time Compliance Officer (CO) with the responsibility of reviewing a wide cross section of the organisation at every level as detailed in the Compliance Plan Document. The CO liaises with the Supervisory Committee.

Development on a range of skills is provided to Board members at every opportunity. The mix of Board members is balanced with a range of disciplines present at the table with each participant exercising professionalism, tolerance and integrity in carrying out the business of the organisation.

The Board is pleased to report that all statutory obligations were adhered to during the period of its tenure.

23.7. INVOLVEMENT IN CO-OPERATIVE MOVEMENT

KCCU continued to play a meaningful role in the sector. The sector's development rests on the shoulders of each credit union.

KCCU was involved in the activities of the St Vincent and the Grenadines League, The Co-operative Department and the Financial and Services Authority. Externally we participated in the wider credit union development through the OECS summit and the Caribbean Confederation of Credit Unions (CCCU) convention.

KCCU played a key role, with the FSA, the League, SVUTCCU and GECCU in the consolidation of the sector by merger with MCCU.

KCCU participated at the Board level in the League and The SVG Small Business and Micro Finance Co-operative Ltd (COMFI).

23.8 COMMUNITY DEVELOPMENT

KCCU's co-operative responsibilities required continued support of our communities and nation building primarily in the areas of education, culture and sport.

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

In education our annual national school quiz provided a forum for the nation's young children to compete. The scholarship program has contributed tremendously by supporting economically challenged families over the years.

In culture, our flagship event, the national dance festival, showcases the top dancing talents of our youths in St Vincent and the Grenadines.

Our sporting contribution continued with the strengthening of the relationship with the St Vincent and the Grenadines Grammar school road relay. Additionally, assistance was given to the Thomas Saunders Secondary School to help with their participation in the Penn State Games.

KCCU also supports small groups, organisations and special schools with funding for worthwhile causes.

23.9 STRATEGIC AGENDA

The Board is pleased to report another successful year of our rolling three year strategic plan. In these acutely turbulent times we remain sharply focused on the long term sustainability of our Credit Union through effective management, capacity building and an unwavering commitment to satisfy the needs of our membership.

Our strategic priorities include:

- excellent member services;
- technological enablement ;
- good Governance;
- high level development of our human resources;
- meaningful community responsiveness;
- continued support of and participation in the credit union movement .

23.10 CONDOLENCES

KCCU extends deep sympathies and condolences to all bereaved members whose loved ones passed away. May they rest in peace.

23.11 ACKNOWLEDGEMENTS

The Board herewith extends its appreciation to the membership, management committees, staff, and other volunteers past, present, recognized and unsung, for their creativity and assiduous and invaluable work that contributed to another successful year 2014.

We would also like to register our thanks for the professional and supportive relationships with the Registrar and staff of the Financial Services Authority; The

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

Co-operative department; the Credit Union League; Credit Unions; Co-operatives; the Auditors; and all stakeholders.

The Board thanks the membership for the opportunity to serve during the year and looks forward to the continued strengthening of our credit union. May God bless you.

Presented by and on behalf of the Board of directors.



Colin John
President

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

24. TREASURER'S REPORT FOR THE 53RD ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED FOR THE PERIOD JANUARY TO DECEMBER 2014

24.1 INTRODUCTION

I am pleased to present the treasurer's report of the Kingstown Co-operative Credit Union Limited for the year ended December 31,2014.

The credit union subsector has continued its quest to strengthen and remain relevant to the needs of members and the people of St Vincent and the Grenadines. To this end the sector has executed a number of mergers to effect a consolidation to better service members in these challenging economic times. The Kingstown Co-operative Credit Union limited has also played its part in this movement of consolidation by amalgamation with the Marriaqua Co-operative Credit Limited during 2014.

24.2 FINANCIAL RESULTS - SUMMARY

Brothers and sisters the Kingstown Co-operative Credit Union limited continues to perform remarkably well financially despite the challenging economic environment. There continues to be growth in total asset, members deposit and profitability.

The following are Key financial performance indicators for the financial year ended December 31, 2014 with comparison to the 2013 financial year.

24.3 ASSETS

		\$	\$	\$	%
		2014	2013	Difference	Change
1	Total Assets	78,659,710	69,052,753	9,606,957	14%
2	Loans (Net)	55,180,379	45,775,240	9,405,139	21%
3	Cash Resources	6,949,294	8,374,223	(1,424,929)	-17%
4	Investment Securities	2,981,452	3,287,539	(306,087)	-9%

There was an increase of 14% in the total assets in 2014 when compared with 2013 where growth in assets was 5.7%. This increase in assets was mainly due to a significant growth in loans which grew by 21% in 2014, an indication of members growing demand for loans; the majority of which were mortgage loans. This increase demand for loan products by members was the primary reason for the reduction in the cash resources which decreased by 17%.

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

when compared to 2013 due mainly to the success of our Christmas loans promotion. The reduction in the investment securities by 9% was as a result of the divestment of two fixed deposits held at the St Vincent Building and loan Association Ltd.

24.4 STATEMENT OF INCOME

The operating performance reflected an increase in comprehensive income from EC \$ 953k to EC \$ 1,451k representing a 52% or EC \$ 498k growth. However, the combination of the MCCU LTD merger and the revaluation contributed a net positive amount of EC \$ 408k.

The effective rate of return on loans has remained consistent at 9%. The growth in the revenue collected is a direct indication of the growth in the portfolio throughout the year backed by effective underwriting and collection processes.

24.5 SHARE CAPITAL & MEMBERS` DEPOSITS

	Share Capital and Members Deposits	\$	\$	\$	%
		2014	2013	Difference	Change
1	Share Capital	1,921,052	1,455,733	465,319	32%
2	Members` Share Savings	39,181,350	36,191,363	2,989,987	8%
3	Term Deposits	10,948,865	10,338,893	609,972	6%
4	Ordinary Deposits	11,627,263	7,185,528	4,441,735	62%

The significant increase in share capital is due by and large to the contribution made by the General Employee Co-operative Credit Union limited and the SVG Teachers Co-operative Credit Union Ltd who each purchased shares amounting to \$ 171,000 in value respectively as part of their role in supporting the MCCU merger.

In addition, there were moderate increases of members` regular share saving and fixed deposits with increases of 8% and 6% respectively.

Moreover, the amalgamation has brought additional deposits of EC \$ 2.8Million which has contributed along with modest growth from head office operations of EC \$ 1.6Million in ordinary members deposits resulting a growth rate of 62 % or E.C\$ 4.4Million when compared to the period of 2013.

24.6 EXPENSE

Throughout the year cost control was exercised to ensure that growth in expenses was kept to a minimum. This was achieved as demonstrated by the 1% increase in general and administrative expenses during the 2014 financial period.

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

The following highlight the significant movement of expenses during the period of 2014:

		\$	\$	\$	%
		2014	2013	Difference	Change
1	Repairs & maintenance – building	95,213	76,509	18,704	24%
2	Rental expense (agency office)	39,850	27,600	12,250	44%
3	Communication expenses	78,833	56,450	22,383	40%
4	Electricity	82,761	111,877	(29,116)	-26%
5	Conventions and Summits (OECS /CCCU)	68,056	33,025	35,031	106%
6	Publicity, promotions and sponsorship	173,457	106,141	67,316	63%

The painting of the exterior of the head office building at Granby Street and installation of water tanks at that said location was the main contributor to the increase in repairs and maintenance expense.

Rental cost of new office space in Union and Bequia to better serve our membership were the main reason for the increase in rental expense during the period.

The communication expense increased as a result of the implementation of fiber optic solution to ensure the seamless link with branches and allow for the implementation of the card services in partnership with a third party Commercial Bank.

The increase in conventions and summits was due to increases in the attendance at summits and convention by board, committee and staff members during the period.

The dance festival sponsorship during 2014 was the main contributor for the increase in selling expenses.

24.7 AMALGAMATION

The amalgamation with the Marriagua Co-operative Credit Union Limited brought additional opportunities. In this regard members of the now merged Kingstown Co-operative Credit Union limited and the other credit unions that assisted in this amalgamation process embraced the words of the credit union song that each member should ‘come and make each man a brother, if you’re strong come help another, strong and weak can aid each other.’ This is the reason we can proclaim that we are stronger united.

24.8 CONCLUSION

The members of the Kingstown Co-operative Credit Union limited should be proud of the remarkable financial performance during the year 2014.

Moreover, management and staff led by a vigilant board of directors look forward to better office facilities in Bequia and Union and continued success with the expansion of services to Marriqua and surrounding areas along with the implementation of new products and services to serve all our members. Thus ensuring that we are able to change lives, one member at a time.

