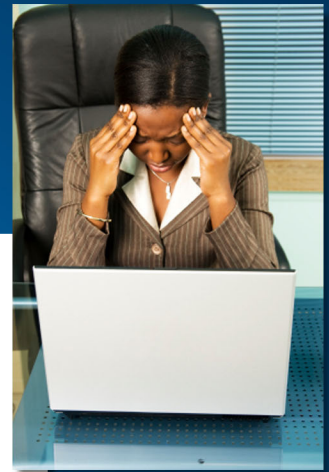


Challenging Economy?



Embrace the Cooperative Spirit!

FND Enterprise Co-operative Credit Union Ltd.
Annual Report 2010



www.fndcuonline.com

FND Credit Union

Promotes Youth Development

We are committed to helping youth set financial goals and save to reach them. Open a new Youth Saving Account for your child and help them reach their full potential.

YOUTH



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD.
We Profit For You, Not From You!

465-2576

St. Kitts

info@fndcuonline.com

www.fndcuonline.com

469-5686

Nevis

VISION STATEMENT

Enhancing people's lives
as the first choice in
business and financial services.

MISSION STATEMENT

Building financially strong communities by
safeguarding members' investment and
exceeding expectations through
professional, convenient and courteous service.



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FND Enterprise Co-operative Credit Union Ltd
**Notice of the 2nd Annual
General Meeting**

Notice is hereby given that the second (2nd) Annual General Meeting of the FND Enterprise Co-operative Credit Union Limited will be held at the Conference Room of the Ocean Terrace Inn on Thursday August 18th, 2011 at 5:30pm to conduct the following business:

1. To confirm minutes of the 1st Annual General Meeting held on Saturday October 2, 2010.
2. To consider matters arising from the minutes of the 1st Annual General Meeting
3. To receive and approve the reports of the Board of Directors, Treasurer, Credit Committee and Supervisory Committee for the year ended December 31, 2010
4. To consider and approve the Auditors' Report and Financial Statements for the Year ended December 31, 2010
5. To approve dividends to be paid for the period ending December 2010.
6. To elect officers to the Board of Directors, Credit Committee and Supervisory Committee.
7. To set maximum liability for the ensuing year.
8. To appoint Auditors for the ensuing year
9. To transact any other general business of the Society.

By Order of the Board of Directors:


.....
Mr. Auckland Hector
Secretary

June 10, 2011

NOTE: Transportation will be provided for members travelling from Nevis from the Ferry Terminal (upon request); and light refreshment will be served at the end of the meeting.

Challenging Economy? Embrace the Cooperative Spirit!



Agenda

THEME: “CHALLENGING ECONOMY?... EMBRACE THE CO-OPERATIVE SPIRIT”

5:30 p.m. - 5.55p.m. REGISTRATION- - Door Prizes for early Registrants!!!

6:00 p.m. - 6:30p.m. OPENING SESSION

1. Commencement, Invocation and Silent Tribute for departed brothers and sisters.
2. Chairman’s Opening remarks.
3. Feature Address
4. Adjournment

BUSINESS SESSION

5. Call to order and Reading of the Notice of the Annual General Meeting.
6. Ascertainment of a Quorum and Apologies for Absence
7. Confirmation of Minutes of the 1st Annual General Meeting
8. Matters Arising from the minutes of the 1st Annual General meeting
9. Reports and Adoptions:
 - (a) Board of Directors
 - (b) Treasurer
 - (c) Auditors
 - (d) Credit Committee
 - (e) Supervisory Committee
10. Declaration of Dividends
11. Elections of Officers
12. Setting of Maximum Liability
13. Appointment of Auditors
14. Any Other Business
15. Vote of Thanks
16. Adjournment



Lord, make me an instrument of thy peace

Where there is hatred, let me sow love;

Where there is injury, pardon;

Where there is doubt, faith;

Where there is despair, hope;

Where there is darkness, light; and

Where there is sadness, joy.

O divine Master, grant that I may not

So much seek to be consoled as to console;

To be understood as to understand;

To be loved as to love;

For it is in giving that we receive

It is in pardoning that we are pardoned;

And it is in dying that we are born to eternal life.

AMEN

Standing Orders

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

MINUTES OF THE FIRST (1ST) ANNUAL GENERAL MEETING HELD AT THE OCEAN TERRACE INN CONFERENCE ROOM, BASSETERRE ON SATURDAY OCTOBER 02, 2010

OPENING SESSION

CALL TO ORDER AND INVOCATION:

The First (1st) Annual General Meeting of the FND Enterprise Co-operative Credit Union Ltd was called to order at 5:46 p.m. by the Society's Treasurer and Chairman for the proceedings, Mr. Faron Lawrence. The opening session commenced with the invocation by a member of the Board of Directors, Rev. Joseph Edmeade followed by the recital of the Credit Union's Prayer by the members.

CHAIRMAN'S OPENING REMARKS

Chairman Lawrence first acknowledged persons at the head table namely, President Ernest Pistana, the Guest Speaker Mr. Melvin Edwards, Rev. Joseph Edmeade, Vice President Mr. Auckland Hector and General Manager, Mr. James Webbe.

He further recognized in the audience Mr. Peter Etienne of the Caribbean Confederation of Credit Unions, Mr. Othniel Heyliger and Mrs. Sheryl Bass, President and General Manager of the St. Kitts Co-operative Credit Union, Mr. Mario Wigley, Manager of the Police Credit Union and Mr. Clyde Thompson, Acting Registrar of Cooperatives.

He then welcomed members to the 1st Annual General Meeting of the FND Credit Union which was held under the theme: 'Growing from a Sound Foundation'. He reminded the membership that the focus of the evening was on the Credit Union's operations for the first five months, notwithstanding that this meeting was recognized as our 1st Annual General Meeting. He suggested that the first five months of operation was used as a learning experience and thanked the Board of Directors, Committee Members and Staff of the Credit Union for the successes that were achieved during the period under review. He then called on the President, Mr. Ernest Pistana to make some opening remarks.

PRESIDENT'S OPENING REMARKS

The President, in his opening remarks, commented on how quickly time had passed, stating that it was almost a year since he was elected. He then pointed out that the FNDECCU was in transition from a lending institution to a deposit taking organization. He remarked that transitions were never smooth, but with commitment, mutual respect, openness of mind and a willingness to succeed we will overcome all obstacles.

He encouraged members to invest in more shares, open accounts for their children and grandchildren and develop a habit to make regular deposits. He reminded members that the Credit Union's principle is 'people helping people' and is based primarily on thrift.

Minutes of 1st Annual General Meeting

In concluding his remarks, he indicated that the Organization had made an impressive progression by advancing from a semi electronic system to a fully computerized system, accessible to both offices in St. Kitts and Nevis. He commended the staff members for their long hours and hard work to achieve that high level of success in the conversion of the records system. That process, he said, required detailed preparation prior to installation, ongoing training and post installation activities. He emphasized that security was of utmost importance, stating that security of staff members, security of members using our services and security of other assets will be in focus at all times.

GUEST SPEAKER

Mr. James Webbe, General Manager, introduced the Guest Speaker Mr. Melvin Edwards, highlighting his sterling contribution to the development of the Credit Union Movement in his homeland St. Kitts, the Caribbean region and worldwide. He also praised him in particular for the significant role he played in the development of the Foundation for National Development and the conversion of that institution into the FND Enterprise Co-operative Credit Union Ltd.

Mr. Edwards began his presentation by revealing that he is a member of two Credit Unions on St. Kitts and he encouraged every Kittitian and Nevisian to think about doing the same. He spoke about the importance of being a member of a Credit Union, emphasizing that the members are the owners and should be fully involved in the operation of the organization. He suggested that Credit Unions bring financial inclusion to the financial services sector and that is why in times of economic challenge, credit unions are a good choice. He further suggested that Credit Unions are designed for the best and worst of times but operate best in the worst of times, if done right.

Mr. Edwards spoke about insurance products offered by CUNA Mutual Group specifically tailored for Credit Unions. He suggested that the FND Credit Union must make use of these products for the benefits of the members.

The Guest Speaker advocated that the Credit Unions also have a major role to play in the development of the youth. He told the gathering that the Credit Union can assist in addressing these issues by organizing forums for training in public speaking and other disciplines to assist them in conducting themselves in formal and informal situations. He further suggested that at this point in time the four Credit Unions should work together to ensure that financial services for their members, in particular, the youth, can be affordable especially on the eve of VAT which is on our door steps.

He stressed the importance of educating members about the By-laws of the Credit Union and encouraged members to continue to purchase shares with a view to growing the capital base of the organization, and also highlighted the controls and balances included in Cooperative Act and By-laws. He spoke about the obligations and qualifications of the members and officers and also stressed that the operations of the Credit Union must always be in the interest of the members.



Minutes of 1st Annual General Meeting

Mr. Edwards encouraged the members to adopt both the Vision and Mission statements of the FND Credit Union and encouraged them to support the investments of the Credit Union to strengthen more lives in the Federation of St. Kitts and Nevis.

BUSINESS SESSION

The Business Session was called to order by President Pistana at 6:37 p.m., after ascertaining that the members present surpassed the required quorum. The Acting Registrar of Cooperatives, Mr. Clyde Thompson verified that the quorum was attained.

