

# FND Enterprise Cooperative Credit Union Ltd.



## Annual Report 2014

Cooperate . . . Join Us . . . Make A Difference





## **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 expectation through  
professional, convenient and  
courteous service.**



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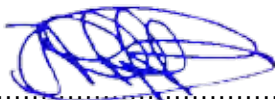


## Notice of 6<sup>th</sup> Annual General Meeting

Notice is hereby given that the Sixth (6<sup>th</sup>) Annual General Meeting of the FND Enterprise Co-operative Credit Union Limited will be held at **Ocean Terrance Inn on Thursday, September 10, 2015 at 5:00pm** to conduct the following business:

1. To confirm minutes of the 5th Annual General Meeting held on Thursday July 3, 2014.
2. To consider matters arising from the minutes of the 5th 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, 2014.
4. To consider and approve the Auditors' Report and Financial Statements for the Year ended December 31, 2014.
5. To Declare Dividends for the year ended December 31, 2014.
6. To elect officers to the Board of Directors, Credit Committee and Supervisory Committee.
7. To set the maximum borrowing limit 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:**



**Trevor Phipps (Mr.)**  
**SECRETARY**  
**August 24, 2015.**

**Light refreshment** will be served at the end of the meeting.





# AGENDA

**THEME: Cooperate... Join Us... Make A Difference.**

**REGISTRATION - (5:00 p.m. to 5.30 p.m.)**

**OPENING SESSION - (5:30 p.m. to 6:00 p.m.)**

1. Call to order
2. National Anthem
3. Invocation
4. President's Remarks.
5. Introduction of Featured speaker
6. Feature Address
7. Adjournment

## BUSINESS SESSION

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

## 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; 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

For it is in pardoning that we are pardoned;

And 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



## STANDING ORDERS

1. A member must 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 5<sup>TH</sup> ANNUAL GENERAL MEETING

## MINUTES OF THE FIFTH ( 5TH ) ANNUAL GENERAL MEETING HELD AT THE BIRD ROCK BEACH HOTEL ON THURSDAY JULY 3, 2014

### OPENING SESSION

The Fifth Annual General Meeting was called to order at 5:52pm by the Chairman of the Opening Ceremony, Board Director Mr. Dennis Phillip. The Opening Ceremony commenced with the singing of the National Anthem by Youth Member, Naliah Nisbett, followed by the Invocation by Marvan Simpson and recital of the Credit Union Prayer by the membership. Mr. Phillip welcomed the specially invited guests and all of the FND Credit Union members present. He then invited President Jenkins to make opening remarks.

#### President's Opening Remarks

The President also welcomed members to the meeting. He made a commitment to the membership to work assiduously to offer excellent service in terms of the expansion and better quality products and services. The President made a presentation to Dieppe Bay Primary School of a Fax machine in recognition of their continued savings habit with the FNDECCU. The School was credited for establishing the most Youth Savings Accounts since the active promotion of that facility. He also thanked the Hon. Sir K. Dwight Venner for accepting the invitation to be the Keynote Speaker.

#### Keynote Speaker:

Sir K. Dwight Venner was introduced by Mrs. Patricia Williams, Marketing and Member Relations Officer of the FND Credit Union. Sir Venner's presentation was entitled " The Cooperation Movement - Using Spillovers and Networking to catalyse Development in the Eastern Caribbean Currency Union". He first gave a history of the Cooperative movement from its informal stage to the well developed model that now exists. He indicated that the emergence of the credit union movement was independent of government involvement and was in fact promoted by churches, trade unions and community groups.

He suggested that the title was chosen to identify the specific role of the cooperative movement and its philosophy of cooperation and sharing as a response to the fundamental structural characteristics of our economies and an approach to their resolution. He further suggested that consumer and producer cooperatives

and credit unions (financial cooperatives) must truly cooperate if we are to make significant progress in the task of transforming our economies.

Sir Venner concluded by stating the opportunity has arisen in this time of great challenges for the ethos of the cooperative movement to use its creative socioeconomic attributes to meet the current challenges head on and to place our countries on a new trajectory to sustained growth and development.

### BUSINESS SESSION

The Business Session was called to Order by President Jenkins.

A quorum was confirmed by the Registrar of Credit Unions.