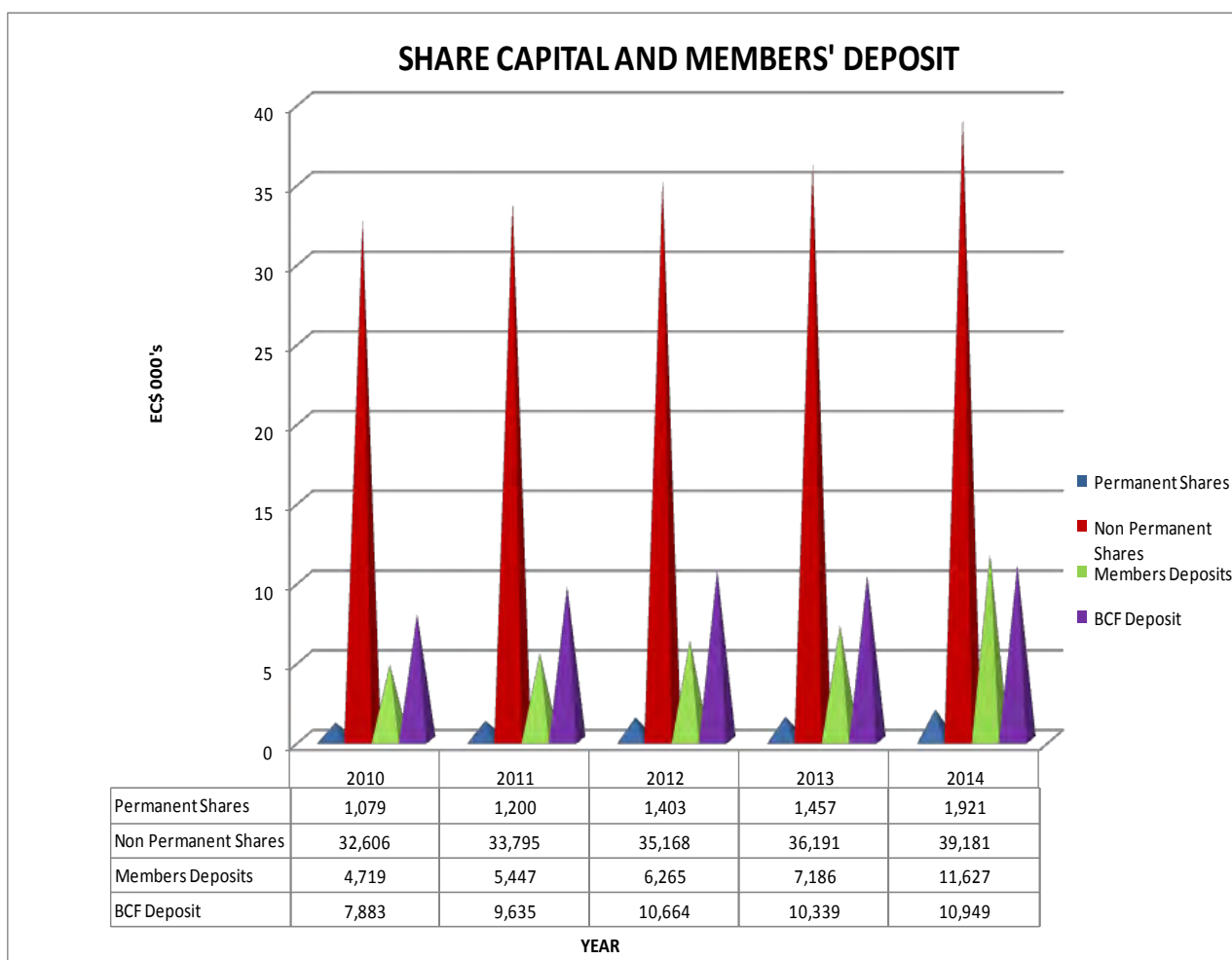
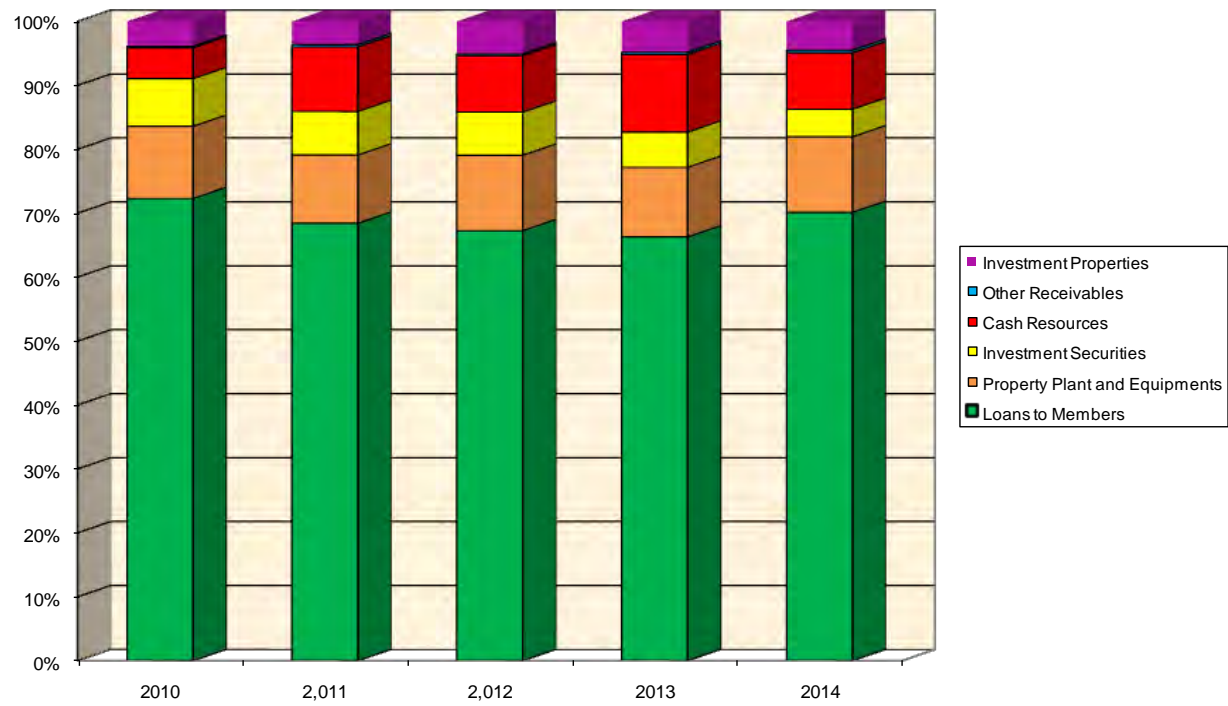


Gillon Frederick
Treasurer

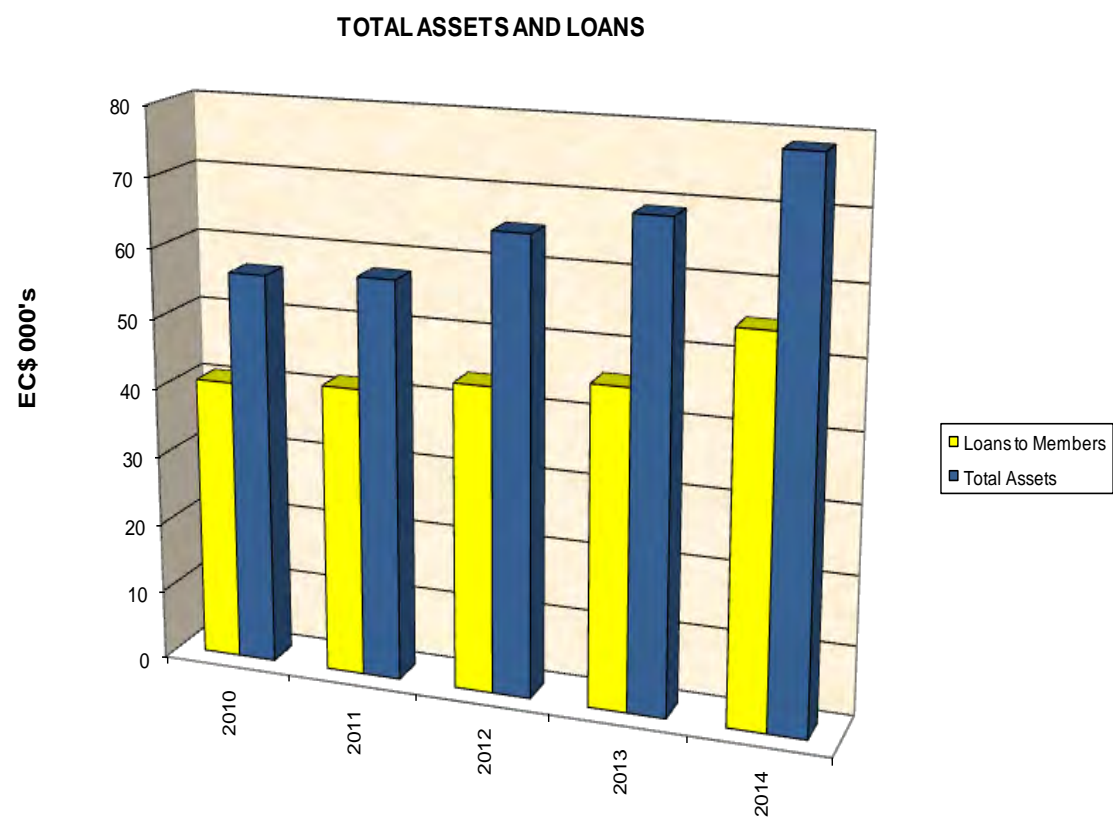
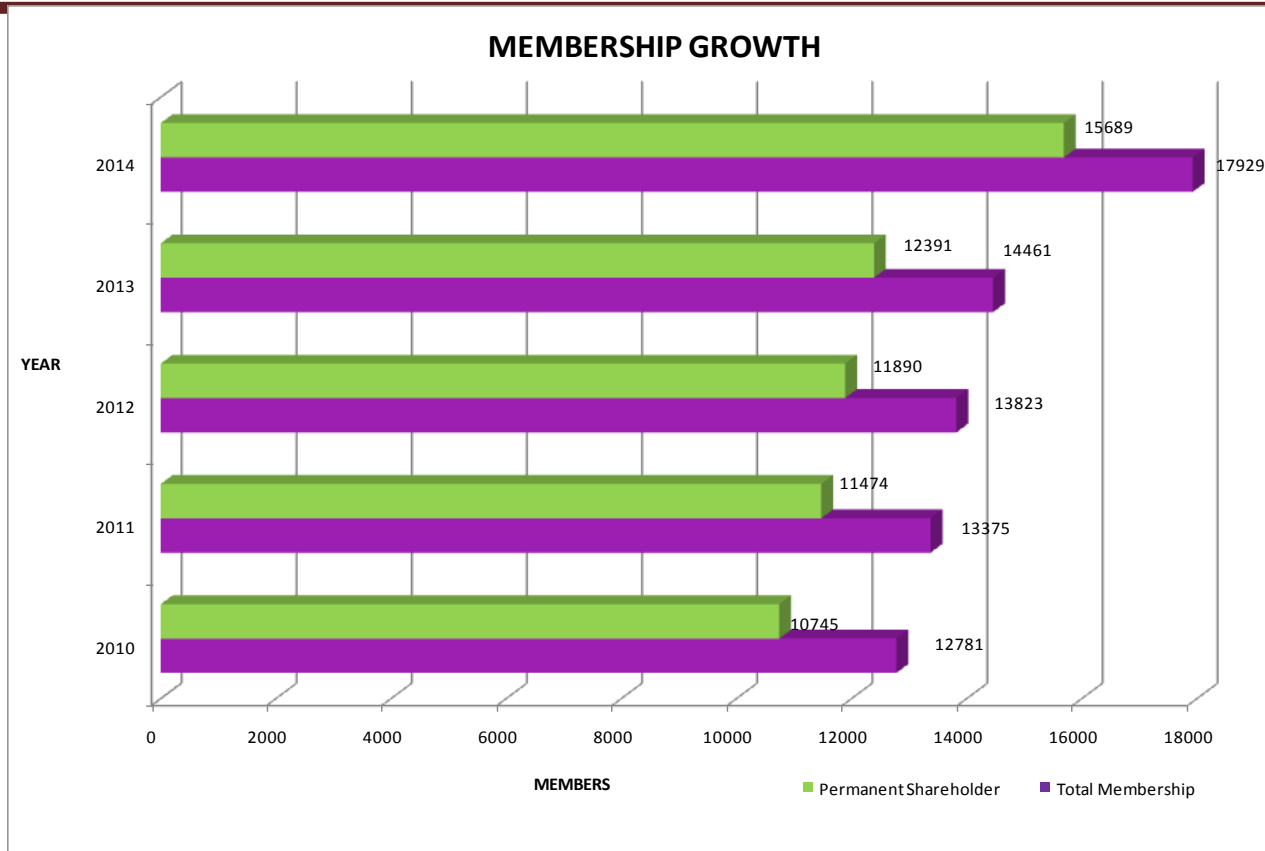
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PEARLS RATIO						
	Financial Ratios	Workings 2013	Workings 2014	Actuals 2013	Actual 2014	Standard
P1	Allowance for loan Losses	<u>2,294,885</u>	<u>2,519,422</u>			
	Delinquency >12mths	1,815,381	1,631,602	126.4%	154.4%	100%
E1	Net Loan Total Assets	<u>45,775,240</u> 69,052,753	<u>55,180,379</u> 78,659,710	66.3%	70.2%	70-80%
C1	Financial Investment Total Assets	<u>3,802,891</u> 69,052,753	<u>3,390,652</u> 78,659,710			
				5.5%	4.3%	<10%
A1	Total Loan Delinquency	<u>2,125,845</u>	<u>2,458,896</u>			
	Total Loan Portfolio	48,070,125	57,699,801	4.3%	4.3%	<=5%
A2	Non Earning Assets Total Assets	<u>3,018,964</u> 69,052,753	<u>3,643,865</u> 78,659,710	4.4%	4.6%	<=5%
D2	Net Loan Income	<u>4,185,128</u>	<u>4,603,547</u>			
	Average Net Portfolio	44,861,895	50,477,810	9.3%	9.1%	10%
R9	Operating Expense	<u>3,487,454</u>	<u>3,638,470</u>			
	Average Total Assets	67,192,146	73,856,232	5.2%	4.9%	5.0%
L3	Net Liquidity Savings	<u>7,576,995</u> 53,715,784	<u>5,986,836</u> 61,757,478	14.1%	9.7%	>10%
S9	Increase in Loans	<u>1,864,097</u>	<u>9,629,676</u>			
	Total Loan portfolio of Previous Year	46,206,028	48,070,125	4.0%	20.0%	Not Specified
S10	Increase in Total Assets	<u>3,721,215</u>	<u>9,606,957</u>			
	Total Assets of Previous year	65,331,538	69,052,753	5.7%	13.9%	Not Specified