CONFIRMATION OF THE MINUTES OF THE INAUGURAL MEETING

Mr. James Webbe, the first General Manager of the FNDECCU, read the minutes of the inaugural meeting from the Annual report, which was circulated to the members. The following amendments were made:

- Page 7, second line: under the heading Opening Session Call to Order: - the word '**order**' was inserted after 'call'. Third paragraph, line 2 - under Background & Overview of the FNDECCU: - 'and a' was deleted.
- Page 8, second line: the word '**achievements**' should be replaced by 'achievement'. Third paragraph, fourth line: - the word 'convert' replaced 'converted'.
- Page 9, fourth line: under the heading Call to Order...: the surname '**Anthony**' was included after 'Morton'. Under the heading Adoption of the By-laws, Shares Certificate...: the word "**in**" was inserted before the word 'accordance'. Under Election of Officers, paragraph 3:- the word "**no**" was included before the word 'response'. The next line, 'Valdema' was changed to 'Valdermar'.
- Page 10 third line: 'Mrs. Deloris Hobson' was changed to '**Mrs. Deloris Stephens**' and 'Mr. Kishona Williams' was changed to '**Ms. Kishona Williams**'. Paragraph 5 captioned Banking Arrangements: 'Ms. Morton' was changed to 'Mrs. Morton' and the word 'principal' replaced '**principle**'. Under Vote of Thanks, third paragraph: the word '**funds**' was inserted after the word donor and '**turned**' was deleted. The duplicate '**Social Security Board**' was also deleted. Paragraph 4, last sentence: '**Directors**' replaced 'Director'.
- Page 11, last paragraph: The word '**lengthy**' was deleted and the word '**of**' inserted before the word 'each'.

Minutes of 1st Annual General Meeting

Mr. Spencer Howell, Board Director, was concerned about the number of amendments that were made to the minutes and suggested that in future, minutes should be vetted before they are sent to the printers. The President replied that the minutes were in fact vetted and corrections made. However, instead of sending the final document to the printers, the draft document was inadvertently sent. The President apologized to the membership for the mix-up and pledged that this would never happen again.

The minutes were confirmed as amended on a motion moved by Mrs. Cynthia Morton and seconded by Mr. Avan Lapsey.

REPORTS AND ADOPTIONS

BOARD OF DIRECTORS' REPORT

President Pistana presented the Directors' Report on behalf of the Board of Directors for the period under review, which was from August 1st to December 31st, 2009, notwithstanding the Board was elected on October 17th, 2009 at the inaugural General Meeting. He highlighted the main decisions and activities undertaken by the FND Credit Union under the following headings; **(i) Corporate Governance** – Board of Directors, Committees and Meetings **(ii) Staff** - Re-organization and Recruitment **(iii) Computerization** - Purchase of core MIS from FEDCOMP **(v) Office re-design** - reconfiguration of both offices for the taking of deposits, accommodation of new staff and equipment and security measures **(vi) Marketing** - development of a plan and use of appropriate advertising media **(vii) Performance** - Membership Growth and Deposits **(viii) The Way Forward** - Membership Education and Development, Product Enhancement and Community Outreach.

There were two amendments on page 13: an extra “00” was deleted from ‘\$197,540.00’ and the letter ‘m’ was omitted from the word ‘demonstrated’. The report was then accepted as amended on a motion by Mr. Esrick Lanns and seconded by Ms. Sylvia Manning.

TREASURER'S REPORT

Treasurer Faron Lawrence presented the report for the five months ended December 31st, 2009. As this was the first reporting period, the report only highlighted the key components of the financial statements under the following headings: (1) Assets; (ii) Liabilities; (iii) Equity; (iv) Income and Expenses; (v) Surplus and (vi) delinquency - an area which he stressed was a concern to Management, Committee Members and Directors. This report was accepted on a motion moved by Mr. Randolph Taylor and seconded by Mr. Spencer Howell.

CREDIT COMMITTEE REPORT

Mr. Howard Richardson, Secretary, presented the report on behalf of the Credit Committee for the five months period ended December 31st, 2009. The report gave account of the loans approved and disbursed under two major headings: Seventy (70) Business Loans valuing \$1,315,044 and one hundred and seven (107) Personal



Minutes of 1st Annual General Meeting

Loans totaling \$758,076.00 were disbursed during the period under review. The Committee also encouraged members to ensure that they repay their loans on time. The report was accepted on a motion moved by Mr. Auckland Hector and seconded by Mr. Dennis Phillip after an inquiry was made by Mr. Samuel Lawrence regarding when a member becomes delinquent.

SUPERVISORY COMMITTEE REPORT

Mr. David Fox presented the Supervisory Committee Report in the absence of the Chairman, Mr. Anthony Kelsick. There were no irregularities reported, however, there were three amendments to the report as follows:

In the 2nd and 4th paragraphs: 'were' replaced 'was' and in the penultimate paragraph 'December 21st' replaced '2nd December'. The report was accepted as amended on a motion by Mr. Esrick Lanns and seconded by Mrs. Cynthia Morton.

AUDITORS' REPORT

The Auditors' Report was read by the Treasurer, Faron Lawrence as requested by the Auditors, who could not be present. There was no issue raised and a motion to accept the Auditors' Report was moved by Mr. Samuel Lawrence and seconded by Mr. Howard Mc Eachrane and approved by the membership.

DECLARATION OF DIVIDENDS

President Pistana presented the Board's recommendation and declared a 5% dividend on shares. The amount would be calculated on a pro rata basis. This was accepted on a motion by Mr. Spencer Howell and seconded by Mr. Dennis Phillip.

NOMINATION COMMITTEE REPORT

Mr. Auckland Hector, in presenting the Nominating Committee Report disclosed that the Committee was appointed in accordance with article 12 section 1 (a) of the by-laws and comprised three (3) persons, namely: Mr. Auckland Hector (Director/Chairman); Mr. David Fox (Member/Supervisory Committee); and Mr. Howard Richardson (Member/ Credit Committee).

The Nomination Committee Report was summarized as follows:

ELECTION OF OFFICERS

Chairman Pistana invited Mr. Clyde Thompson, Acting Registrar of Cooperatives, to supervise the election process.

Minutes of 1st Annual General Meeting

COMMITTEES	RETIRED/RESIGNED	NOMINATED
Board of Directors	Ernest Pistana Diana Bowrin- Powell Althea Arthurton Franklin Brand	Ernest Pistana Diana Bowrin- Powell Gary Moving Dwight Warde
Board of Directors	Esrick Lanns Dennis Phillip Beverly Williams	Esrick Lanns Dennis Phillip Valdemar Warner
Supervisory Committee	Judith Rawlins Cosbert Manchester Kishona Williams Mr. Anthony Kelsick	Judith Rawlins Howard Mc. Eachrane Ashford Franks To be nominated from the floor.

Mr. Thompson requested nominations from the floor for the various committees to which there was no response except for the replacement of Mr. Anthony Kelsick on the Supervisory Committee. Mr. Valdemar Warner nominated Randolph Taylor to fill this position and this was seconded Mr. Ernest Pistana. There was no other nomination.

A motion to accept the nominated members to the Board of Directors was moved by Mr. Samuel Lawrence and seconded by Mr. Glanville Bowrin.

A motion to accept the nominated members to Credit Committee was moved by Mr. Spencer Howell and seconded by Mr. Carlson Nisbett.

A motion to accept the nominated members to the Supervisory Committee was moved by Mr. Samuel Lawrence and seconded by Ms. Yolanda Dyer.

APPOINTMENT OF AUDITORS

The Board of Directors recommended Simmonds and Associates, Chartered Accountants, as Auditors for the financial year ending December 31st, 2010. There were no other proposals and the Board's recommendation was accepted by the membership on a motion moved by Mr. Randolph Taylor and seconded by Mr. Carlson Nisbett.

RESOLUTIONS

A motion to accept the resolution to amend By- Law Article 16, section 13 (a) was moved by Mr. Esrick Lanns and seconded by Mr. Auckland Hector and approved by the membership.

SETTING MAXIMUM BORROWING LIMIT



Chairman Ernest Pistana presented the Board of Director's recommendation to maintain the Credit Union's maximum limit to borrow during the ensuing Year at \$600,000.00. A motion to accept the Board's recommendation was moved by Mr. Howard Richardson and seconded by Mr. Spencer Howell.

Challenging Economy? Embrace the Cooperative Spirit!

Minutes of 1st Annual General Meeting

ANY OTHER BUSINESS

A motion to accept the Mission and Vision Statements recommended by the Board was moved by Mr. Spencer Howell and seconded Mr. Valdemar Warner and approved by the membership.

There was a suggestion by Mr. Samuel Lawrence that the FND Credit Union needs to increase its visibility by advertising on bill boards and passenger buses to which the President responded that his suggestions will be taken into consideration.

President Pistana presented a report by the Board of Directors updating the members on the activities undertaken by the Credit Union from January 1st, 2010 to the present.

Raffle Drawing:

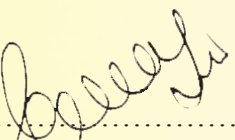
Mr. Gawain Fraites, Marketing and Member Relations Officer and Mrs. Nicole Nisbett, Head Teller conducted the raffle drawing in which five lucky members received special gifts.