#### Confirmation of Minutes from 4th AGM

- There were no matters arising from minutes of 4th AGM
- There were no amendments to minutes of 4th AGM
- A motion to accept the minutes was moved by Randolph Taylor and seconded by Carl Lake

### REPORTS

#### Board of Directors Report

President Jenkins presented the Board of Directors' report. The delinquent loan situation remained high due to the closure of small businesses, increased cost of living in the Federation and inability of members to save regularly. The Credit Union had a successful year as it returned to a profitable position.

President Jenkins outlined a list of volunteers who had departed from various committees as their terms were completed. He also noted the retirement of Deputy General Manager Vera Manchester. The position of Deputy General Manager was made redundant.

He mentioned that several volunteers and staff members participated in local and regional conferences.

Marketing for the period under review was deemed successful with the use of modern communication methods such as social media and e-mail campaigns.





# MINUTES OF 5<sup>TH</sup> ANNUAL GENERAL MEETING

A Member Education Kit was produced to aid in the education and awareness of core credit union principles and advice on money management saw positive results in increasing membership, savings and deposits.

## *Financial Performance*

The FNDECCU performed as projected for the year in review. A surplus of \$49,537 was generated. The Loans Portfolio increased by 3% or \$324,315. \$83,856 was provided for bad debt. Delinquency continues to be a concern. Staff was encouraged to re-schedule loans to make it easier for members to meet payment obligations. Management was implored to take all necessary steps to recover funds outstanding.

## *Membership*

Total new members increased by 19% or 290 during the reporting period. The value of that increase was \$143,150 or 23%

## *Total Deposits*

Deposits for the period under review increased by 30% or \$971,209. The Family Indemnity Plan (FIP) insurance product, provided by CUNA Mutual, was introduced to members during the reporting year. Research and financial projections were being undertaken to determine the feasibility of providing ATMs and internet banking. Requests for these services are being made by members. A mandate was made that the FNDECCU be compliant with PEARLS in relation to the provision for bad debts within the coming year. The Standard of Excellence for delinquency is 5%. The Credit Union's delinquency rate stood at 20% for the reporting period.

## **Auditor's Report**

The Auditor's Report was presented by Mr. Earl Jeffers on behalf of Simmonds & Associates. There were no issues raised and the report was approved on a motion moved by Carl Lake and seconded by Jevanel Caines.

## **Treasurer's Report**

Business loans grew by 13.2% which represented the first increase recorded within the last 4 years. Personal loans decreased by 41.2% as a result of a decision to restrict debt consolidation loans. The decision negatively impacted the portfolio but improved the overall delinquency. Total income increased by 0.4% during the reporting year. Interest income grew by \$11,791. Fees and charges decreased due to a reduction in the amount of loan funds disbursed. Expenses decreased by 8.3%. Contributing factors were Bad Debt Provisioning, Promotion and Advertisement, Salaries, Meeting and Conventions and Vehicle Expenses. The surplus generated in the reporting year was \$52,427.

The Treasurer's Report was approved on a motion moved by Mr. Carl Lake and seconded by Mr. Sean Lawrence.

## **Credit Committee Report**

The amount of loans in the Business portfolio decreased from 180 to 159 but the value of the total amount of loans increased. The Personal loan portfolio quantity also decreased but the value of those loans showed an increase. Delinquency remained a concern for the committee.

The Report was approved on a motion moved by Samuel Lawrence and seconded by Joseph Gerald

## **Supervisory Committee Report**

Job descriptions for staff were reviewed and staff interviewed by committee members. A report on the findings was pending at the time of the meeting. The committee deemed that Management and staff adhered to the policies of the By-Laws to the best of their knowledge.

The report was approved on a motion moved by Nicole Agard and seconded by Juliette Simmonds.

# MINUTES OF 5<sup>TH</sup> ANNUAL GENERAL MEETING

## Declaration of Dividend

A 6% dividend was declared for the year in review.

## Election of officers

The Nominating Committee's recommendations were presented and nominated as follows:

Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Board of Directors	Mr. R.A. Peter Jenkins	1 <sup>st</sup>	2014	Mr. R.A Peter Jenkins	2 <sup>nd</sup>	3	2017
	Mr. Trevor Cornelius	1 <sup>st</sup>	2014	Mr. Trevor Cornelius	2 <sup>nd</sup>	3	2017
	Mr. Faron Lawrence	2 <sup>nd</sup>	2014	Mr. Howard McEachrane	1 <sup>st</sup>	3	2017

Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Credit Committee	Mr. Wendell Huggins	1 <sup>st</sup>	2014	Mr. Wendell Huggins	2 <sup>nd</sup>	3	2017
	Ms. Gallio Gumbs	1 <sup>st</sup>	2014	Mr. Cremoy Agard	1 <sup>st</sup>	3	2017

Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Supervisory Committee	Mr. Denis Johnson	1 <sup>st</sup>	2014	Mr. Denis Johnson	2 <sup>nd</sup>	3	2017
	Mrs. Tonya Lawrence	1 <sup>st</sup>	2014	Mrs. Tonya Lawrence	2 <sup>nd</sup>	3	2017

## Any Other Business:

**Awards and Recognition** were presented to retiring Director Mr. Faron Lawrence and the following staff members for long and dedicated service. Mr. James Webbe, Ms. Idona Browne, Mr. Shanwa Broadbelt, Mrs. Nicole Nisbett and Ms. Shauna Daniel.

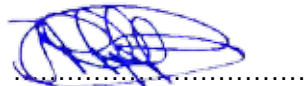
## Vote of Thanks

The Vote of Thanks was provided by Ms. Jovil Taylor, Accounts clerk at the FNDECCU. She expressed thanks to all who attended the meeting. She thanked Ms. Naliah Nisbett for singing the Anthem then Mr. Marvan Simpson for invoking God's blessings on the proceedings. She especially thanked the guest speaker, Hon. Sir K. Dwight

Venner for his insightful presentation. The Regulators, the Board of Directors, Committee members and staff were all thanked for playing their roles in making the AGM the success it was. The Bird Rock Beach Hotel also came in for praise for the accommodation and snacks.

## Adjournment

The 5th Annual General Meeting of the FND Enterprise Cooperative Credit Union Ltd was adjourned at 7:41 pm.



Trevor Phipps  
BOARD SECRETARY



# BOARD OF DIRECTORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

Fellow Co-operators, your Board of Directors presents its report on the operations and performance of the FND Enterprise Co-operative Credit Union Ltd (FNDECCU) for the financial year ended December 31, 2014.

### OVERVIEW

The financial year 2014 was another challenging year for the FND Enterprise Cooperative Credit Union. The institution continued to grapple with the negative effects caused by the global economic recession and financial crisis such as relatively low savings and high delinquency. More recent challenges faced by your Credit Union have resulted from the new legislation, regulations and stipulations relating to the Statutory Reserve, Anti-money Laundering and Counter Terrorism Financing and the US imposed reporting as a result of its Foreign Account Tax Compliance Act ( FATCA).

The Registrar of Credit Unions and Examiners of the Financial Services Regulatory Commission carried out its first On- Site Examination of your Credit Union in July, soon after our Annual General Meeting last year. Deficiencies were noted and recommended actions discussed with the Board, Supervisory Committee, Credit Committee and Staff. Implementation of recommendations are ongoing.

In recognition of the current challenges being faced by our Credit Union, the Board also recognizing the varied

talents amongst our membership organized Committees to strategized the way forward in a number of areas including Delinquency controls, Human Resource Development, Strategic Growth and Operational efficiencies. The sessions have borne fruits and the Board and Management will like to thank those of you who gave your time and expertise.

### CORPORATE GOVERNANCE

#### BOARD OF DIRECTORS

At the 5th Annual General Meeting of the FND Enterprise Co-operative Credit Union Limited held on July 3, 2014, Mr. Howard McEachrane was elected for his first three year term to fill the vacancy created by the compulsory retirement of Faron Lawrence who had completed his two terms in office. Mr. R. A. Peter Jenkins and Mr. Trevor Cornelius who had served their first three-year term and offered to serve a second term were also re-elected to office. The Board hereby expresses its gratitude to Mr. Faron Lawrence for his dedicated and invaluable service to not only the Credit Union but to its predecessor, the Foundation for National Development, over many years. The Officers of the new Board were elected in accordance with section 16 of the By-Laws of the Credit Union. The directors' position, terms, years remaining and year of retirement are as follows:

NAME	POSITION	TERM	YEARS REMAINING	YEAR RETIRING
R.A. Peter Jenkins	President	2 <sup>nd</sup>	2	2017
Spencer Howell	Vice President	2 <sup>nd</sup>	0	2015
Trevor Phipps	Secretary	1 <sup>st</sup>	1	2016
Terrence Crossman	Treasurer	1 <sup>st</sup>	1	2016
Malvie James	Assistant Secretary	1 <sup>st</sup>	1	2016
Auckland Hector	Director	2 <sup>nd</sup>	0	2015
Howard McEachrane	Director	1 <sup>st</sup>	2	2017
Dennis Phillip	Director	1 <sup>st</sup>	1	2016
Trevor Cornelius	Director	2 <sup>nd</sup>	2	2017



# BOARD OF DIRECTORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

### Meetings

During the period under review, your Board of Directors met monthly, in compliance with section 15 (1) of the By-Laws to conduct the regular business of the Credit Union; and when it was considered necessary, the Board met more than once per month to deal with specific issues. Fifteen (15) Board meetings were held during the year.