ASSETS

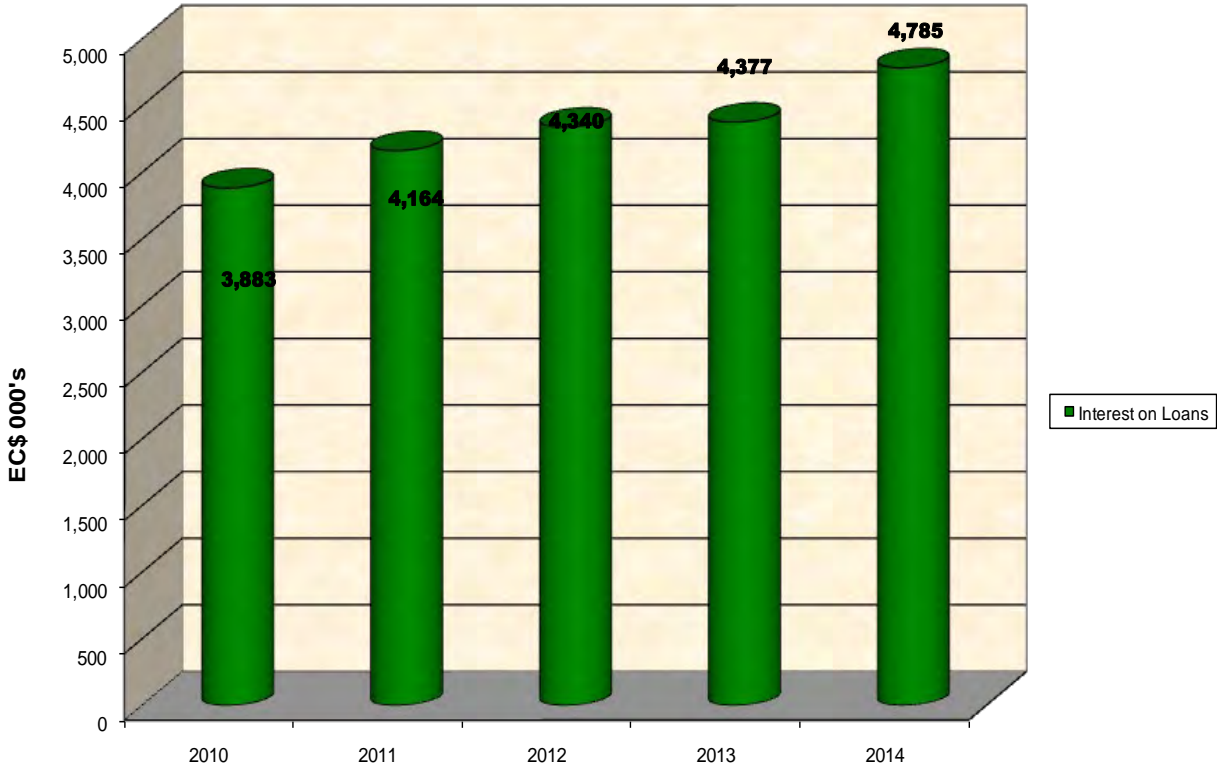


53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)



	2010	2011	2012	2013	2014
Loans to Members	40,633	41,623	43,949	45,775	55,180
Total Assets	56,508	57,498	65,332	69,053	78,660

INTEREST INCOME ON LOANS





**Kingstown Co-operative Credit
Union Limited**
Financial Statements
Year Ended December 31, 2014



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REGISTERED OFFICE

Granby Street
Kingstown
St. Vincent and the Grenadines

BOARD OF DIRECTORS

Mr. Colin John - President
Mr. Harvey Farrell - Vice President
Mr. Gillon Frederick - Treasurer
Ms. Ingrid Susan Clarke
Mr. Dominic White
Mr. Terral Mapp

SECRETARY

Mrs. Phyllis Allen-James

SOLICITORS

Saunders & Huggins

BANKERS

Bank of St. Vincent and the Grenadines Limited
CIBC-FirstCaribbean International Bank (Barbados) Limited
RBTT Bank Caribbean Limited

AUDITORS

BDO
Chartered Accountants
Sergeant-Jack Drive
Arnos Vale
St. Vincent



Tel: 784-456-2300
Fax: 784-456-2184
www.bdo.vc

Sergeant-Jack Drive
Amos Vale
P.O. Box 35
Kingstown VC0100
St. Vincent

INDEPENDENT AUDITORS' REPORT

To the Members of
Kingstown Co-operative Credit Union Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Kingstown Co-operative Credit Union Limited** which comprise the statement of financial position as of December 31, 2014, and the statement of changes in equity, statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Kingstown Co-operative Credit Union Limited** as of December 31, 2014, and the results of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

June 23, 2015

Kingstown Co-operative Credit Union Limited

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Statement of Financial Position
As of December 31, 2014

	Notes	2014 \$	2013 \$
ASSETS			
Cash resources	7	6,949,294	8,374,223
Investment securities	8	2,981,452	3,287,539
Investment in associated company	9	409,200	515,352
Loans to members	10	55,180,379	45,775,240
Receivables	11	321,443	254,063
Investment properties	12	3,533,254	3,326,200
Property, plant and equipment	13	9,284,688	7,520,136
Total Assets		78,659,710	69,052,753
LIABILITIES AND MEMBERS' EQUITY			
Liabilities			
Borrowings	14	0	713,993
Accounts payable and accrued liabilities		207,575	241,908
Interest payable		754,883	535,052
Deposits	15	22,576,128	17,524,421
Dividends and rebate payable		892,644	659,704
Redeemable member shares	16	39,181,350	36,191,363
Total Liabilities		63,612,580	55,866,441
Members' Equity			
Share capital	16	1,921,052	1,455,733
Statutory reserve	17	3,252,344	3,248,849
Development fund	18	10,359	15,000
Accumulated other comprehensive income	19	5,955,263	4,501,655
Retained earnings		3,908,112	3,965,075
Total Members' Equity		15,047,130	13,186,312
Total Liabilities and Members' Equity		78,659,710	69,052,753

The accompanying notes form an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD: -


Colin John
President


Gillon Frederick
Treasurer

Kingstown Co-operative Credit Union Limited

Statement of Changes in Equity
For the Year Ended December 31, 2014

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Notes	Share Capital	Statutory Reserve	Development Fund	Accumulated Other Comprehensive Income	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$
Balance as of December 31, 2012	1,403,256	2,843,226	10,000	4,501,655	3,420,256	12,178,393
Net profit for the year	0	0	0	0	952,992	952,992
Issuance of shares	52,477	0	0	0	0	52,477
Appropriation to reserve fund	0	403,173	0	0	(403,173)	0
Appropriation to development fund	18	0	5,000	0	(5,000)	0
Entrance fees	0	2,450	0	0	0	2,450
Balance as of December 31, 2013	1,455,733	3,248,849	15,000	4,501,655	3,965,075	13,186,312
Loss for the year	0	0	0	0	(2,734)	(2,734)
Other comprehensive income for the year	0	0	0	1,453,608	0	1,453,608
Dividends declared	0	0	0	0	(54,229)	(54,229)
Issuance of shares	311,144	0	0	0	0	311,144
Utilization of development fund	18	0	(4,641)	0	0	(4,641)
Entrance fees	0	3,495	0	0	0	3,495
Shares issued on acquisition of Marriagua Co-operative Credit Union	27	154,175	0	0	0	154,175
Balance as of December 31, 2014	1,921,052	3,252,344	10,359	5,955,263	3,908,112	15,047,130

The accompanying notes form an integral part of these financial statements.