VOTE OF THANKS

Mrs. Vera Manchester, Deputy General Manager, gave the vote of thanks to conclude the 1st Annual General Meeting of the FNDECCU. She first thanked the Board and Committee Members for their guidance during the early existence of the FNDECCU. She further thanked Reverend Joseph Edmeade for the Invocation; Mr. Faron Lawrence for chairing the Opening Session of the AGM; President Pistana for his very informative presentations and for chairing the Business Session; Mr. Melvin Edwards, Guest Speaker, for his very frank and thought provoking presentation; Mr. Clyde Thompson for supervising the election of Officers; all the staff members of FNDECCU for their continued hard work; the photographer and the videographer for capturing the event and the Ocean Terrance Inn for the accommodation and refreshments. She concluded by expressing gratitude to all the members for having the confidence to become members and encouraged them to continue to invest in their Credit Union.

ADJOURNMENT

With no further business to conduct, the meeting was adjourned by Chairman Pistana at 8:00 p.m.


.....
Mr. Earl Thomas
Secretary

FND Enterprise Co-operative Credit Union Ltd
Board of Directors Report
For The Year Ended December 31, 2010

The Board of Directors is pleased to present its report on the operations of the FND Enterprise Co-operative Credit Union Ltd (FNDECCU) for the financial year ended December 31, 2010.

OVERVIEW

The period under review was the first full year of operations of FNDECCU. It was a year during which the economy of St. Kitts and Nevis contracted further, even though at a slower rate than in 2009 and hence was considered difficult and financially challenging. Despite these challenges FNDECCU experienced growth in assets, deposits and loans, although at a slower pace than previously anticipated. However, it was particularly pleasing to note that members' shares far exceeded our projections.

Operationally, the year was considered successful in that a gross surplus of \$317,894.00 was recognized before the Bad Debt Provision of \$498,500.00, which resulted in a net deficit position of \$190,606.00. The overall negative impact on our reserves after adjustments was \$4,368.00.

BOARD OF DIRECTORS

At the 1st Annual General Meeting held on October 2, 2010, the following Directors retired – Mr. Ernest Pistana, Mrs. Diana Bowrin-Powell and Mrs. Althea Arthurton. Mr. Pistana and Mrs. Bowrin-Powell were re-elected for a second term. Mrs. Arthurton who had indicated that she will not seek a second term was replaced by Mr. Gary Moving. Mr. Franklyn Brand who resigned previously was replaced by Mr. Dwight Ward. The composition of the Board was as follows:



Mr. Ernest Pistana



Mr. Faron Lawrence



Mr. Auckland Hector



Mr. Gary Moving



Mr. Dwight Ward



Mr. Earl Thomas



Mrs. Diana
Bowrin-Powell



Rev. Joseph Edmeade



Mr. Spencer Howell

Board of Directors Report

The Board records its thanks and appreciation to the past Directors for their invaluable contribution during the start-up phase of FNDECCU.

At the first meeting of the Board held on October 12, 2010, the following officers were elected:

Mr. Ernest Pistana – President
Mr. Faron Lawrence – Vice President
Mr. Auckland Hector – Secretary
Mr. Earl Thomas – Assistant Secretary
Mr. Gary Moving – Treasurer
Mr. Dwight Ward – Assistant Treasurer

In accordance with Article No 16. of the by-laws, the Executive Committee comprised - Messrs Pistana, Lawrence, Hector and Moving.

GOVERNANCE

During the period under review, your Board of Directors met fourteen (14) times with an average attendance of 83%. The Executive Committee held ten (10) meetings during this time. The Joint Committee, comprising members of the Board, Credit Committee and Supervisory Committee held four meetings in accordance with Section 19 of the by-laws. It must be noted that the General Manager attended all these meetings.

The Board offers its profound thanks to all Committee members for their commitment and dedication to the affairs of FNDECCU.

ADMINISTRATION

Staff

In January Mr. Gawain Fraites was appointed Marketing and Member Relations Officer, a position which he held until December.

Mrs. Lyn Rogers-Bass was appointed Operations Manager in November 2010. Mrs. Rogers-Bass brings some twenty years of financial services experience to FNDECCU.

Mr. Shanwa Broadbelt assumed the new position of Chief Financial Officer, a position which the Board considers as pivotal to the future operational success of FNDECCU.

Board of Directors Report

For The Year Ended December 31, 2010

Staff Training and Development:

Members of staff participated in seminars and workshops during 2010 as follows:

- Shanwa Broadbelt, Shakari Fahie, Nicole Nisbett and Janaie Browne: **Tellers and Supervisors Training on Banking procedures**, St. Kitts (April) facilitated by Bentley Bissette.
- The Entire staff of FNDECCU: **Training in the of FedComp software**, (April & June) carried out by FedComp technical team.
- Mr. James Webbe, General Manager attended a one-week workshop in St. Lucia where he was trained as a **Credit Union Development Educator (CUDE)**, (May). This course was organized by Melvin Edwards and facilitated by the National Credit Union Foundation.
- Gawain Fraites attended a one-week course in **Business writing for Effectiveness** - (May); organized by Brice Roberts Business Consulting services.
- Patricia Francis and Gawain Fraites: **Seminar on Value Added Tax-** (August) organized by the Chamber of Industry and Commerce
- Elleston Welsh and Gawain Fraites: workshop on Improving and Maintaining Market Access through Standards and Conformity assessment - (August); organized by the Standards of Bureau, St. Kitts
- Joanna Farrell: Record Management (Electronic & Manual) - (November) conducted by Averil Archibald.

Staff, Committee and Members' Education

In June 2010, the President, Vice president, General Manager and the Deputy General Manager attended **the 53rd Annual International Convention** in St. Maarten where topics relevant to Credit Unions were discussed. Topics covered included (i) Good Governance, Human Capital and Regulatory Capital (ii) New Policy, Legislative and Regulatory Changes for Credit Unions in CARICOM; (iii) Internal Supervision, Risk Management and compliance (iv) Roles and functions of External Auditors, Government Examiners and Compliance officers; (v) History and the development of CCCU; (vi) Engaging Poverty Alleviation and other Social Dividends; (vii) Proven strategies for controlling Operating Costs and growing members benefits; (viii) Designing and implementing an Enterprise Risk Management Framework.

COMPUTERISATION/TECHNOLOGY

Installation of FEDCOM software was completed during the first quarter. As indicated previously training of staff was undertaken, but it is incumbent on all staff to continue to familiarize themselves with various aspects of the software.



Board of Directors Report

For The Year Ended December 31, 2010

During the year FNDECCU website was redesigned and a facebook page introduced. Further development work will be undertaken to ensure that the website www.fndcuonline.com continues to provide members with a point of access to current information and services.

MARKETING

Your Board continued to promote FNDECCU and the Credit Union movement through various outlets including Electronic Media; Print Media and the Internet.

During the year, the President made an appearance on ZIZ TV “Upfront” programme and the General Manager made two presentations on “Breakfast with Toni” on Winn FM and also two appearances with Nigel Pemberton on “BIZTalk” on ZIZ.

An electronic newsletter was produced by the Marketing and Member Relations Officer and emailed to members on our data base. This effort produced positive responses.

In October, Credit Union month, a program of activities was arranged which included a church service attended by Board, Committee Members and staff, a members’ appreciation day. On the actual day staff provided the general public with information relevant to credit unions.

PERFORMANCE

The performance of FNDECCU during the 2010 financial year was considered successful with positive growth in all areas of operation, which resulted in a net operational surplus. However, due to several factors, primary of which was that several loans granted under FND had deteriorated, the performance of the loan portfolio negatively impacted the results.

Several strategies were implemented by your Board and Management to assist members in meeting their obligations. However we pursued legal action in order to realize security held and recover overdue loans. Your Board and Management are confident that outstanding amounts will be recovered.

Full details of FNDECCU financial performance are presented in the Financial Statements and the Treasurer’s Report.

MEMBERSHIP

As at the end of the financial year, membership that is shareholders, was 760 with a share value of \$378,360.00 up from 292 members the previous year.

Board of Directors Report


For The Year Ended December 31, 2010

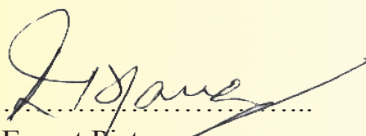
Total Deposits as December 31, 2010 stand at \$1,724,069.00 up \$1,677,250.00 from December 2009. This translates to the fact that in thirteen months FNDECCU had raised in excess of \$2M in shareholder and deposit funds.

CONCLUSION

The Board is confident that with the projected upturn in the economy FNDECCU will continue on a path of growth and considers the position now reported as temporary. The Board wishes to thank the general membership, staff and other stakeholders for their commitment during 2010 and looks forward to your continued support as we strive to build and develop a strong and resilient institution.

Presented for and on behalf of the Board of Directors.




Ernest Pistana
President/Chairman

The global recession began to impact the economy of St Kitts and Nevis in 2010. Many businesses and individuals saw their cash flows being negatively impacted which created difficulties in meeting loans and interest payments. A number of loans inherited from the original FND were reviewed and found to be impaired. This resulted in a full provision for bad debts being made against these and other loans. The impact of this provisioning resulted in an overall loss for the year under review. We do not expect this to continue in the ensuing year as more aggressive scrutiny and following up of delinquent loans will be encouraged from the loan officers.