### ADMINISTRATION AND MANAGEMENT

#### Staffing

The following staff changes occurred at the Nevis branch office during the year under review:

Mr. Nadaski Percival (Customer Service Representative/Teller) resigned in July and the temporary employee Ms. Akilah Simmonds was employed full-time as a Customer Service Representative/Teller in September. Mr. Diquone Claxton was employed as a Customer Service Representative/Teller through the People's Empowerment Program in September.

There were no other changes in staff during the year.

#### Staff, Committee and Members' Education and Training

During the year under review, Board, committee and staff members were again exposed to regional conferences during which workshops and seminars of a very high standard were delivered by high profile professionals. A wide variety of topics related to the Credit Union Movement and its operations were discussed:

- **President Peter Jenkins** attended a one-week workshop in Jamaica from February 2 – 8 where he was trained as a Credit Union Development Educator (CaribDE). The Course is ongoing since 2009 and is organized by Mr. Melvin Edwards and facilitated by the National Credit Union Foundation in the USA along with financial support from World Council of Credit Unions (WOCCU), the Credit Union National Council (CUNA) and CUNA Mutual Group.

- **Mrs. Lynn Bass** also completed the CaribDE training in St. Lucia from 21-27 September.
- **James Webbe and Lynn Bass** attended a one day Seminar on **AML/CFT Issues** in October, organized by the Financial Services Regulatory Commission.
- **Peter Jenkins, President; James Webbe, General Manager; Shanwa Broadbelt, Chief Financial Officer; Tonya Lawrence of the Supervisory Committee and Wendell Huggins and Cremoy Agard of the Credit Committee** attended a Business Symposium and Innovative Forum on 15th October. It was organized by the ECCB as part of its Financial Month activities. The Facilitators were Marguerite Orane, a strategic consultant and coach from Canada; Mr. Melvin Edwards, a regional business consultant and a credit union specialist from St. Kitts, two business executives Mr. Neil Owen and Mr. Lennox Lampkin from St. Kitts and St. Vincent respectively. The topics included "Moving business capabilities forward" and "Business Networking: Pooling ideas and finances to achieve Global Competitiveness".

#### Collaboration amongst Credit Unions

- **Staff members of the three credit unions on St. Kitts** were exposed to a Customer Service workshop on 14th October. The workshop was organized by the combined efforts of the leadership of the three credit unions on St. Kitts and staff from all three attended. The facilitator was Mr. Denzil Croke of Quantum Consulting.
- **Volunteers and Management Staff** of the three credit unions on St. Kitts again gathered together on 30th October to be trained on the Topic "A Technology Innovative Strategy for Credit Unions". Again, it was a combined effort of the three credit unions' leadership. The workshop was facilitated by Board Member of the St. Kitts Cooperative Credit Union, Mr. Pierre Bowrin.





# BOARD OF DIRECTORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

### Caribbean Confederation of Credit Unions:

Mr. James Webbe, General Manager; Mr. R. A. Peter Jenkins, President and Mr. Spencer Howell, Board Director represented the FND Credit Union at the 57th Annual International Convention and 43rd Annual General Meeting of the **Caribbean Confederation of Credit Unions (CCCU)** in collaboration with the **Credit Union Executives Society (CUES)** which was held at the renown Atlantis Resort in the Bahamas from 20th-25th June, 2014.

Topics discussed included:

- Leading Disruptive Innovation and Change
- Creating a Sustainable High Performing Board
- Crafting a More Effective and Engaging Credit Union Board
- Data and Cyber Security in an Evolving Environment
- The Seven Habits of Successful Credit Committees
- The Seven Habits of Successful Supervisory Committees
- Justifying Technology Investments in a non-ROI world
- Co-operation among Co-operatives: A User Guide.