Kingstown Co-operative Credit Union Limited

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended December 31, 2014

	Note	2014	2013
Income			
Interest on loans	20	4,785,209	4,376,118
Investment income	21	375,254	400,846
		5,160,463	4,776,964
Interest Expense		763,299	737,645
Rebates and Dividends		780,101	659,704
Net Interest Income		3,617,063	3,379,615
Allowance for impairment on loans	10.2	180,000	180,000
Allowance (recover) for impairment on interest receivable	10.3	99,999	(75,456)
		3,337,064	3,275,071
Rental income		246,114	249,221
		3,583,178	3,524,292
Selling Expenses	22	246,756	156,985
General and Administrative Expenses	23	2,628,415	2,592,824
		708,007	774,483
Other Income (Expenses)			
Income on death benefit plan - net	24	128,955	119,517
Commissions and miscellaneous income		206,873	170,316
Bad debt recovery		20,635	7,635
appreciation in fair value of investment properties	12	207,054	0
Loss on acquisition of Marriaqua Co-operative Credit Union	28	(1,163,006)	0
Share of loss in associated company accounted for using the equity method		(111,252)	(118,959)
		(710,741)	178,509
Net (Loss) Profit for the Year from Continuing Operations		(2,734)	952,992
Other Comprehensive Income			
Items that will not be Reclassified to Profit or Loss			
Appreciation in fair value of land and buildings	13	1,570,812	0
Items that may be Subsequently Reclassified to Profit or Loss			
Decrease in the fair value of available for sale investment securities	9	(117,204)	0
Total Comprehensive Income for the year		1,450,874	952,992
The following expenses are included in the foregoing:-			
Depreciation		253,416	259,575
Staff cost		1,059,625	1,077,362

The accompanying notes form an integral part of these financial statements.

Kingstown Co-operative Credit Union Limited

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Statement of Cash Flows
For the Year Ended December 31, 2014

	2014	2013
	\$	\$
Operating Activities		
Net (loss) profit for the year	(2,734)	952,992
Adjustments for		
Depreciation	253,416	259,575
Interest capitalized on investments	(15,596)	(75,700)
Appreciation in fair value of investment properties	(207,054)	0
Loss on acquisition of Marriagua Co-operative Credit Union	1,163,006	0
Share of loss in associated company	111,252	118,959
Net Earnings before Changes in Operating Assets and Liabilities	1,302,290	1,255,826
Increase in other receivables	(67,380)	(74,940)
Increase in loans to members	(9,405,139)	(1,826,690)
(Decrease) increase in accounts payable and accrued liabilities	(34,333)	75,491
Increase (decrease) in interest payable	219,831	(139,261)
Increase in deposits	5,051,707	625,929
Increase in dividends and rebates payable	232,940	659,704
Net Cash (Used in) Generated from Operating Activities	(2,700,084)	576,059
Investing Activities		
Additions to property, plant and equipment	(447,156)	(71,683)
Proceeds from liquidation of investment securities	2,149,572	1,138,071
Purchase of investment securities	(1,945,093)	(27,920)
Increase in investment in associated company	(5,100)	(550,031)
Net Cash (Used in) Generated from Investing Activities	(247,777)	488,437
Financing Activities		
Repayment of borrowings	(203,317)	(42,394)
Proceeds from issuance of shares	311,144	52,477
Net increase in redeemable member shares	2,989,987	1,023,151
Entrance fees received	3,495	2,450
Decrease in equity from amalgamation with Marriagua Co-operative Credit Union	(1,008,831)	0
Dividends declared	(54,229)	0
Utilization of development fund	(4,641)	0
Net Cash Generated from Financing Activities	2,033,608	1,035,684
Net Movement in Cash Resources	(914,253)	2,100,180
Cash Resources - Beginning of Year	7,863,547	5,763,367
Cash Resources - End of Year	6,949,294	7,863,547

The accompanying notes form an integral part of these financial statements.

Kingstown Co-operative Credit Union Limited

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Kingstown Co-operative Credit Union Limited

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Notes to the Financial Statements
For the Year Ended December 31, 2014

1. Legal Status

The Kingstown Co-operative Credit Union Limited was registered on April 12, 1958 under the Co-operative Societies Act 2012 of St. Vincent and the Grenadines. The Credit Union's operations are subject to the supervision of the Financial Services Authority and the Co-operatives Unit in the Ministry of National Mobilization, Social Development, The Family, Persons with Disabilities and Youth.

2. Date of Authorisation

These financial statements were authorised for issue by the Board of Directors on June 23, 2015.

3. Principal Activities

The principal activities of the Credit Union are to promote thrift among its members, to receive the savings of and to provide a source of credit to members.

4. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB).

IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgment and or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

Standards, Interpretations and Amendments to Existing Standards Effective in 2014

In the current year, the Credit Union has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on January 1, 2014.

- IAS 32, 'Financial Instruments: Presentation' (Effective January 1, 2014) - The amendments address inconsistencies in current practice when applying the offsetting criteria. The amendments clarify when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The change did not have a material impact on the Credit Union's financial statements.
- IFRS 12, 'Disclosure of Interest in Other Entities' - IFRS 12 is a new disclosure standard applicable to entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general the application of IFRS 12 has not resulted in additional disclosure requirements for the Credit Union.

Standards, Interpretations and Amendments to Existing Standards Effective for reporting periods on or after January 1, 2014, but not Relevant

The following standards are not relevant to the Credit Union's operations

- IFRS 10, 'Consolidated Financial Statements'
- IAS 27, 'Separate Financial Statements'

Standards, Interpretations and Amendments to Existing Standards that are not yet Effective and have not been Early Adopted by the Credit Union

The Credit Union has not applied the following new and revised IFRSs that have been issued but are not yet effective.

- IFRS 9 (Amendment) - 'Financial Instruments' (Effective January 1, 2015) - The amendment requires all recognized financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently carried at amortized cost or fair value. The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit and loss) attributable to changes in the credit risk of that liability. The Credit Union anticipates that the application of IFRS 9 in the future will not have a significant impact in amounts reported in respect of financial assets and financial liabilities.

4. Summary of Significant Accounting Policies (Cont'd)**b. Cash, Cash Equivalents and Short-term Investment Securities**

Cash equivalents include highly liquid investments with insignificant interest rate risk and original maturities of ninety (90) days or less at the date of purchase. Investments with maturities between ninety (90) days and one year at the date of purchase are considered to be short-term investment securities. Short-term investment securities consist primarily of investment grade commercial paper, bankers acceptances, and certificates of deposit.

c. Loans to Members and Allowance for Impairment

Loans to members are initially recognised at amortized cost using the effective rate method.

Subsequently loans are carried at amortized cost less allowance for impairment. The allowance for impairment is based on an annual appraisal of loans. Specific and general allowance for loan impairment is based on the reporting date appraisal of loans. The specific element relates to identified loans whereas the general element relates to latent bad and doubtful loans which are present in any loan portfolio but have not been specifically identified. Loans are written down to estimated realisable value when the normal financing relationship with the member has ceased; interest on the loan up to that time is credited to operations and allowance is made where appropriate.

d. Interest Income and Expense

Interest income and expense are recognized in the statement of profit or loss for all instruments measured at amortized cost using the accrual method, except for held-to-maturity investments, which used the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

e. Interest Income and Expense (Cont'd)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability when calculated. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or discounts received between parties to the contract that are an integral part of the effective interest rate.

f. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

g. Revenue on Non-Productive Loans

Revenue is recognised on loans categorised as non-productive only to the extent that interest payments have been received or where receipt is probable.

h. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation except land and building which are stated at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in the carrying amount arising on revaluation of land and buildings are included in other comprehensive income and ultimately credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against revaluation surplus directly in equity; all other decreases are charged to the statement of profit or loss.

Land is not depreciated. Depreciation of other assets is calculated using a straight line method as to allocate their cost less their residual values over their estimated useful lives, as follows:-

Furniture and equipment	-	10 - 20%
Building	-	2%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

4. Summary of Significant Accounting Policies (Cont'd)**h. Property, Plant and Equipment (Cont'd)**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other income/expenses in the statement of profit or loss. Any gains or losses arising on the remeasured value of the Credit Union's property are included in other comprehensive income.

Repairs and maintenance are charged to the statement of profit or loss account when the expenditure is incurred.

i. Investment Properties

Investment properties are accounted for by the fair value model. Accordingly, gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss.

j. Borrowings

Borrowings are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost and any difference between the net proceeds and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

k. Borrowing Cost

Generally, borrowing cost is recognised as an expense in the period in which it is incurred; except where such cost is directly attributable to the acquisition, production or construction of an asset which takes a substantial period of time to get ready for its intended use.

l. Foreign Currency Translation

These financial statements are expressed in Eastern Caribbean dollars, which is the Credit Union's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in the amortised cost are recognised in the statement of profit and loss, and other changes in the carrying amount are recognised through other comprehensive income.

Translation differences on non-monetary items, such as equities held at fair value are recognised through statement of profit or loss, and are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value in other comprehensive income and ultimately accounted for under reserves in equity.

m. Financial Assets

The Credit Union classified its financial assets in the following categories:

- (i) financial assets at fair value through profit or loss;
- (ii) loans and receivables;
- (iii) held-to-maturity investments; and
- (iv) available-for-sale financial assets.

a. Classification:**i) Fair Value through Profit or Loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

4. Summary of Significant Accounting Policies (Cont'd)

m. Financial Assets (Cont'd)

a. Classification (Cont'd)

ii) **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Credit Union's loans and receivables comprise 'other receivables', 'loans to members' and 'cash resources' in the statement of financial position.

iii) **Held-to-Maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Credit Union's management has positive intention and ability to hold to maturity. If the Credit Union were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale.

iv) **Available-for-Sale Financial Assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

b. **Recognition and Measurement**

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Credit Union commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss and initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Credit Union has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'impairment of investment' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of investment income when the Credit Union's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as 'impairment of investment'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of profit or loss as part of investment income. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss as part of investment income when the Credit Union's right to receive payments is established.

n. **Impairment of Financial Assets****Assets Carried at Amortised Cost**

The Credit Union assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Credit Union uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales)

4. Summary of Significant Accounting Policies (Cont'd)

n. Impairment of Financial Assets (Cont'd)

Assets Carried at Amortised Cost (Cont'd)

- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Deterioration in the value of collateral
- Downgrading below investment grade level

The estimated period between losses occurring and their identification is determined by management for each identified portfolio. In general, the periods used vary between three months and twelve months; in exceptional cases, longer periods are warranted.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Credit Union determines that no objective evidence of impairment exist for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are included in a collective assessment for impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Credit Union may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

The Credit Union assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss.

Renegotiated Loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due on the basis of the renegotiated terms and conditions.

o. Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

4. Summary of Significant Accounting Policies (Cont'd)

p. Share Capital

Share Capital Costs

The proceeds from the issue of new shares, except shares redeemable at the option of the holder, are accounted for as equity, net of transaction costs. Shares which are redeemable at the option of the holder are accounted for as financial liabilities.

Dividends

Dividends on shares, other than those redeemable at the option of the holder, are recognised in equity in the period in which they are approved by the directors. Dividends on shares, which are redeemable at the option of the holders, are accounted for as a charge in profit or loss in the period they are approved by the directors.