ASSETS

Despite the loss due to loan impairment, current assets which are needed to run the daily affairs and operations of the Credit Union, showed a modest increase of 1.6% over December 31, 2009. Our total assets also grew modestly from \$13,670,894 at the end 2009 to \$13,996,233. This increase was mainly from the purchase of computer software, new equipment and loans disbursed.

LIABILITIES

Our total liabilities grew by 5.6% to \$6,519,359 mainly due to the increase in savings and term deposits from our members.

EQUITY

Equity fell slightly because of the loan impairment but we are confident that with more aggressive controls on loan and increased member and staff interaction the delinquency rate can be reduced and thus promote equity growth. It should however be noted that despite the contraction, the total equity Share capital has almost doubled increasing by 91.5% to \$378,310. We continue to encourage members to buy more shares in the credit union and thus further enhance its strength.

Loss for the year

INCOME

Despite the loss of \$190,606 there were very positive signs of growth in the Credit Union. Fees and charges grew 157% from \$101,214 for the five months to December 31, 2009 to \$260,373 for the twelve months ended December 31, 2010. We also saw good growth in interest income where interest income grew 147% moving from the \$713,051 made in the previous period to \$1,758,133 this year.

Report of the Treasurer

For The Year Ended December 31, 2010

EXPENSES

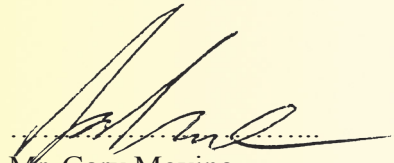
Administrative expenses exceeded our expectations mainly due to additional staff and increases for management, an aggressive promotion drive and increased charges on electricity. We anticipate electricity costs will continue to rise in 2011 due to increase rates however efforts will not be spared in conserving electricity usage by the Credit union. We expect that salary costs will rise in the following year with the addition of new staff in the 2011 and a full year's salary being charged for those added in 2010.

Other expenses showed a significant increase due to the bad debt charge of \$498,500 compared with \$13,954 for period ended December 31, 2009. It is important to note that even though we have provided for bad debts, the Credit Union will still actively pursue delinquent loan holder for its funds.

As expected, financial costs increased by \$223,284 due to interest paid on the increased members' deposit and savings.

Finally, our cash resources decreased by \$111,044 mainly due to the purchase of software needed to properly account for our transactions, the purchase of equipment and furniture and the impact of delinquency on loans. We will continue to monitor our costs with a view to their reduction where possible and delinquency will continue to be addressed. The Credit union remains strong with very good reserves both liquid and capital and we intended to diversify our portfolio somewhat so as to reduce our financial risks in the ensuing year.




Mr. Gary Moving
Treasurer

The Credit Committee is pleased to present its report for the period January to December, 2010 to the membership of the FND Enterprise Co-operative Credit Union Ltd (FNDECCU). The Committee has deemed it a privilege to serve the membership of the FNDECCU Ltd.

The current members of the Credit Committee are:

- Mr. Esrick Lanns, Chairman
- Mr. Howard Richardson, Secretary
- Mr. Dennis Phillip, Member
- Mr. Valdemar Warner, Member
- Mrs. Cynthia Morton, Member

Mr. Richardson and Mrs. Morton have indicated that they will retire during 2011. The table below provides information related to the terms of the members.

NAME	POSITION	TERM	YEARS REMAINING	YEAR RETIRING
Esrick Lanns	Chairman	2 nd	2	2013
*Howard Richardson	Secretary	1 st	0	2011
Dennis Phillip	Member	2 nd	2	2013
*Cynthia Morton	Member	1 st	1	2011
Valdemar Warner	Member	1 st	1	2012

Meetings of the Committee are held on average on a monthly basis to review/approve loan applications. At these meetings, delinquent loans are also reviewed and advice/directives are provided by the committee on handling these loans. During 2010, a total of 12 meetings were held.

ANALYSIS OF LOANS DISBURSED

Loans Disbursed for the year 2010

- 136 Business Loans were disbursed for a total of \$3,734,077.18. These figures were made up as follows: 106 loans totalling \$2,999,477.18 for St. Kitts and 30 loans totaling \$734,600.00 for Nevis. This represented an increase of \$252,553.71 or 7.2% over 2009.
- 289 Personal loans amounting to \$2,918,203.68 were disbursed: 177 loans in St. Kitts totalling \$2,253,763.68 and 112 loans in Nevis totalling \$664,440.00. These figures indicate an increase of \$1,154,832.68 or 65.5% over 2009.
- A total of 13 Education loans valued at \$257,050.00 were disbursed during the year 2010: 9 loans amounting to \$205,050.00 in St. Kitts and 4 loans totalling \$52,000.00 in Nevis.
- 11 Back To School loans were disbursed amounting to \$33,000.00: 9 loans amounting to \$27,000.00 in St. Kitts and 2 loans totalling \$6,000.00 in Nevis.
- 8 Staff loans amounting to \$250,600.00 were disbursed: 6 totalling \$210,800.00 and 2 amounting to \$39,800.00 in Nevis.

Report of the Credit Committee

For The Year Ended December 31, 2010

BUSINESS LOANS DISBURSED IN 2010

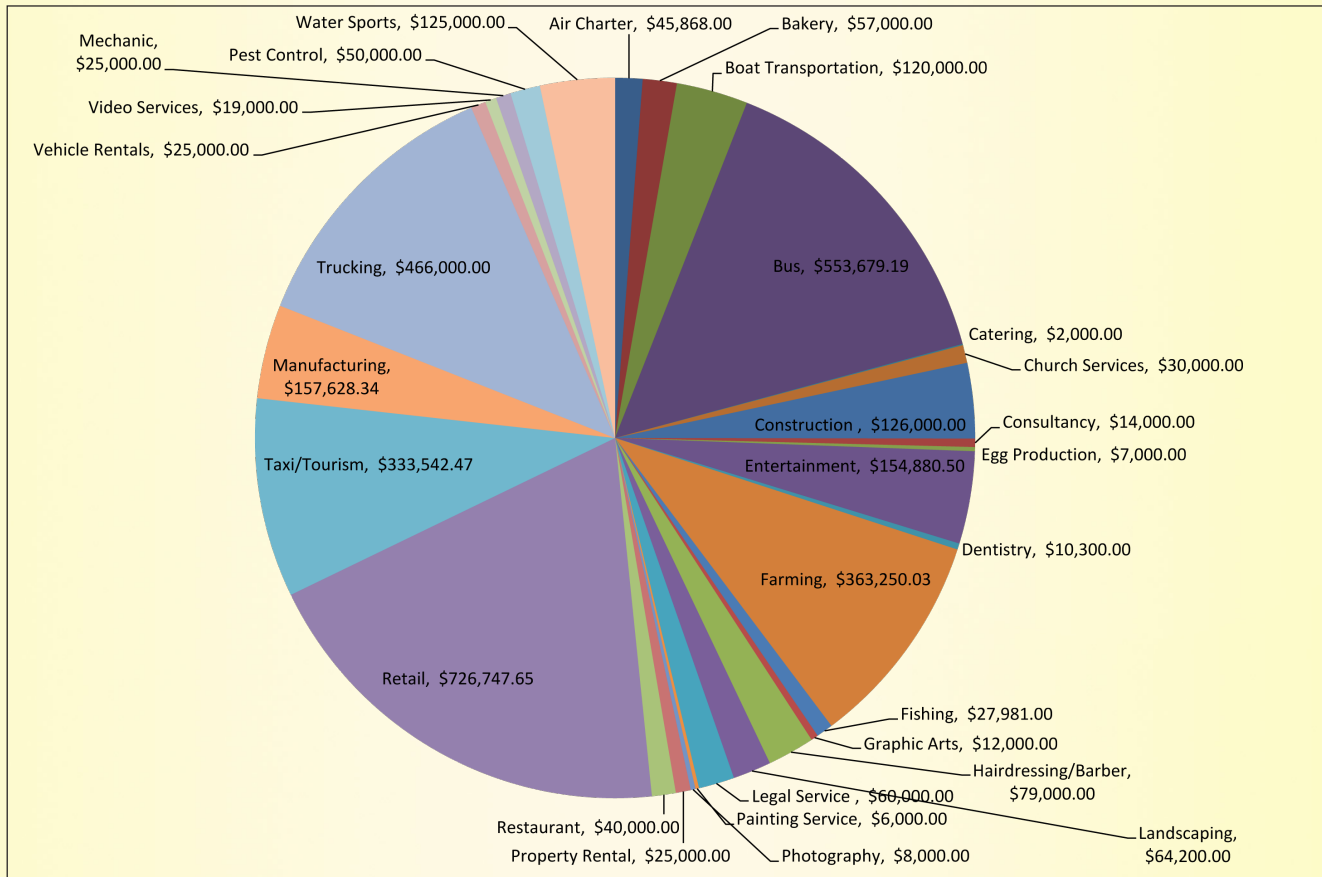
Sectors

CATEGORY	2010
AIR CHARTERS	45,868.00
BAKERY	57,000.00
BOAT TRANSPORTATION	120,000.00
BUS	553,679.19
CATERING	2,000.00
CHURCH SERVICES	30,000.00
CONSTRUCTION	126,000.00
CONSULTANCY	14,000.00
EGG PRODUCTION	7,000.00
ENTERTAINMENT	154,880.50
DENTISTRY	10,300.00
FARMING	363,250.03
FISHING	27,981.00
GRAPHIC ARTS	12,000.00
HAIRDRESSING/BARBER	79,000.00
LANDSCAPING	64,200.00
LEGAL SERVICES	60,000.00
PAINTING SERVICES	6,000.00
PHOTOGRAPHY	8,000.00
PROPERTY RENTAL	25,000.00
RESTAURANT	40,000.00
RETAIL	726,747.65
TAXI/TOURISM	333,542.47
MANUFACTURING	157,628.34
TRUCKING	466,000.00
VEHICLE RENTALS	25,000.00
VIDEO SERVICES	19,000.00
MECHANIC	25,000.00
PEST CONTROL	50,000.00
WATER SPORTS	125,000.00
TOTAL	3,734,077.18