### **MARKETING AND EDUCATION AWARENESS PROGRAMMES:**

#### **Communication and Outreach**

The Marketing and Educational Awareness Programmes carried out last year continued in 2014. The FND Credit Union continue to disseminate information to the local market using cost efficient advertising in a variety of categories including Radio, Online, Word Of Mouth, Banners and Fliers.

We were able to reduce our communication cost by the increased use of the Credit Union's facebook page, [www.facebook.com/FNDCreditUnion](http://www.facebook.com/FNDCreditUnion) and email and other social media. The website is presently being upgraded to be more user friendly with the integration of mailchimp feature that will enable more efficient email communication with members.

### **Education and Awareness**

The new member information kit that was designed and produced during 2013 were distributed extensively. All new members were presented with guiding principles of the credit union, which include Operating, Governance, Safety and Soundness and Consumer Protection. The kit also includes advice on tracking and managing one's finances while preparing realistic financial goals. Outreach to various companies, religious groups and at schools continued during the year.

### **PERFORMANCE**

#### **Financial**

The performance of the FNDECCU during the 2014 financial year was better than projected. The Credit Union recorded significant positive growth in all areas of operations generating a surplus of \$197,010 after recording a smaller surplus of \$52,427 in the previous year.

Details of the Credit Union's financial performance are presented in the Treasurer's Report on page 13 and Financial Statements on pages 26-52.

#### **Loans Portfolio and Delinquency**

Loans portfolio growth fuels the profitability of any financial institution. The FND Enterprise Cooperative Credit Union increased its portfolio during the year by \$1,982,565 or 18% moving from \$11,116,166 to \$13,098,731. This compares very favourably with the previous year when the portfolio only increased by \$324,315 or 3%. The increase in Provision for Loan Losses was \$15,418 because some bad debts were written off against this provision during the year and delinquency was reduced during the period. Notwithstanding, the Bad Debts and Provisions expense increased from \$83,855 to \$330,516 because of the decision of the Board to become PEARLS compliant one year earlier than was originally decided.

Although the delinquent situation is improving, it continues to be of concern to the Board. We have been encouraging staff to meet with members who have genuine financial problems to counsel them and if deemed necessary re-schedule loans to make life easier for the members. However, we have also implored management to take all steps necessary, including legal action, to recover funds from members who have rescinded on their responsibility and commitment to repay their loans.



# BOARD OF DIRECTORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

### Membership and Services

At 31st December, 2013 there were 1815 shareholders valuing \$770,960, indicating an average share value per member of \$424.77. When compared with the period under review ended 31st December, 2014, the number of shareholders had grown to 2068 with a total share value of \$933,275, showing an average value of shares per member of \$451.29. The figures show that the number of shareholders increased by 253 or 14% and the corresponding value of shares also increased by \$162,315 or 21%. It is also important to note that the average share value per member increased during the period.

Total Deposits as at December 31, 2014 was \$9,684,817, an increase of \$5,452,912 or 129% over December 2013. The significant growth in Total Deposits is a direct result of our campaign to grow Savings and Deposits during the year. In 2013, there was a modest increase of \$458,979 or 16% over the previous year's balance.

### FUTURE OUTLOOK

We have not been able to deliver on all our promises made at our last Annual General Meeting. It is not because we have rescinded on our commitment but careful analysis and investigation are being carried out so that informed and lasting decisions will be made. This will be beneficial to all our members while your Credit Union grows from strength to strength. The Board is still deeply concerned that the interest rate charged on loans to our members is relatively high and is taking the necessary steps to reduce the cost of operations which will allow us to return lower our interest rate on loans. We have paid out all our long term debts as promised and this has reduced our operations

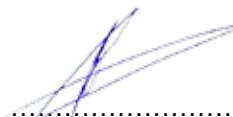
cost greatly. The intent is to pass on this savings to you in reduced interest rates on certain products. However, we are appealing to our members to purchase more shares and to save regularly with your Credit Union, so that the necessary funding will be available to assist you with lower loan rates.

Members continue to request internet banking and ATMs. The necessary research and financial projections is still to be carried out to determine the feasibility of introducing these requested products. The cost could be prohibitive if our membership does not increase at the rate to support the provision of such services. Consequently, we are offering you the best deposit rates and have minimized fees to your benefit. Please **COMPARE ! SWITCH and SAVE with your CREDIT UNION.**

### CONCLUSION

Your Board wishes to thank the **general membership, volunteers, management and staff and other stakeholders** for your service and assistance to the Society during 2014. Your commitment and collective efforts to ensuring the success of the FND Enterprise Cooperative Credit Union were exemplary and the Board looks forward to your continued support in the future.