5. Financial Risk Management

a. Financial Risk Factors

The Credit Union's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Credit Union's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Credit Union's financial performance. The Credit Union has not entered into forward contracts to reduce its risk exposure.

i) Credit Risk

The exposure to credit risk is dependent on the degree of failure of counter-parties, including its customers, banks and other debtors, to honour their obligations to the Credit Union. The Credit Union's credit risk is spread primarily over a diversity of private customers, commercial entities, and government securities.

The following summarizes the maximum credit risk:-

Loans and advances	55,180,379	45,775,240
Other receivables	279,816	212,934
Deposits with commercial banks	6,784,452	8,278,203
Investment securities	2,981,452	3,287,539
	<u>65,226,099</u>	<u>57,553,916</u>

ii) Liquidity Risk

In order to manage liquidity risks, management seeks to maintain levels of cash in each operating currencies, which are sufficient to meet reasonable expectations of its short-term obligations. Undisbursed loans are monitored closely on a monthly basis.

iii) Market Risks

a. Foreign Exchange Risk

This is the risk of an investment's value changing due to changes in the currency exchange rates. Investments held in a foreign currency are retranslated at the reporting date using prevailing foreign exchange rates.

b. Price Risk

This is the risk that foreign investments held by the Credit Union will change in value due to changes due to a fall in market price. The company has hedged against this risk by diversifying its portfolio of securities.

c. Fair value and Cash Flow Interest Rate Risk

The Credit Union's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The Credit Union has opted to keep all borrowings down to a minimum.

5. Financial Risk Management (Cont'd)**b. Fair Value of Financial Assets and Liabilities**

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by quoted market value, if one exists.

The Credit Union's financial assets and financial liabilities as disclosed in the statement of financial position approximate their fair value.

6. Critical Accounting Estimates and Judgments

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Credit Union makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Estimated Impairment of Assets

The Credit Union tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in significant accounting policies section. The recoverable amounts of some assets have been determined based on value-in-use calculations. These calculations require the use of estimates.

b. Valuation of Property

The Credit Union utilizes professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumption chosen.

c. Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The shares held in St. Vincent Co-operative Credit Union League, classified as available-for-sale financial assets, are not traded in active markets. The carrying amount of the available-for-sale financial assets would be estimated using the value of the members' equity in the audited financial statements of St. Vincent Co-operative Credit Union League.

7. Cash Resources

Cash on hand
Demand deposits
Short-term bank deposits

	2014	2013
Cash on hand	164,842	96,020
Demand deposits	740,066	323,882
Short-term bank deposits	6,044,386	7,954,321
	<u>6,949,294</u>	<u>8,374,223</u>

The effective interest rate on short-term bank deposits is 3.52% (2013: 3.52%).

All cash deposits are denominated in Eastern Caribbean currency.

Cash on hand, bank deposits and bank overdraft includes the following for the purpose of the cash flow statement:

Cash resources
Bank overdraft (Note 14)

	2014	2013
Cash resources	6,949,294	8,374,223
Bank overdraft (Note 14)	0	(510,676)
	<u>6,949,294</u>	<u>7,863,547</u>

8. Investment Securities**Securities held-to-maturity**

	2014	2013
7.5% Government of St. Vincent and the Grenadines amortising bonds, repayable in 19 equal instalments maturing August 2016	49,285	73,927
8% Government of St. Vincent and the Grenadines amortising bonds, repayable in 14 equal instalments maturing March 2016	107,145	178,572
5% St. Vincent and the Grenadines Credit Union League Term Deposits	354,821	294,878
St. Vincent and the Grenadines Credit Union League 4% Central Finance Facility Deposit	14,510	13,952
3% St. Vincent Building and Loan Association Special Deposit, maturity August 31, 2014	0	212,122
3.25% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2015	151,343	212,122
3.25% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2015	151,343	212,122
3.50% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2016	252,238	212,122
3.50% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2016	303,133	212,122
3% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2014	0	144,634
3.25% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2015	103,237	144,634
3.25% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2015	103,237	144,634
3.50% St. Vincent Building and Loan Association Special Deposit, maturing February 28, 2016	172,062	144,634
3.50% St. Vincent Building and Loan Association Special Deposit, maturing August 31, 2016	190,888	144,634
British American 8.5% Corporate Savings Contract, maturity October 24, 2009	100	100
	<u>1,953,342</u>	<u>2,345,209</u>

Securities available-for-sale

Eastern Caribbean Co-operative Central Limited	10,000	10,000
FirstCaribbean International Bank (Barbados) Limited - 70,000 common shares, at fair value	182,696	286,773
Shares in Credit Union League - 20,000 shares, at fair value	607,616	604,337
East Caribbean Home Mortgage Bank Shares - 133 shares, at fair value	13,300	13,300
Bank of St. Vincent and the Grenadines - 3,000 common shares	25,920	25,920
St. Vincent Building and Loan Association	188,578	2,000
	<u>1,028,110</u>	<u>942,330</u>
Total Investment Securities	<u>2,981,452</u>	<u>3,287,539</u>

The effective interest rates at reporting date were as follows: -

	2014	2013
Government of St. Vincent & the Grenadines bonds	8.00	8.01
St. Vincent and the Grenadines Credit Union League	4.95	4.95
St. Vincent Building and Loan Association	3.42	3.30

8. Investment Securities (Cont'd)

	Available for sale 2014 \$	Held to maturity 2014 \$	2013 \$
At January 1, 2014	942,330	2,345,209	3,287,539
Additions	202,984	1,742,109	1,945,093
Disposal/redemption	0	(2,149,572)	(2,149,572)
Decrease in fair value	(117,204)	0	(117,204)
Interest capitalized	0	15,596	15,596
At December 31, 2014	1,028,110	1,953,342	2,981,452
At January 1, 2013	914,410	3,407,580	4,321,990
Additions	27,920	0	27,920
Disposal/redemption	0	(1,138,071)	(1,138,071)
Interest capitalized	0	75,700	75,700
At December 31, 2013	942,330	2,345,209	3,287,539

On September 1, 2013, a capitalisation plan was implemented with the aim of improving solvency and liquidity of the St. Vincent Building and Loan Association. As of reporting date, the Credit Union held Building & Loan Association certificates having a nominal value of \$1,427,481 (2013: \$1,883,780). In accordance with IFRS 13, the Credit Union recorded an impairment charge of \$100,000 in its deposit with that association in 2012. As of reporting date, no further impairment has been recorded.

The Credit Union's investment securities currency holdings denominations are as follows: -

	2014 \$	2013 \$
Eastern Caribbean currency	2,798,756	3,000,766
Barbados currency	182,696	286,773
	2,981,452	3,287,539

9. Investment in Associated Company

The Credit Union holds 31% of the outstanding shares of SVG Small Business and Micro Finance Co-operative Limited (COMFI).

The investment in associated company is accounted for by the equity method. Accordingly, the investment is adjusted to the Credit Union's proportionate share of its financial performance.

	2014 \$	2013 \$
Investments at the beginning of the year	515,352	84,280
Additions	5,100	550,031
Share of losses	(111,252)	(118,959)
	409,200	515,352

The investment was initially recognised at \$634,311.

As at reporting date, the net asset value of the associated company was as follows: -

	2014 \$	2013 \$
SVG Small Business and Micro-Finance Cooperative Limited (COMFI)	1,434,106	1,617,564

Kingstown Co-operative Credit Union Limited

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Notes to the Financial Statements
For the Year Ended December 31, 2014

10. Loans to Members

	2014	2013
Loans partially secured by shares	21,446,276	18,702,184
Micro loans	259,929	366,142
Mortgage loans	32,881,382	25,748,996
Student loans	2,897,696	3,107,933
	57,485,283	47,925,255
Allowance for loan losses (Note 10.2)	(2,519,422)	(2,294,885)
	54,965,861	45,630,370
Interest receivable net	214,518	144,870
	55,180,379	45,775,240

The effective interest yield during the year on loans to members was 9% (2013: 9%).

10.1. Loans to Members Impairment Analysis

Loans and advances are summarised as follows:

	2014	2013
Neither past due nor impaired	54,701,515	44,713,600
Past due but not impaired	1,152,166	1,396,274
Impaired	1,631,602	1,815,381
Gross	57,485,283	47,925,255
Less: allowance for impairment (Note 10.2)	(2,519,422)	(2,294,885)
	54,965,861	45,630,370
Interest receivable, net	214,518	144,870
	55,180,379	45,775,240

Loans to Members Past Due not Impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amount of loans to members that were past due but not impaired was as follows:

	2014	2013
Past due up to 30 days	324,872	1,085,840
Past due 30 - 60 days	514,349	236,437
Past due 60 - 90 days	312,945	73,997
Total	1,152,166	1,396,274

10.2. Allowance for Impairment on Loans

The reconciliation of allowance account for losses on loans to members is as follows:

	2014	2013
Balance at the beginning of the year	2,294,885	2,326,814
Charge for the year	180,000	180,000
Allowance for impairment on loans	300,000	0
Write off	(255,463)	(211,929)
Balance at end of the year	2,519,422	2,294,885

All loans to members are denominated in Eastern Caribbean currency.

10.3. Allowance for Impairment on Loan Interest Receivable

	2014	2013
Balance at the beginning of the year	276,879	352,335
Charge for the year	99,999	0
Write off for the year	0	(75,456)
Balance at the end of year	376,878	276,879

11. Other Receivables

	2014	2013
Interest receivable - investment	172,460	151,646
Prepaid expenses	41,627	41,129
Accounts receivable	107,356	61,288
	<u>321,443</u>	<u>254,063</u>

12. Investment Properties

	2014	2013
Carrying value at beginning of year	3,326,200	3,326,200
Appreciation in fair value	207,054	0
Carrying value at end of year	<u>3,533,254</u>	<u>3,326,200</u>

On May 27, 2015, the Credit Union's investment properties were valued by Edric Lewis and Associates, an independent valuator, on an open market basis. The directors adopted the combined appraisal value of \$3,533,254 in the Credit Union's records in December 2014.