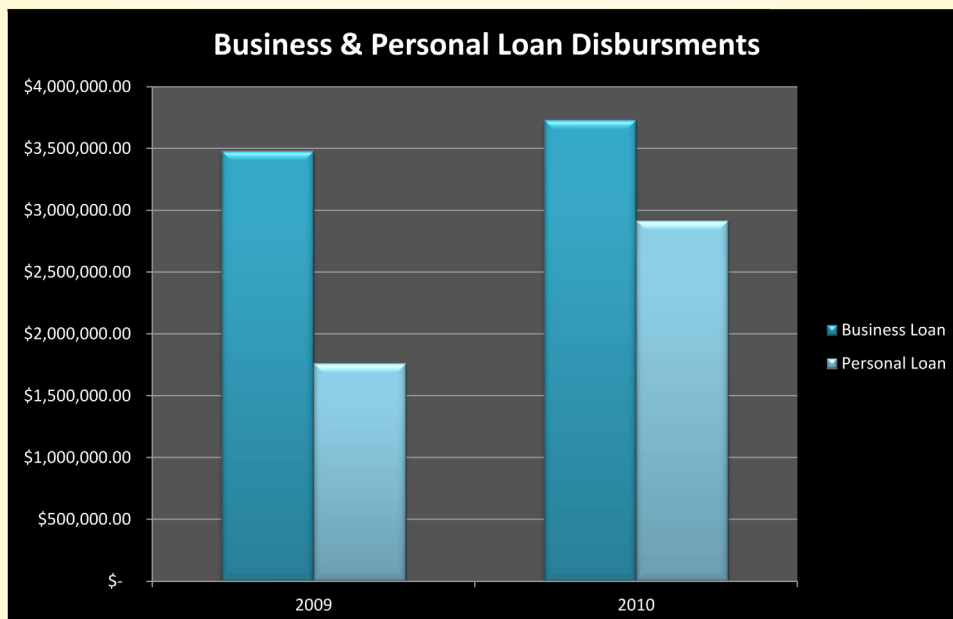
Report of the Credit Committee

For The Year Ended December 31, 2010

BUSINESS LOANS DISBURSED IN 2010



By way of comparison, 187 Business loans totaling \$3,481,523.47 were disbursed in 2009.



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Report of the Credit Committee

For The Year Ended December 31, 2010

PERSONAL LOANS DISBURSED

There was a significant increase in the number and value of loans disbursed in 2010 when compared to 2009. The value of personal loans disbursed increased by 65%, due mainly to loans for debt consolidation.

YEAR	NUMBER	VALUE
2009	233	\$ 1,763,371.00
2010	289	\$ 2,918,203.68
VARIANCE	+56	+1,154,832.68

LOAN PORTFOLIOS AS AT DECEMBER 31, 2010

- The Business loans portfolio amounted to \$7,221,285.87 for 333 loans, as compared to \$7,810,755.04 for 412 loans in 2009. This indicates a decrease of \$589,469.17 or 7.5% to 2009.
- The Personal loans portfolio as at December 31, 2010 was \$3,492,778.71 for 384 loans indicating an increase of \$504,312.91 or 16.9% to the previous year.
- The Education loans portfolio amounted to \$231,476.34 for 11 loans. Education loans formed part of the Personal loans sector prior to 2010.
- The Back to School loans were introduced in August, 2010.
- The decreases in the Business and Personal loans portfolios may be attributed to the depressed economic conditions with persons weighing their options and not taking risks to venture into new business activities.

DELINQUENCY SITUATION AS AT DECEMBER, 2010

- Business loans delinquency amounted to \$478,001.76 (6.62%) for 162 loans.
- The Personal loans delinquency amounted to \$121,379.30 for 104 loans (3.48%)
- Back to School loans delinquency amounted to \$361.76 (1.7%) for 3 loans.
- Education loans delinquency totaled \$745.00 (0.3%) for 1 loan.

Delinquency continues to be a concern to the Credit Committee and Management. A few large loans were sent to the Solicitors and were written off, which impacted negatively on the surplus for the period. Most of these loans were inherited from our predecessor, the FND, and those borrowers are not members of the FND Credit Union. All efforts are being exerted to ensure that these debts are collected expeditiously.

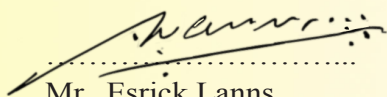
Report of the Credit Committee

For The Year Ended December 31, 2010

CONCLUSION

In spite of the difficult economic situation in our Federation, the Credit Union continues to provide its members with invaluable financial assistance as we strive to build 'financially strong communities'. However, we remind members that it is imperative that they honour their commitments and obligations to this institution. So we encourage members to SAVE regularly, BORROW prudently and REPAY promptly.

The Credit Committee thanks the FNDECCU members, Directors and the entire management team for their invaluable assistance and guidance throughout the year. We also wish to thank all staff members for their support during 2010.



Mr. Esrick Lanns
Chairman
on behalf of the Credit Committee

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FND Enterprise Co-operative Credit Union Ltd
Report of the Supervisory Committee
For The Year Ended December 31, 2010

In keeping with Section 17 (1) of the by- Laws of the FNDECCU the following members were elected to serve on the Supervisory Committee at the 1st Annual General Meeting on October 2nd, 2010:

Howard Mc. Eachrane

Randolph Taylor

David Fox (rotated)

Ashford Franks

Judith Rawlins (rotated)

The Supervisory Committee held three (3) meetings between its election on October 2nd, 2010 and December 31st, 2010. At its first meeting on October 12th, 2010 Mr. Randolph Taylor was elected as Secretary and David Fox was elected as Chairman.

On November 9th, 2010 the Supervisory Committee met to design a work plan; familiarize itself with the FNDECCU By- laws; Policies and Procedures; and to arrange for the rotation of its members. The results of the rotation were: Ashford Franks (1 year); David Fox (1 year); Howard Mc. Eachrane (2 years); Judith Rawlins (2 years) ; Randolph Taylor (3 years).

On November 18th, 2010 the Supervisory Committee conducted a comprehensive audit of the operations of the FNDECCU as required by Section 17 (5) of the By- laws. This meeting was convened at the FNDECCU headquarters and the Committee undertook the following:

- Scrutinized the policies and operating procedures;
- Confirmed cash instruments, property and security;
- Confirmed shares, deposits;
- Monitored the management of the society
- Reviewed the functions of the management and staff;
- Paid attention to the risk management of the Society;
- Verified the assets of the society to determine whether they were properly protected
- Made enquiries regarding complaints;

Ensured (by sampling) that advances, loans, deposits, other transaction and other decisions involving Directors, Committee members and employees were in compliance with the Act, Regulations, By Laws and Policies of the FNDECCU.

In an attempt to minimize the risk of loss to members in the event of a robbery, the Supervisory Committee recommended the re-establishing of cash holding limits for individual tellers and vault holding limits for St. Kitts; with separate limits for Nevis.



Report of the Supervisory Committee

For The Year Ended December 31, 2010

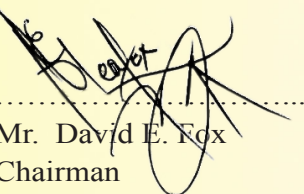
Upon completion of this process, the Supervisory Committee found that conditions under which loans were approved were being followed; collateral conditions were being properly implemented, and that loans for the most part were within the approval limits established for the General Manager, Credit Committee and Board of Directors.

The Supervisory Committee in its report to the Board of Directors and the Credit Committee drew their attention to a few minor exceptions and provided its recommendations for corrective action in each situation.

An audit meeting was held at the Nevis Office on February 18th, 2011, details are to be included in our 2011 report.

The Supervisory Committee offers its gratitude to you the members for demonstrating confidence in its ability to supervise the operation of the FNDECCU in Fiscal 2010; and hereby indicates that to the best of its knowledge, the Management and staff; as well as the Management Committees adhered to the policies and procedures outlined in the FNDECCU By-laws No 1 of 2009 and the Policy Manual, during the period of review.