**Presented for and on behalf of the Board of Directors:**



**R.A. Peter Jenkins**  
**President/Chairman**

# TREASURER'S REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

### OVERVIEW

The FND Enterprise Cooperative Credit Union (FNDECCU) recorded a surplus of \$197,010 compared with a surplus of \$52,427 in 2013. This represents a positive movement of \$144,583 or 275%.

There was growth in both business and personal loans during the year. However, the Personal Loans portfolio has increased by \$2,038,710.83 or by a significant 47.7%. This has fuelled the growth in the surplus this year and we are certain it will continue in the ensuing year. The Business Loans portfolio remained relatively flat.

### ASSETS

Total Assets increased by \$3,491,907 or 24% in 2014 compared to an increase of \$467,717 or 3.3% in the previous year. The increase in Assets in 2014 is mainly attributable to the increase in Cash of \$1,503,293 and the increase in Loans and Other Receivables by \$2,107,863. Notwithstanding, the Non-current assets decreased by \$95,515 due to the depreciation on tangible and intangible assets including Property, Vehicle, Equipment, Computers and Software. Our Cash Reserve was used to payout both the ICDF and Social Security Board loans with a view to decreasing interest expense, which will result in larger profit margins for future years.

### LIABILITIES

Total Liabilities increased by a significant \$3,187,191. This net increase is mainly due to the growth in Members' Savings and Term Deposits by \$5,452,912 or 128.8% and as stated above the early repayments of all loans payable totaling \$2,332,060 as at 31st December, 2013.

### EQUITY

Total Equity which is mainly Share Capital, Statutory Reserve and Retained Earnings increased by \$364,784 mainly due to the surplus of \$197,010 and the increase of Share Capital by \$162,315.

### SURPLUS

#### Income

Total Income increased by \$376,806 or 12% over 2013. Interest Income increased by \$262,579 or 15.3% as a result of the increased performance in the loan portfolio during 2014. Fees and other Charges also increased by \$38,081 or 17 % as a result of the increase in loans disbursed and other Income.

#### Expenses

Total Expenses increased by \$232,223.00 or 12% over 2013. This is the net of increases and decreases in Administrative, Finance and Other Costs. Salaries and Social Security expense decreased by \$62,817.

However, as expected, finance costs increased by \$68,520 due to interest paid on the increased members' Deposit and Savings.

Other expenses showed a significant increase due to the bad debt charge of \$330,516 compared to \$83,855 for 2013. The Board of Directors decided to become PEARLS compliant in relation to loans provisioning one year earlier than was planned. It is important to note that even though we have provided for bad debts and in some cases have written off debts, the Credit Union will still actively pursue delinquent members to recover its funds.

### CONCLUSION

Management must continue to monitor our costs with a view to reducing costs where possible and delinquency must also be continued to be addressed. The issue of delinquency is the single biggest threat to the institution at present. If the Credit union is to remain strong with very good reserves, our members must invest more in Shares and Deposits so that a more diversified portfolio can be offered with lower interest rates.

.....  
Terrence Crossman  
Treasurer

Cooperate . . . Join Us . . . Make A Difference





## CREDIT COMMITTEE REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

The Credit Committee is pleased to present to the membership of the FND Enterprise Co-operative Credit Union Ltd (FNDECCU) the report on the activities of the Credit Committee and the loans portfolio performance for the year ended December 31, 2014.

The members of the Credit Committee were:

- Mr. Wendell Huggins , Chairman
- Mr. Sean Lawrence , Secretary
- Mr. Osbert DeSuza, Member
- Mr. Valdemar Warner, Member
- Mr. Cremoy Agard, Member

The table below provides information relative to the terms of the members.

NAME	POSITION	TERM	YEARS REMAINING	YEAR RETIRING
Wendell Huggins	Chairman	2nd	2	2017
Sean Lawrence	Secretary	1st	1	2016
Valdemar Warner	Member	2nd	0	2015
Osbert DeSuza	Member	1st	1	2016
Cremoy Agard	Member	1st	2	2017

### MEETINGS:

The meetings of the committee were held on average once per month to review and approve loan applications, to analyze the delinquent loans and provide advice/directives to staff. Approvals were based on the guidelines set out in the Credit Union's By-Laws and loan policy. A total of 12 meetings were held.