13. Property, Plant and Equipment

	Land	Building	Furniture & Equipment	Total
At January 1, 2013				
Cost or valuation	2,168,400	4,866,600	1,570,213	8,605,213
Accumulated depreciation	0	0	(897,185)	(897,185)
Net book amount	<u>2,168,400</u>	<u>4,866,600</u>	<u>673,028</u>	<u>7,708,028</u>
Year Ended December 31, 2013				
Opening net book amount	2,168,400	4,866,600	673,028	7,708,028
Additions	0	0	71,683	71,683
Depreciation charge	0	(97,331)	(162,244)	(259,575)
Closing net book amount	<u>2,168,400</u>	<u>4,769,269</u>	<u>582,467</u>	<u>7,520,136</u>
At December 31, 2013				
Cost or valuation	2,168,400	4,866,600	1,641,896	8,676,896
Accumulated depreciation	0	(97,331)	(1,059,429)	(1,156,760)
Net book amount	<u>2,168,400</u>	<u>4,769,269</u>	<u>582,467</u>	<u>7,520,136</u>
Year Ended December 31, 2014				
Opening net book amount	2,168,400	4,769,269	582,467	7,520,136
Additions	57,348	242,432	147,376	447,156
Appreciation in fair value	135,525	1,435,287	0	1,570,812
Depreciation charge	0	(97,744)	(155,672)	(253,416)
Closing net book amount	<u>2,361,273</u>	<u>6,349,244</u>	<u>574,171</u>	<u>9,284,688</u>
At December 31, 2014				
Cost or valuation	2,361,273	6,359,223	1,789,272	10,509,768
Accumulated depreciation	0	(9,979)	(1,215,101)	(1,225,080)
Net book amount	<u>2,361,273</u>	<u>6,349,244</u>	<u>574,171</u>	<u>9,284,688</u>

On May 27, 2015, the Credit Union's land and building were valued by Edric Lewis and Associates, an independent valuator, on an open market basis. The directors adopted the combined appraisal value of \$8,411,148 in the Credit Union's records in December 2014. As a result, the appreciation of \$1,570,812 in fair value of land and building over net book value was credited to revaluation surplus and included in other comprehensive income.

Depreciation expense of \$253,416 (2013: \$259,575) has been charged to general and administrative expenses.

Kingstown Co-operative Credit Union Limited

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Notes to the Financial Statements
For the Year Ended December 31, 2014

14. Borrowings

	2014	2013
	\$	\$
Current		
Bank of St. Vincent and the Grenadines Limited overdraft	0	510,676
Bank of St. Vincent and the Grenadines Limited/Caribbean Development Bank		
Student Loan Scheme 5% loan repayable in quarterly instalments of \$13,486, due March 2018	0	44,644
	0	555,320
Non-Current Borrowings		
Bank of St. Vincent and the Grenadines Limited/Caribbean Development Bank		
Student Loan Scheme 5% loan repayable in quarterly instalments of \$13,486, due March 2018	0	158,673
	0	713,993

The exposure of the Credit Union's borrowings to interest rate changes and the contractual repricing dates at reporting date are as follows: -

The maturity of borrowings is as follows: -

	2014	2013
	\$	\$
12 months and less	0	555,320
1 - 5 years	0	158,673
	0	713,993

The effective interest rates at the balance sheet date were as follows: -

	2014	2013
	%	%
Bank of St. Vincent and the Grenadines/Caribbean Development Bank Student Loan Scheme	0.00	5.09
Bank of St. Vincent and the Grenadines bank overdraft	0.00	12.05

All borrowings are denominated in Eastern Caribbean currency.

15. Deposits

	2014	2013
	\$	\$
Members' demand deposits	11,627,263	7,185,528
Building capitalisation fund shares	10,948,865	10,338,893
	22,576,128	17,524,421

The building capitalization fund shares have varying maturity dates.

The effective interest rates at the reporting date were as follows: -

	2014	2013
	%	%
Members' demand deposits	2.70	2.70
Building capitalisation fund shares	4.74	5.28

All deposits are denominated in Eastern Caribbean currency.

16. Share Capital

Issued Share Capital

	2014	2013
	Number	Number
Redeemable \$5 par value member shares	7,836,270	7,256,070
Non-redeemable fully paid \$5 par value member shares	614,794	273,348

Kingstown Co-operative Credit Union Limited

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Notes to the Financial Statements
For the Year Ended December 31, 2014

16. Share Capital (Cont'd)

	2014 \$	2013 \$
Paid-up Capital		
Reported as Financial Liabilities		
Redeemable \$5 par value member shares	39,181,350	36,191,363
Reported as Equity		
Non-redeemable fully paid \$5 par value member shares	1,831,640	1,366,740
Subscription for non-redeemable \$5 par value member shares	89,412	88,993
	<u>1,921,052</u>	<u>1,455,733</u>
	<u>41,102,402</u>	<u>37,647,096</u>

Each member, notwithstanding the number of shares held, is entitled to one vote. Further, each member is required to hold a minimum of 20 non-redeemable \$5 par value shares.

The Credit Union shall not pay a dividend if its institutional capital is less than 10% of its assets.

17. Statutory Reserve

Article 16.1 of the Credit Union's By-Laws provides that, entrance fees and fines collected from members, and at least 20% of net profits, shall be credited to a Reserve Fund. The Reserve Fund may be used to meet bad debts and other extraordinary losses. The Reserve Fund shall be maintained in a liquid form to satisfaction of the Registrar.

	2014 \$	2013 \$
Balance - beginning of year	3,248,849	2,843,226
Entrance fees	3,495	2,450
Appropriation for year	0	403,173
Balance - end of year	<u>3,252,344</u>	<u>3,248,849</u>

18. Development Fund

	2014 \$	2013 \$
Balance - beginning of year	15,000	10,000
Utilization for the year	(4,641)	0
Appropriation for year	0	5,000
Balance - end of year	<u>10,359</u>	<u>15,000</u>

Pursuant to section 125 of the Co-operative Societies Act 2012, the Credit Union shall appropriate such sums, not exceeding ten percent, of net profit to a Development Fund for the development of registered societies. The development fund is not maintained in a segregated fund.

19. Accumulated Other Comprehensive Income

	Revaluation Surplus \$	Unrealized Gain/Loss Investment \$	Total \$
Balance as of December 31, 2012	3,909,345	592,310	4,501,655
Balance as of December 31, 2013	3,909,345	592,310	4,501,655
Gain on revaluation of land and buildings (Note 13)	1,570,812	0	1,570,812
Decrease in fair value of available for sale investment securities (Note 8)	0	(117,204)	(117,204)
	<u>1,570,812</u>	<u>(117,204)</u>	<u>1,453,608</u>
Balance as of December 31, 2014	<u>5,480,157</u>	<u>475,106</u>	<u>5,955,263</u>

Kingstown Co-operative Credit Union Limited

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Notes to the Financial Statements
For the Year Ended December 31, 2014

20. Interest on Loans

	2014	2013
Mortgage loans	2,355,365	2,026,655
Consumer loans	1,908,921	1,738,285
Vehicle loans	262,582	356,114
Education loans	234,117	249,272
Non-productive loans	24,224	5,792
	<u>4,785,209</u>	<u>4,376,118</u>

21. Investment Income

Investment income comprises:

	2014	2013
Interest on bank deposits and fixed deposits	346,806	359,844
Interest on held to maturity securities	15,596	32,920
Dividends	12,852	8,082
	<u>375,254</u>	<u>400,846</u>

22. Selling Expenses

	2014	2013
Donations	36,495	20,330
Publicity, promotions and sponsorship	173,457	106,141
Scholarship funds	36,804	30,514
	<u>246,756</u>	<u>156,985</u>

Kingstown Co-operative Credit Union Limited

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Notes to the Financial Statements
For the Year Ended December 31, 2014

23. General and Administrative Expenses

	2014	2013
Agency expenses	3,600	3,600
Annual general meeting expense	39,095	36,758
Annual licence fee	24,968	2,390
Audit and accounting fees	58,939	41,586
Bad debts	0	74,811
Bank charges	4,199	3,679
Board and committee meetings	108,412	102,945
Conventions and summits	68,056	33,025
Depreciation expense	253,416	259,575
Electricity	82,761	111,877
General insurance	49,420	48,701
Insurance on loans and shares	302,770	318,318
League dues	56,379	50,657
Professional fees	41,612	43,248
Rates and taxes	4,596	5,321
Repairs and maintenance - building	95,213	76,509
- equipment	25,830	3,138
Rental expense	39,850	27,600
Security	79,683	78,767
Staff costs	1,059,625	1,077,362
Stationery and office supplies	117,550	103,803
Communication expenses	78,833	56,450
Travel	14,992	20,418
Water	18,616	12,286
	<u>2,628,415</u>	<u>2,592,824</u>

24. Income on Death Benefit Plan - Net

	2014	2013
Death benefit contributions	199,955	182,850
Death benefit claims paid	(71,000)	(63,333)
	<u>128,955</u>	<u>119,517</u>

25. Staff Cost

	2014	2013
Bonus	39,773	29,870
Staff medical insurance	20,274	17,498
National Insurance contributions	41,487	34,040
Salaries and wages	907,234	896,492
Severance	0	36,227
Staff training and education	40,066	46,622
Staff uniform	10,791	16,613
	<u>1,059,625</u>	<u>1,077,362</u>

Number of employees at reporting date	<u>25</u>	<u>23</u>
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26. Related Party Transactions

A party is related to the Credit Union if the party has control over the Credit Union or the party has significant influence over the Credit Union or is a member of key management personnel.

The Board of Directors, committees and staff of Kingstown Co-operative Credit Union Limited are considered as related parties.

Loans and Deposits**a. Loans**

Directors and volunteers
Staff

	2014	2013
	\$	\$
Directors and volunteers	547,775	778,929
Staff	951,929	764,885
	<u>1,499,704</u>	<u>1,543,814</u>

b. Deposits

Directors and volunteers
Staff

	2014	2013
	\$	\$
Directors and volunteers	234,951	204,319
Staff	432,848	422,687
	<u>667,799</u>	<u>627,006</u>

c. Key Management Compensation

Salaries and wages
National Insurance contributions

	2014	2013
	\$	\$
Salaries and wages	516,103	457,262
National Insurance contributions	18,805	13,825
	<u>534,908</u>	<u>471,087</u>

27. Income Tax

The Credit Union, in accordance with section 241 of the Co-operative Societies Act 2012, is exempt from income tax.

28. Acquisition of Marriaqua Co-operative Credit Union Limited

The members of the Kingstown Co-operative Credit Union Limited at a Special General Meeting held on September 22, 2014, passed a resolution to merge, with the approval of the Financial Services Authority, the assets and liabilities of the Marriaqua Co-operative Credit Union Limited. The merger was effected November 18, 2014.