For and behalf of the Supervisory Committee


.....
Mr. David E. Fox
Chairman

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FND Enterprise Co-operative Credit Union Ltd
Report of the Nominating Committee
For The Year Ended December 31, 2010

The Board of Directors appointed a Nominating Committee in accordance with Article 12, Section 1 (a) of the By-Laws of the FND Cooperative Credit Union Limited, for the purpose of nominating members to fill vacancies for which election will be held at the 2nd Annual General Meeting.

The Nominating Committee's role is to ensure that there is a smooth and legitimate nominating process of qualified persons who are evaluated before being presented as nominees for election.

The Nominating committee comprised of the following persons:

Mr. Auckland Hector	-	Board Secretary (Chairperson)
Mr. Randolph Taylor	-	Member, Supervisory Committee
Mr. Shanwa Broadbelt	-	Staff Member

The Committee is pleased to present its report to the 2nd Annual General Meeting. Mr. Faron Lawrence of the Board of Directors is due to retire on rotation having served his first term and being eligible for re-election has offered himself for another term. However, Directors Mr. Earl Thomas and Mr. Joseph Edmeade have both served their first term and were eligible to be re-elected but have decided to retire.

Ms. Judith Rawlins of the Supervisory Committee has resigned due to personal commitments leaving a vacant position to be filled whilst Mr. David Fox, former chair of the Supervisory Committee, is due to retire on rotation having served his first term. Being eligible for re-election, Mr. Fox has offered himself for another term.

Although Mrs. Cynthia Morton was due to serve her final year in her first term, she has opted to resign due to personal commitments. Also, Mr. Howard Richardson completed his term and has decided to retire. This allowed for two (2) vacant positions to be filled on the Credit Committee.

The Nominations Committee's recommendations are as follows:

COMMITTEE	RETIRED/RESIGNED	NOMINATED	TERM	YEARS	RETIRING
Board of Directors	Mr. Earl Thomas	Mr. Peter Jenkins	1 st	3	2014
	Mr. Joseph Edmeade	Mr. Trevor Cornelius	1 st	3	2014
Credit Committee	Mrs. Cynthia Morton	Ms. Gallio Gumbs	1 st	1	2012
	Mr. Howard Richardson	Mr. Wendell Huggins	1 st	3	2014
Supervisory Committee	Mr. David Fox	Mr. David Fox	1 st	3	2014
	Ms. Judith Rawlins	Mr. Denis Johnson	1 st	2	2013

Report of the Nominating Committee

For The Year Ended December 31, 2010

BRIEF BIOGRAPHY OF NEW NOMINEES

Mr. R. A. Peter Jenkins is a Civil Engineer with a Masters Degree in Construction Engineering and Management from the University of the West Indies. He is the Managing Director of Jenkins Limited and is Valuator for Scotia Bank and a Lecturer in Construction Engineering and Management since 1984. Mr. Jenkins is currently the Chairman of ZBC Broadcasting and has served on several boards such as SKASPA, St. Kitts-Nevis Football Association, CIC and the Leeward Islands Cricket Association.

Mr. Trevor Cornelius of Fountain Village in Nevis has been an auto mechanic in excess of 34 years. He owns a successful Auto Mechanic shop dubbed “Men at Work,” where he specializes in body works and now sells vehicular parts and accessories making his business a ‘one stop shop’. His contracted clients include but are not limited to LIME and Oualie Beach Resort. He currently serves as Director on the Board of NEVLEC.

Ms. Gallio Gumbs was recently promoted from Social Project Coordinator to Human Resource Coordinator at Petro Caribe-Venezuelan Bases Oil Company. She possesses a Bachelors of Science Degree in Psychology and is actively engaged in youth and community work as President of Shaping Our Society Club and a member of the Cuban Alumni Association.

Mr. Wendell Huggins is currently employed as Accounting and Administration Manager at Carib Supply of St. Kitts-Nevis Ltd. He holds a Bachelor and Masters of Science degrees in Accounting with minors in finance and business management from Madison University. He has attended various training initiatives on the credit union movement and possesses the experience of serving on a committee within the local Credit Union movement.

Mr. Denis Johnson holds a Bachelors of Arts in Business Administration from the University of the Virgin Islands and is currently pursuing a Masters in Finance from the University of Leicester in England. He is currently employed as Manager Compliance Department at the Social Security Board and is an avid reader as well as a stamps and coin collector.

After careful deliberations, the Nominating Committee feels that it has presented persons qualified to fill the vacant positions on the Board, the Supervisory Committee and the Credit Committee. The Committee believes that the nominees, if given the chance will serve the Credit Union with distinction, willingly giving their time, expertise and experience for the enhancement of the FND Credit Union and the Credit Union Movement on a whole.

Presented for and behalf of the Nominating Committee

.....
Mr. Auckland Hector
Chairperson

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Report of the Auditors

to the Members of FND Enterprise Co-operative
Credit Union Limited

Simmonds and Associates
Chartered Accountant

PARTNER: W.B.SIMMONDS FCCA

ASSOCIATE: A. St.R. KNIGHT

P.O. BOX 126
NEW STREET
BASSETERRE
TEL: (869) 465-2832
FAX: (869) 465-8424
Email: simmondsandassociates@yahoo.com

We have audited the financial statements of FND Enterprise Co-operative Credit Union Limited as at December 31, 2010, which comprise the statement of financial position, the statement of comprehensive income and statement of cash flows for the year and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 18.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) for Small and Medium sized Entities (SMEs). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2010, and of its financial performance for the period then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.



Simmonds & Associates
Simmonds and Associates

FND Enterprise Co-operative Credit Union Ltd
Statement of Financial Position
as at December 31, 2010

ASSETS		Twelve months ended December 31, 2010	Five months ended December 31, 2009
Current assets	Notes	\$	\$
Cash	3	1,606,112	1,717,156
Trade and other receivables	4	11,175,274	10,852,546
Investments	5	<u>196,850</u>	<u>196,850</u>
		<u>12,978,236</u>	<u>12,766,552</u>
Non-current assets			
Property, plant and equipment	6	832,332	781,774
Intangible assets	7	108,275	1,291
Deferred cost	8	<u>77,390</u>	<u>121,277</u>
		<u>1,017,997</u>	<u>904,342</u>
Total assets		<u>13,996,233</u>	<u>13,670,894</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Loans Payable	9	4,006,001	4,430,448
Security Deposits	10	114,540	251,409
Members deposit	11	1,724,069	46,819
Trade payables	12	94,630	93,276
Interest payable		<u>46,933</u>	<u>16,571</u>
		<u>5,986,173</u>	<u>4,838,523</u>
Non-Current Liabilities			
Unearned Interest	13	<u>533,186</u>	<u>1,335,603</u>
Total liabilities		<u>6,519,359</u>	<u>6,174,126</u>
Equity			
Share capital	14	378,310	197,540
Statutory reserve fund	15	75,785	70,645
Special Reserve	16	6,849,033	6,849,033
Capital grants	17	178,114	188,172
Retained earnings		<u>(4,368)</u>	<u>191,378</u>
		<u>7,476,874</u>	<u>7,496,768</u>
Total liabilities and equity		<u>13,996,233</u>	<u>13,670,894</u>

The Accompanying notes on pages 34 to 45 form an integral part of these financial statements. These financial statements were approved by the Board of directors on June 30, 2011 and signed on its behalf by:

Chairman:

Mr Ernest Pistana

Treasurer:

Mr Gary Moving

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FND Enterprise Co-operative Credit Union Ltd
Statement of Comprehensive Income
For The Year Ended December 31, 2010

		Twelve months ended December 31, 2010	Five months ended December 31, 2009
	Notes	\$	\$
Fees and Other Charges	18	260,373	101,214
Interest income	19	1,758,133	713,051
Other Income	20	<u>20,278</u>	<u>47,472</u>
		<u>2,038,784</u>	<u>861,737</u>
Administrative expenses	21	(1,060,641)	(323,176)
Other expenses	22	(840,989)	(172,062)
Finance costs	23	<u>(327,760)</u>	<u>(104,476)</u>
Loss/Profit for the year		(190,606)	262,023
Retained Earnings at start of year		<u>191,378</u>	<u>-</u>
		<u>772</u>	<u>262,023</u>
Transfer to statutory reserve fund:			
Entrance Fees		(5,140)	(2,520)
25% of Surplus		-	(65,505)
Development Fund		<u>-</u>	<u>(2,620)</u>
		<u>(5,140)</u>	<u>(70,645)</u>
Retained losses/earnings at end of the period		<u>(4,368)</u>	<u>191,378</u>

The Accompanying notes on pages 34 to 45 form an integral part of these financial statements.