### LOANS PORTFOLIO

- At 31st December, 2014 the Business loans portfolio amounted to \$5,549,668.48 for 178 loans compared to \$5,433,192.85 for 186 loans as at 31st December, 2013. When compared with the previous year, the figures indicate that the number and value of loans outstanding at year-end decreased by 4% but increased in value by \$116,475.63.
- The Personal loans portfolio as at 31st December, 2014 was 604 for \$8,977,320.06 compared with \$7,168,292.63 for 589 as at 31st December, 2013. This indicates that although the increase in the number of loans in this portfolio was only 7, the value increased by a significant \$1,809,027.43 since 31st December, 2013.

Loan Type	2014		2013	
	No.	Value	No	Value
Business Loans	178	\$5,549,668.48	186	\$5,433,192.85
Personal Loans	604	\$8,977,320.06	589	\$7,168,292.63
<b>Totals</b>	<b>782</b>	<b>\$14,526,988.54</b>	<b>775</b>	<b>\$12,601,485.48</b>



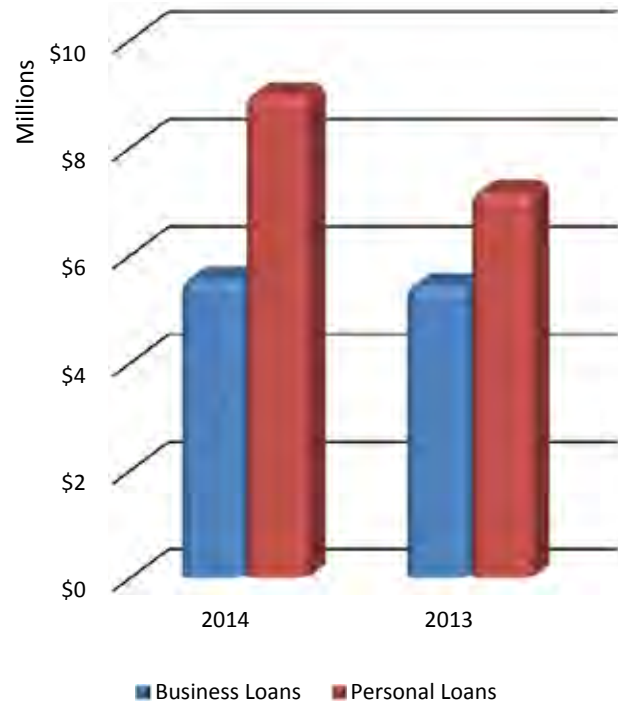
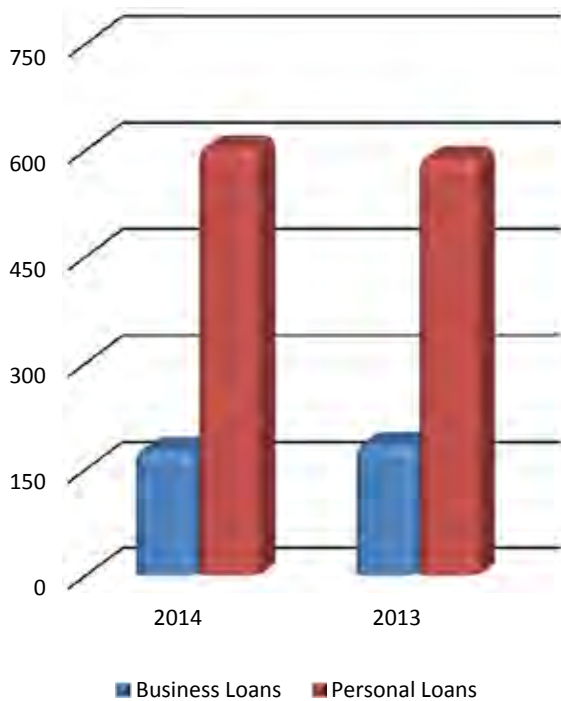
# CREDIT COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