Pursuant to the merger agreement, and in accordance with section 147 (1) (a) of the Co-operative Societies Act 2012, the General Employees Co-operative Credit Union Limited and St. Vincent and the Grenadines Teachers Co-operative Credit Union Limited purchased 34,200 and 34,220 permanent shares, for a consideration of \$171,000 and \$171,100 respectively, of the Credit Union. Further, the Credit Union issued 30,835 permanent shares having the equivalent net asset value of the Marriaqua Co-operative Credit Union Limited paid-up capital. As a result, the asset shortfall of \$1,163,006 in Marriaqua Co-operative Credit Union Limited was charged to the current year's profit or loss.

29. Commitments

The Credit Union is committed to a monthly rental of \$4,650 for premises under an operating lease.

53rd Annual General Meeting of The Kingstown Co-operative Credit Union Limited (KCCU)

25. CREDIT COMMITTEE REPORT FOR THE 53RD ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION FOR THE PERIOD JANUARY TO DECEMBER 2014

25.1 INTRODUCTION

The Credit Committee is honoured to have served the members of the KCCU during the year 2014 and it is a pleasure to present this report to you on its behalf.

The following persons were elected to the Credit Committee at the 52nd Annual General Meeting of the Kingstown Co-operative Credit Union Limited (KCCU), which was held at the Peace Memorial Hall on 28th April, 2014. The Committee met at its first meeting and Sister Cynthia Hope-Browne was elected as Chairperson, while Brother Martin Sheen was elected as Secretary.

<u>NAMES</u>	<u>POSITION</u>	<u>STATUS</u>
Sis Cynthia Hope-Browne	Chairperson	
Bro. Martin Sheen	Secretary	Resigned
Bro. Bernard John	Member	
Sis. Angelita Miller	Member	
Sis. Marcelle Burgin	Member	

Bro. Martin Sheen resigned upon taking up new employment and as a result Bro. Bernard John performed the duties of Secretary.

A total of twenty seven (27) meetings were held during the year and the attendance was as follows:

<u>NAMES</u>	<u>ATTENDANCE</u>
Sis Cynthia Hope-Browne	27
Bro. Martin Sheen	25
Bro. Bernard John	23
Sis. Angelita Miller	27
Sis. Marcelle Burgin	25

25.2 FUNCTIONS AND OPERATION OF THE CREDIT COMMITTEE

The Credit Committee functions as the “heart beat” of the Credit Union’s operations and has general supervision of all lending activity including the implementation, monitoring and evaluation of the overall loan programs to ensure compliance with Board approved policies. The Credit Committee meets every Tuesday at 5 o’clock to review loan applications, meet with members experiencing extraordinary financial problems, and approved loan. The Committee also reviews applications and approve loans to ensure that we are in compliance with Lending regulations and the Credit Union’s loan policies approved by the Board. The Credit Committee also reviews all loan requests when special considerations are necessary to assist members in resolving specific difficulties. The Credit Committee provides financial counseling to members in the wise use of credit.

25.3 OVERVIEW

The year 2014 has been a very busy and challenging one for the Credit Committee and the Credit Union, on a whole, with enormous growth in the number and amount of loan applications. However, your Credit Union has once again demonstrated its unwavering perseverance throughout the year. The major challenges faced were:

- Loans takeover especially mortgages by other financial institutions such as the banks which continue to offer lower interest rates;
- The economic turbulence and downturn facing our country. Persons continue to lose their jobs and are unable to service their loans;
- Refinancing of loans: - members accessed loans for financial relief and soon after found themselves in the same situation.

We encourage our members to save more and to applaud those who are doing their best in difficult circumstances especially in honouring their commitments. The Credit Committee worked closely with the lending team to develop target marketing strategies specifically through technological means. The goal was to create customized messaging to those who best qualified for each specific campaign. Our Christmas loan product was exceptional and the response was second to none – I want to take this opportunity to thank the capable staff who worked tirelessly and congratulate them on a job well done.

The Credit Committee exhibits a family spirit apart from working closely with management and staff in achieving the Credit Union's goals as well as members' satisfaction. However, it must be borne in mind that all loan decisions must be based on the loan policies established by the Board of Directors and in compliance with the local regulatory body.

Our Credit Union is affected by changing economic circumstances for which we may have to adjust. We have concerns about the decline in the economy, but we are convinced that our Credit Union has the expertise and strength to support all our members through that downturn.

25.4 LENDING ACTIVITY

This report outlines an analysis of the loans approved, loans disbursed for the year under review, as well as a breakdown of the type of loans given.

It is evident that the loan portfolio of the Credit Union has grown considerably over the previous year and this should be viewed as a commendable feat.

25.5 LOAN APPLICATIONS AND APPROVALS

There was an improvement in lending activity during the year 2014. There were 4,150 loans reviewed as compared to 3,644 in 2013. This is representative of an increase of 506 loans or 14%. Of the total applications reviewed in 2014, 3,942 or 95% were approved, an improvement of 2% over last year. The value of loan applications

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reviewed was \$33.6 million as compared to \$29.9 million in 2013 or 16% increase. Of this 33.6 million, 71% or \$23.8 million was approved when compared to \$18.9 million in 2013.

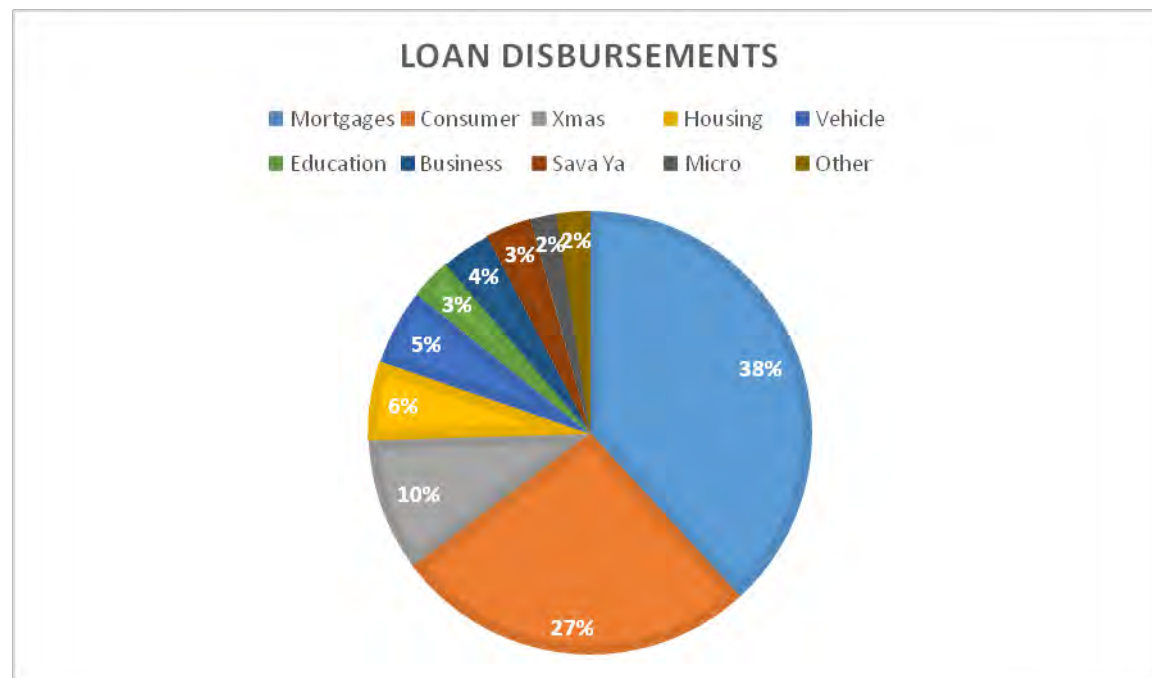
The improvement realized from the performance in lending activity was primary associated with business from mortgages, consumer loans and Xmas loans.

25.6 LOANS ANALYSIS

<u>Loans Reviewed</u>	<u>Loans Approved</u>	<u>Value Reviewed</u>	<u>Value Approved</u>
4150	3942	\$33,552,652	\$23,793,725

25.7 LOAN DISBURSEMENTS

The majority of loans disbursed during the year 2014 was directly related to increased approvals by way of mortgages, consumer loans and Xmas loan. Mortgages accounted for 38.50 percent, consumer 26 percent, Xmas loans 9.83 percent, housing 5.76 percent and vehicle 5.5 percent.



25.8 DELINQUENCY

Delinquency refers to the failure on the part of a member to repay their obligations when due or as agreed. There may be varying factors contributing to members becoming delinquent such as loss of income by being made redundant, decline in economic activities, inflation and unforeseen financial difficulties.

The Credit Union stands willing and ready to assist those members who are facing payment difficulties. We urge you to contact us for advise and assistance, each member's situation may be different, so we have to deal with it on a case by case basis. Do not wait

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until it is too late, our goal is to assist members, we will be willing to review repayment amounts and period and work with you in relieving your payment difficulty, thus putting your loan back on track.

While our loans are well secured by shares and other collateral, vigilance and careful monitoring of every individual loan big or small is essential. Efficient monitoring structures are in place and most of the work is done by the capable and hardworking staff of our Recoveries Department. We thank them and congratulate them along with management on a job well done. Despite the challenges, they have kept the delinquency rate at a mere 4 percent, commendable indeed.

In light of the present economic climate we want to stress the importance of over borrowing and putting ourselves in financial difficulty. Let us save a little more consistently in order to build share requirement for loans.

25.9 CONCLUSION

Acknowledgements are extended to all the individuals and groups who made the Credit Committee successful at its tasks another year. To the members of the Committee, your unrelenting commitment to your duties is recognized, the camaraderie and level of professionalism shared and displayed were rewarding, it was a pleasure working alongside you. I would like to use this opportunity to thank Bro. Martin Sheen who resigned during the year and Sister Angelita Miller who is retiring and is therefore not eligible for re-election, for their dedicated service to the Committee.

To the Board of Directors and Management as well as the lending team, your efforts, hard work and dedication are being acknowledged at this time. You have done a tremendous job in helping our members become financially prosperous. To the shareholders, continue supporting your Credit Union through your loans as well as honouring the obligation of repaying them. Keep spreading the word for others to join the Credit Union to benefit as you have.

The Credit Committee will continue to work with Management in the development of credit products for the membership's growing financial needs and to deliver the quality service which our members has come to expect.

May God Bless you.

Respectfully submitted,



Cynthia Hope-Browne



Bro. Bernard John

26. SUPERVISORY COMMITTEE REPORT FOR THE 53RD ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED FOR THE PERIOD JANUARY TO DECEMBER 2014

26.1 INTRODUCTION

The Supervisory Committee hereby submits its report to the Annual General Meeting for period ending December 2014.