FND Enterprise Co-operative Credit Union Ltd
Statement of Cash Flows
For The Year Ended December 31, 2010

	Twelve months ended December 31, 2010	Five months ended December 31, 2009
	\$	\$
Cash flows from operating activities		
(Loss)/Profit for the period	(190,606)	262,023
Adjustment for non-cash income and expenses:		
Depreciation of property, plant and equipment	73,854	57,836
Amortisation of intangibles	28,037	574
Amortisation of capital grants	(10,057)	(13,717)
Changes in operating assets and Liabilities		
(Increase)/decrease in loans receivable	(278,771)	215,987
(Increase)/decrease in other receivables	(43,957)	4,475
(Decrease)/increase in Loans payable	(424,447)	849,236
Increase/(decrease) in trade payables	1,354	(32,824)
(Decrease)increase in Interest payable	(772,055)	(71,933)
Increase in members deposits	<u>1,540,381</u>	<u>54,728</u>
Net cash from operating activities	<u>(76,267)</u>	<u>1,326,385</u>
Cash flows from investing activities		
Purchase of Software	(91,135)	(114,127)
Purchase of plant and equipment	<u>(124,412)</u>	<u>(90,777)</u>
Net cash used in investing activities	<u>(215,547)</u>	<u>(204,904)</u>
Cash flows from financing activities		
Issue of shares	<u>180,770</u>	<u>197,540</u>
Net (decrease)/increase in cash and cash equivalents	(111,044)	1,319,021
Cash and cash equivalents at beginning of year	<u>1,717,156</u>	<u>398,135</u>
Cash and cash equivalents at end of year	<u>1,606,112</u>	<u>1,717,156</u>

The Accompanying notes on pages 34 to 45 form an integral part of these financial statements.

1. General Information

FND Enterprise Co-operative Credit Union Limited was registered under section 241 of the Co-operatives Societies Act of 1995 of St. Christopher and Nevis on the 20th July 2009. A resolution was passed on the 24th June, 2010 to transfer the assets and liabilities of the Foundation for National Development to a Credit Union named FND Enterprise Co-operative Credit Union Limited. The year end of the Credit Union was established as December 31. Consequently the first Financial Statements was for the five months ending December 31, 2009. Although the Credit Union was formed on the 20th of July it began operations effective August 1, 2009. The Co-operatives Society Act 2007 is currently under review and is expected to be written into law in the near future.

Its registered office is Bladen Commercial Development, Basseterre, St. Kitts. It conducts business at Bladen Commercial Development.

2. Basis of Preparation and Accounting Policies

The Financial Statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium sized Entities issued by the International Accounting Standards Board. They are presented in Eastern Caribbean Dollars (EC \$). (US \$1 = EC \$2.70)

Revenue Recognition

Revenue is mainly from interest received or receivable on loans and investments.

Borrowed Costs

Borrowed costs mainly from members chequing accounts and overdraft are recognised in profit or loss in the period in which they are incurred. Bank or other loans would be similarly treated and included in finance costs.

Income Tax

Credit Unions in St.Christopher and Nevis do not pay income tax. Consequently deferred tax would not be applicable.

Basis of Measurement

The financial statements are prepared on the historical cost basis which is the amount paid for assets. Fair values would not be relevant in normal course of business. Fair values is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties at an arm's length transaction. Liabilities are settled on the accrual basis.

Provision for Loan Losses

Provision for loan losses is computed by adding Accounts sent to Solicitors to 1% of Current Loans. The 'PEARLS' system of provisioning is being studied by the Company for implementation. 'PEARLS' is interpreted as Protection, Effective financial structure, Asset quality, Rates of return and costs, Liquidity and Signs of Growth.

2. Basis of Preparation and Accounting Policies (continued)

Property, Plant and Equipment

Fixed assets are recorded at cost and are being depreciated on the straight line basis at annual rates estimated to write off the assets over their useful lines.

Building	2.5%	Computer Equipment	33 1/3%
Furniture & Fittings	15-20%	Intangible Assets	
Motor Vehicles	20%	(Computer Software)	20%
Office Equipment	20-33 1/3%	Plant and Equipment	10%

Depreciation

A full year's depreciation would be taken in the year of acquisition and none in the year of disposal.

Impairment of Assets

Each year property, plant and equipment, intangible assets and investments are reviewed. Any impairment is recognised in profit or loss.

Account receivables and Payables

Receivables and Payables mainly refer to interest on transactions. Expenses owing at the reporting date are stated on the accrual basis.

Comparatives

If necessary comparative figures would be adjusted to conform with changes in presentation in the current year.

Employees Benefits

Employees benefits include group insurance and travel.

Conversion Expenses

Conversion Expenses include expenses to facilitate a Credit Union operation.

FND Enterprise Co-operative Credit Union Ltd
Notes to Financial Statements
For The Year Ended December 31, 2010

IFRS Compliance

Most of the IFRS for SME's are not relevant for this Credit Union. For example there are no investments in joint ventures, no business combinations, no leases, no share based payment. It has no debt or equity instrument on any Stock Exchange and does not hold assets in a fiduciary capacity.

The first period of compliance was the five months ended December 31, 2009.

3. Cash	Twelve months ended December 31, 2010 \$	Five months ended December 31, 2009 \$
Current Accounts		
First Caribbean International Bank	13,508	1,076,091
Royal Bank of Canada	14,362	24,117
Bank of Nova Scotia	34,549	19,816
SKNA National Bank Ltd	1,334,166	514,625
Nevis Co-operative Credit Union Ltd	65,744	45,048
Savings Accounts		
Bank of Nova Scotia	622	617
Nevis Co-operative Credit Union Ltd	2,039	1,975
St. Kitts Co-operative Credit Union Ltd	10,598	10,283
Cash in Hand	<u>130,524</u>	<u>24,584</u>
	<u>1,606,112</u>	<u>1,717,156</u>
 Cash in hand comprises the following:-		
Petty cash	600	734
Cash Tellers	25,380	9,634
Cash EC\$ vault	<u>104,544</u>	<u>14,216</u>
	<u>130,524</u>	<u>24,584</u>

FND Enterprise Co-operative Credit Union Ltd
Notes to Financial Statements
For The Year Ended December 31, 2010

4. Trade and Other Receivables	Twelve months ended December 31, 2010 \$	Five months ended December 31, 2009 \$
General Loans	10,042,859	10,413,234
Loans at Solicitors	812,381	289,161
Staff Loans	258,733	132,807
Miscellaneous Receivables	44,495	12,200
Insurance Premiums Prepaid	16,806	5,144
	<u>11,175,274</u>	<u>10,852,546</u>
Loans receivable	10,967,503	10,815,274
Less: Provision for Loan Losses	<u>(924,644)</u>	<u>(402,040)</u>
	<u>10,042,859</u>	<u>10,413,234</u>

Provision for Loan Losses is estimated by adding the Loans sent to Solicitors to 1% of the General Loans. The Credit Union controls its credit risk by placing limits on each customer according to the customer's ability to repay regularly. The Credit Union also holds collateral against the assets of the customer in addition to personal guarantees.

5. Investments

Government of St. Kitts and Nevis	196,750	196,750
Treasury Bills face value \$200,000	100	100
St. Kitts Co-operative Credit Union	<u>196,850</u>	<u>196,850</u>

FND Enterprise Co-operative Credit Union Ltd
Notes to Financial Statements
For The Year Ended December 31, 2010

6. Property, Plant and Equipment

Cost	Land & Building \$	Plant & Equipment \$	Furniture & Fittings \$	Office Equipment \$	Computer Equipment \$	Motor Vehicles \$	Total \$
At January 1, 2010	833,588	34,150	179,133	120,856	94,761	116,000	1,378,488
Additions	<u>-</u>	<u>-</u>	<u>47,776</u>	<u>34,953</u>	<u>41,683</u>	<u>-</u>	<u>124,412</u>
At December 31, 2010	<u>833,588</u>	<u>34,150</u>	<u>226,909</u>	<u>155,809</u>	<u>136,444</u>	<u>116,000</u>	<u>1,502,900</u>

Accumulated Depreciation

At January 1, 2010	193,487	26,182	106,922	101,056	53,068	115,999	596,714
Additions	<u>17,590</u>	<u>3,415</u>	<u>18,954</u>	<u>6,907</u>	<u>26,988</u>	<u>-</u>	<u>73,854</u>
At December 31, 2010	<u>211,077</u>	<u>29,597</u>	<u>125,876</u>	<u>107,963</u>	<u>80,056</u>	<u>115,999</u>	<u>670,568</u>

Carrying Amount

At December 31, 2010	<u>622,511</u>	<u>4,553</u>	<u>101,033</u>	<u>47,846</u>	<u>56,388</u>	<u>1</u>	<u>832,332</u>
At December 1, 2009	<u>640,101</u>	<u>7,968</u>	<u>72,211</u>	<u>19,800</u>	<u>41,693</u>	<u>1</u>	<u>781,774</u>

At December 31, 2009 Property, Plant and equipment was transferred from the Foundation for National Development (St. Kitts-Nevis) Limited at the same costs as the closing entries of the Foundation. No depreciation was taken in the year of disposal but a full year's depreciation was taken in the year of acquisition by the Credit Union.

FND Enterprise Co-operative Credit Union Ltd
Notes to Financial Statements
For The Year Ended December 31, 2010

7. Intangible Assets	Twelve months ended December 31, 2010 \$	Five months ended December 31, 2009 \$
Software:		
Cost		
Opening Balance	2,295	2,295
Additions	<u>135,021</u>	<u>-</u>
	<u>137,316</u>	<u>2,295</u>
Accumulated depreciation		
Opening Balance	1,004	430
Annual Amortisation (note 22)	28,037	574
	<u>29,041</u>	<u>1,004</u>
Carrying Amount	<u>108,275</u>	<u>1,291</u>

Intangible assets relate to software programs and are amortised at the rate of 20% (2009:25%) per annum. Impairment loss becomes effective if there is a change in the programs before the assets are fully depreciated.

8. Deferred Cost	<u>77,390</u>	<u>121,277</u>
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The amount against Deferred Cost refers to preliminary expenses related to an investment acquired by the Credit Union. The investment refers to Fedcomp Software and Microsoft SQL Servers and accessories. These costs would be capitalised when the system becomes fully operational.

FND Enterprise Co-operative Credit Union Ltd
Notes to Financial Statements

For The Year Ended December 31, 2010

	Twelve months ended December 31, 2010 \$	Five months ended December 31, 2009 \$
9. Loans Payable		
Development Bank	166,193	225,629
Eastern Benevolent Society	94,282	89,793
Social Security Board	2,670,246	3,000,204
International Co-operation and Development Fund	-	39,542
International Co-operation and Development Fund	<u>1,075,280</u>	<u>1,075,280</u>
	<u>4,006,001</u>	<u>4,430,448</u>

The loan with the Development Bank of Saint Kitts and Nevis of EC\$540,000.00 is secured by an equitable mortgage over the FND Enterprise Co-operative Credit Union Limited's property at Bladen's Commercial Development. The Loan is repayable in 120 equal monthly instalments of \$5,860.42 inclusive of Interest at 5.5% per annum which commenced three (3) months after the draw down of the loan. The draw down date was March 31, 2003.

The loan with the Eastern Benevolent Society Funeral Home Ltd bears interest at the rate of 5% per annum and is repayable on demand.

The loan with Social Security Board of EC\$3.8 million, bears an interest rate of 7% per annum. It is secured by every new mortgage that is written by the FNDECCU and every new bill of sale that stands in its favour as a mortgagee. It is repayable in 40 equal quarterly instalments of \$132,849.55 which started on 15th June 2007.

The loan with the International Co-operation and Development Fund is unsecured and bears an interest rate of 5% per annum. The loan is repayable in seven years after a grace period of three years, commencing from the date of the loan agreement. The loan will be repaid in eight consecutive and semi-annual equal installments, provided, however that the final installment shall be the balance of the loan. The first such installment shall be payable on 15th September, 2012.

10. Security Deposits	<u>114,540</u>	<u>251,409</u>
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This represents security deposits for loans granted to clients of FND Enterprise Co-operative Credit Union Limited.

FND Enterprise Co-operative Credit Union Ltd
Notes to Financial Statements
 For The Year Ended December 31, 2010

11. Members Deposits

	Twelve months ended December 31, 2010	Five months ended December 31, 2009
	\$	\$
Savings	1,228,946	21,819
Term Deposits	<u>495,123</u>	<u>25,000</u>
	<u>1,724,069</u>	<u>46,819</u>

Liquidity risk varies according to cash flows. The Credit Union controls its liquidity to enable it to cover its interest accrued to members' deposits. Cash in hand and the Investments Portfolio can satisfy any unlikely demand by members on their deposits.

12. Trade Payables

Audit fees	18,098	18,307
Social Security Fund	10,586	11,887
Gratuities	-	15,824
Bills of Sale	20,333	19,042
Other payables	<u>45,613</u>	<u>28,216</u>
	<u>94,630</u>	<u>93,276</u>

Other Payables refer to sundry accruals paid for early in the following year.

13. Unearned Interest

Unearned Interest	<u>533,186</u>	<u>1,335,603</u>
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This represents interest on FND clients' loans charged in advance not due at the end of the year, but would be set off against Loans Receivable (Note 4) at the appropriate time.

14. Share Capital

Opening Balance	197,540	-
Shares issued	<u>180,770</u>	<u>197,540</u>
Balance to date	<u>378,310</u>	<u>197,540</u>

14. Share Capital - continued

Section 90 of the Co-operative Societies Act, No.2 of 1995 of the Laws of St. Christopher and Nevis Article VIII Section 24 of the By-Laws of the Credit Union provide for the sale of an unlimited quantity of non withdrawal shares at a par value of \$5.00 each to its members. The Credit Union does not have an Authorised Share Capital.

15. Statutory Reserve Fund	Twelve months ended December 31, 2010 \$	Five months ended December 31, 2009 \$
Balance at beginning of year	70,645	-
Entrance fees	5,140	2,520
25% of surplus	-	65,505
Development Fund (1%)	-	2,620
	<u>75,785</u>	<u>70,645</u>

Section 119 (2) of the Co-operative Societies Act, 1995 and Article XXI of the By-Laws of the Credit Union requires it to make an allocation of all entrance fees, transfer and other fees and fines and not less than twenty percent of the Net Surplus in each year to a Statutory Reserve Fund.

16. Special Reserve

Donated Funds	4,293,083	4,293,083
Retained Earnings Transferred	<u>2,555,950</u>	<u>2,555,950</u>
Balance to date	<u>6,849,033</u>	<u>6,849,033</u>

Special Reserve refer to Donated Funds given to the Credit Union's predecessor over the years, and the Retained Earnings accumulated by its predecessor.

17. Capital Grant

Balance brought forward	188,172	201,888
Write-offs for the year	<u>(10,058)</u>	<u>(13,716)</u>
	<u>178,114</u>	<u>188,172</u>

Capital Grants are the amortised amounts against certain fixed assets financed by international donor agencies. The amortised amounts are offset against the total depreciation on the Fixed Assets.

FND Enterprise Co-operative Credit Union Ltd
Notes to Financial Statements
 For The Year Ended December 31, 2010

18. Fees and Other Charges

	Twelve months ended December 31, 2010	Five months ended December 31, 2009
	\$	\$
Loan fees	160,246	<u>52,103</u>
Entrance fees	5,140	2,520
Conference Facilities	46,307	21,285
Rental of Equipment	680	2,092
Technical Assistance	<u>48,000</u>	<u>23,214</u>
	<u>260,373</u>	<u>101,214</u>

19. Interest Income

Interest on deposit accounts	13,575	1,571
Interest on treasury bills	<u>36,378</u>	5,416
Interest on loans	<u>1,708,180</u>	<u>706,064</u>
	<u>1,758,133</u>	<u>713,051</u>

20. Other Income

Bad Debts Recovered	-	19,970
Amortisation of capital grant	10,057	13,717
Miscellaneous Income	<u>10,221</u>	<u>13,785</u>
	<u>10,066</u>	<u>47,472</u>

Notes to Financial Statements

For The Year Ended December 31, 2010

	Twelve months ended December 31, 2010 \$	Five months ended December 31, 2009 \$
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21. Administrative Expenses

Salaries	648,749	201,271
Emoluments imposts	60,874	26,994
Electricity and water	62,309	17,421
Rents	37,800	8,400
Conference Room Expense	5,042	3,169
Telecommunication	42,900	11,177
Stationery and office supplies	46,521	16,655
Postage	1,826	284
Group Insurance	12,596	7,533
Travel Allowances	29,813	10,340
Vehicle Expenses	24,343	5,766
Promotion and Advertising	71,998	6,640
Staff Benefits	9,764	-
Gratuity	-	6,593
Training	6,106	933
	<u>1,060,641</u>	<u>323,176</u>

22. Other Expenses

Office consumables	4,840	2,337
Equipment maintenance	13,619	8,196
Office Maintenance	36,640	12,662
Depreciation	73,854	57,836
Amortisation of intangible assets (note 7)	28,037	574
Donation and subscription	10,314	3,846
Entertainment	6,610	2,998
Travelling expenses	8,764	800
Insurance	11,282	3,777
Affiliation dues	8,968	90
Meetings and conventions	55,447	8,578
Professional Fees	29,390	4,000
Audit fees and expenses	22,250	10,414
Legal fees	500	8,727
Bad debts and provisions	498,500	-
Miscellaneous	842	60
Conversion Expenses	31,132	47,167
	<u>840,989</u>	<u>172,062</u>



FND Enterprise Co-operative Credit Union Ltd
Notes to Financial Statements
 For The Year Ended December 31, 2010

23. Finance Costs

	Twelve months ended December 31, 2010	Five months ended December 31, 2009
Interest expenses:	\$	\$
Interest on Loans	276,006	102,862
Interest and bank charges	<u>51,754</u>	<u>1,614</u>
	<u>327,760</u>	<u>104,476</u>

24. Taxation

Under the provision of the Income Tax Ordinance of St. Kitts and Nevis, all friendly Societies are exempted from income Tax. The Credit Union is classified as a friendly Society.

25. Events After the End of the Reporting Period

The Credit Union issues letters of guarantees in the normal course of business. There were no contingent liabilities nor capital commitments at December 31, 2010.

26. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions. The Credit Union grants loans to Board and Committee members and staff.

Deposit balances by Directors, committee members and staff:	<u>129,523</u>	<u>3,059</u>
Loans and advances balances by Directors, Committee members and staff:	<u>558,215</u>	<u>207,537</u>
Employee benefits included in Staff Costs	<u>12,596</u>	<u>14,126</u>





Website: www.fndcuonline.com

E-mail: info@fndcuonline.com

Bladen Commercial Development, Basseterre, St. Kitts Tel: (869) 465 2576

Almon & Geraldine Nisbett Building, Waterfront, Charlestown, Nevis Tel: (869) 469 5686