Some of the major functions of the Supervisory Committee are to:

- Act as the “watchdog” of the credit union to protect and safeguard member assets
- Ensure that records are maintained properly, honestly and accurately
- Make sure that policies are established and followed according to law and regulatory guidelines
- Check to see that proper internal controls are in place

26.2 THE COMMITTEE STRUCTURE

The Committee held its first meeting on April 30, 2014 and the Chairman and Secretary were elected in accordance with the Bye-Laws. The Committee was as follows:

NAMES	POSITION	ATTENDANCE
Bro. Elsworth Abbott	Chairman	30
Sis. Nicolette Dalton	Secretary	10
Sis. Gale Thorpe	Member	20
Bro. Rohan Providence	Member	24
Bro. Franklyn Linley	Member	25

As of April 1, 2015, the Committee met for a total of thirty (30) times during the period, to review the operations of the KCCU. The Secretary has been notably absent from a number of meetings due to other obligations overseas while others from time to time have been absent due to illness.

26.3 WORK PLAN AREAS

The Supervisory Committee continued to use a risk based approach to ensure critical areas were covered. From week to week, the Committee reviewed the following areas and reported to the Board of Directors on a monthly basis on the findings and recommended corrective actions where anomalies were discovered.

Loans (adherence to loans policy)	Pearls ratio (adherence to pearls standards)
Bank reconciliation statements	Surprise cash counts
Payroll	Daily transactions
Fixed Assets	Backup procedure
Logical security	Physical security

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Visit to the grenadines sub branches	Death benefit administration
Scholarship review	Delinquency
Directors, Committee members and Staff accounts	
Compliance with FIU anti money laundering regulations	
Attend Credit Committee meeting	

Based on analysis, the Supervisory Committee is satisfied that adequate internal controls exist to protect member accounts and the financial statements accurately reflect the performance and condition of the KCCU.

26.4 HIGHLIGHTED AREAS

26.4.1 Delinquency

During our review, we established that KCCU continued to do tremendous work in the area of delinquency as reflected in the accounts. KCCU was able to employ various loan strategies to ensure a continuous growth in the loan portfolio whilst keeping the delinquency rate minimal. KCCU can now boast of having one of the lowest, if not the lowest rate of delinquency for all financial institutions in St. Vincent and the Grenadines. Notwithstanding this, members are still urged to honor their commitments with the KCCU to ensure the strength is sustained and members can yield even greater returns in dividends.

26.4.2 Sub branches operations

The emphasis on the sub branches was heightened during the reporting period and we saw major development in two of the three locations with pending activities at the third. New offices were established in Bequia and Union Island with real time connection to the main office. Security have also been heightened with CCTV in place and monitored from the head office.

26.4.3 Compliance

1. With the growing inefficiencies and imprudent management within the financial service sector, the FSA has not been lenient with their regulations. The Committee was given the task to ensure that regulations were adhered to and reports submitted within a timely manner. Our reviews revealed that KCCU continued to act with transparency and have been able to meet the standards set and continues to be a force to be reckoned with within the local market.
2. Another milestone achieved within the reporting period was the introduction of a Compliance Officer. The call for internal independent monitoring over the years by the Supervisory Committee came to fruition. This area was very critical to the Supervisory Committee and we must commend the board in this regard. The Officer is not only responsible for external regulatory compliance, but also for ensuring compliance with internal policies and procedures. The function work in tandem with the Supervisory Committee and management to ensure compliance in the majority of areas and will definitely help in identifying and reducing instances of fraud within the Credit Union.

26.4.4 Information Systems

The Supervisory Committee is generally satisfied with the performance of the Management and Staff and by extension the KCCU as a whole. The Committee however hopes to see more focus being placed in the area of IT Security, since the institution has expanded its business in all sub branches along with the amalgamation with the Marriaqua Credit Union. A wide area network (WAN) is now in place along with internet services and ATM access soon to come on stream. The protection of members and members Assets should be top priority. Management is currently putting systems in place to ensure this and the Committee will continue to monitor this area assiduously.

26.5 CONCLUSION

KCCU has once again been able to realize a profit for the financial year even though the global economy has not been kind in recent years. For this, the office should be applauded.

The Supervisory Committee would like to thank the Board of Directors, other Committees, Management, Staff and Members of the KCCU for their continued support throughout the year and look forward for your continued support throughout.

For and on behalf of the Supervisory Committee



Elsworth L. Abbott
Chairman



Nicolette Dalton
Secretary

27. EDUCATION COMMITTEE REPORT FOR THE 53RD ANNUAL GENERAL MEETING OF THE KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED FOR THE PERIOD MAY TO DECEMBER 2014

27.1 INTRODUCTION

This report outlines the activities accomplished by the Kingstown Co-operative Credit Union's Education Committee for the year 2014.

27.2 MEMBERSHIP

The following members were appointed by the Board of Directors to serve on the Education Committee for the aforementioned period:

Sis. Lucille Browne	Chairperson
Sis. Juanika Joseph	Secretary
Sis. Laura Smart	Member
Sis. Reanna Solomon	Member

27.3 YEAR IN REVIEW

The main focus for the period under review consists of the KCCU Secondary School Scholarship Awards, the KCCU Senior Care Day, news letter and the KCCU Primary School Quiz.

27.4 MEETINGS

Committee meetings were held three (3) times per month which is usually scheduled for the first, second and last Mondays. However, considerations would have been made to hold additional meetings when needed in order to discuss any important matters as the need arise or to plan specific activities.

27.5 ORIENTATION SESSIONS

It is of great importance that KCCU continues orientation sessions in order to enhance members' knowledge about the Credit Union, including their privileges and roles as the owners of the organization. There is a positive relationship between growth of the institution's membership and the increase in deposits and core business lending. The onus therefore, is on the management of the institution to ensure members become familiar with the products and services offered by the KCCU through an adequate programme of orientation for new members.

During the period under review, two orientation sessions for new members were held in the Reuben John Development Centre at the Headquarters in Kingstown. The sessions featured presentations from the Chief Executive Officer, and other members of the senior Management team of KCCU. The new members were provided information on KCCU'S history, products and services, medical plan and loans facilities. Interactive presentations were made on financial management practices at both occasions.

27.6 SPONSORSHIPS AND DONATIONS

The KCCU continued to extend financial and other support to many entities as part of its Corporate Social Responsibility. Sponsorships were extended to support various activities, groups, institutions, programmes and individuals. The major recurring sponsorships were:

KCCU Dance Festival (biannual event)
St. Vincent Grammar School Relay
Kingstown Preparatory School
Renaissance Dance Co.
Kingstown/Chateaubelair Methodist Youth Commission

27.7 KCCU SECONDARY SCHOOL SCHOLARSHIP

The Award and Prize-giving Ceremony was held at the Frenches House on August 7, 2014. The featured speaker was Ms. Chante' Francis-Melville who is also a past scholarship holder. KCCU continued to provide assistance to outstanding students to financially assist them throughout their years in secondary school. Four (4) scholarships and two (2) bursaries were made available to the following students:

Academic Scholarships	-	Wesley Ottley and Dimitrel Jones
Socio-Economic Scholarships	-	Oriana Jackson and Myles Barnabe
Bursaries	-	Rodonte Pompey and Keon Richardson

The scholarship programme remains a valuable investment to the KCCU hence the reason the Education Committee reviews reports for the scholarship holders. Most students' performance was satisfactory with the exception of a few who have fallen below the acceptable average. The committee met with these students and their parents where we discussed the students drop in performances. The students assured us that they will perform better to attain the required acceptable rate that has been agreed upon by KCCU.

27.8 KCCU ANNUAL PRIMARY SCHOOL QUIZ COMPETITION

The finals of the 2014 KCCU Annual Primary School Quiz Competition was held on November 15, 2014 at the Kingstown Methodist Church Hall. Of the twenty-two schools that were registered, nineteen took part in the preliminary that was held at the SVG Grammar School. The competition consist of three sections in particular multiple choice, close ended and buzzer round which was introduced in the finals. The students were being quizzed on questions drawn from five categories. Namely: Credit Union Affairs, Sports, History, Current Affairs and General Knowledge. Following the preliminary, the six (6) schools that were successful in advancing to the finals were:

The Biabou Methodist School	The Buccament Government School
The Clare Valley Government School	The Evesham Methodist School

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The Kingstown Government School

The Sion Hill Government School

The competition was an intense and exciting one. The following schools that claimed the top positions were:

POSITION	SCHOOL	PARTICIPANTS
First Place	Sion Hill Government School	Vashon Thomas and Selena Davis
Second Place	Clare Valley Government School	Tamika Miguel and Makedda Miguel
Third Place	Kingstown Government School	Ashyah Mc Kie and Jadiel Charles

27.9 KCCU SENIOR CARE DAY

The Education Committee held its annual Senior Care Day at the Rawacou Recreational Park on October 25, 2014. Approximately ninety-five 95 elderly persons participated in the event. Participants were treated to a range of activities including ear checks, sugar and blood pressure checks, art and craft, health talk, an exercise session and games such as cricket, dominoes and cards. The activities were well executed and seniors shared testimonies on how their membership of the credit union benefited them.

27.10 NEWSLETTER

The Education committee continues to release newsletters. The last one was released in August 2014. The newsletter included various articles of interest.

27.11 CONCLUSION

The Education Committee would like to extend its appreciation to the Board of Directors for the opportunity to serve the Credit Union and its members for the year 2014. To the Management, Staff and other Committees, a sincere thank you is also being expressed for their continued support throughout the year. The Committee is especially grateful for the assistance rendered by Sis. Alice Adams-Francois during the year 2014. Exceptionally, she ensured that the committee's needs were always met by demonstrating patience, dedication, willingness and time.



Lucille Browne
Chairperson



Juanika Joseph
Secretary

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YOUTH EMPOWERMENT



School Quiz



Grammar School Road Relay



Scholarship Awards



School Visit



Career Day



Thomas Saunders Awards



Summer Camp



School Visit

OUTREACH 2014



School of Nursing Orientation



Training Session



Senior Care Day



Company Visit



Bequia Visit



SMART Training



Doctor's Day

NOTES

KINGSTOWN CO-OPERATIVE CREDIT UNION LIMITED

P.O. Box 1533, Granby Street, Kingstown, St. Vincent

Tel: (784) 457-2409 • Fax: (784) 456-2976

CANOUAN: (784) 482-0372 • UNION ISLAND: (784) 485-8568

BEQUIA: (784) 485-3502 • MARRIAQUA: (784) 458-5269

Email: kccu@vincysurf.com

www.facebook.com/kccu • www.kccu.vc

Business Hours

Monday-Friday 8:00a.m. - 4:00 p.m.

Saturday: 9:00 a.m. - 12:00 Noon