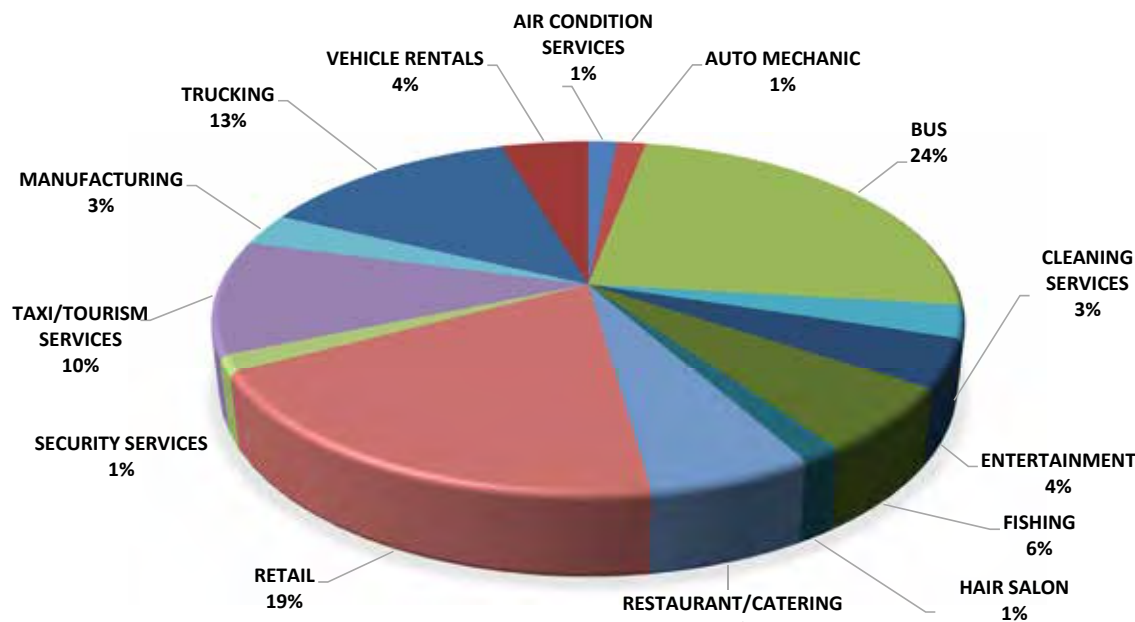
### Loans Portfolio Comparative for 2014 and 2013

Number of Loans

Value of Loans



### Business Loans Portfolio Distribution for 2014



## CREDIT COMMITTEE REPORT

### FOR THE YEAR ENDED DECEMBER 31, 2014

#### BUSINESS LOANS DISBURSED BY PURPOSE

PURPOSE	2014		2013	
	No.	Value	No.	Value
AIR CONDITION SERVICES	1	35,000.00	-	-
AUTO MECHANIC	1	3,400.00	1	40,000.00
BUS	16	564,028.87	13	588,645.91
CONSTRUCTION	-	-	1	25,000.00
CLEANING SERVICES	2	62,000.00	-	-
ELECTRICAL SERVICES	-	-	1	25,000.00
ENTERTAINMENT	3	45,000.00	3	30,000.00
FARMING	-	-	2	25,000.00
FISHING	4	95,220.48	1	40,700.00
GRAPHIC ARTS	-	-	1	140,000.00
HAIR SALON	1	30,000.00	-	-
LANDSCAPING	-	-	2	25,800.00
RESTAURANT/CATERING	4	106,000.00	-	-
RETAIL	13	249,861.89	13	581,606.19
SECURITY SERVICES	1	12,707.35	-	-
TAXI/TOURISM SERVICES	7	235,312.32	3	81,045.42
MANUFACTURING	2	105,216.85	2	60,102.91
ONLINE PAYMENT SERVICE	-	-	1	20,739.55
TRUCKING	9	408,896.45	5	449,067.52
VEHICLE RENTALS	3	201,000.00	1	32,700.00
<b>TOTALS</b>	<b>67</b>	<b>\$2,153,644.21</b>	<b>50</b>	<b>2.165,407.50</b>

67 Business loans valuing \$2,153,644.21 were disbursed during 2014; 54 totaling \$1,874,347.76 in St. Kitts and 13 amounting to \$279,296.45 in Nevis. When compared with the previous year, the figures show that the number of business loans disbursed increased by 17, but the value disbursed decreased by an insignificant amount of \$11,763.29. This indicates that although more members borrowed for business ventures, the average sizes of the loans were smaller than in 2013.

The increase in the number of business loans is a very positive sign and suggests that there is growth in economic activity in the Federation. As an Enterprise Credit Union, The Credit Union will continue to fund business projects by members with good, researched and prepared business ideas with a view to increasing our business loans portfolio and by extension the overall business environment in the Federation.

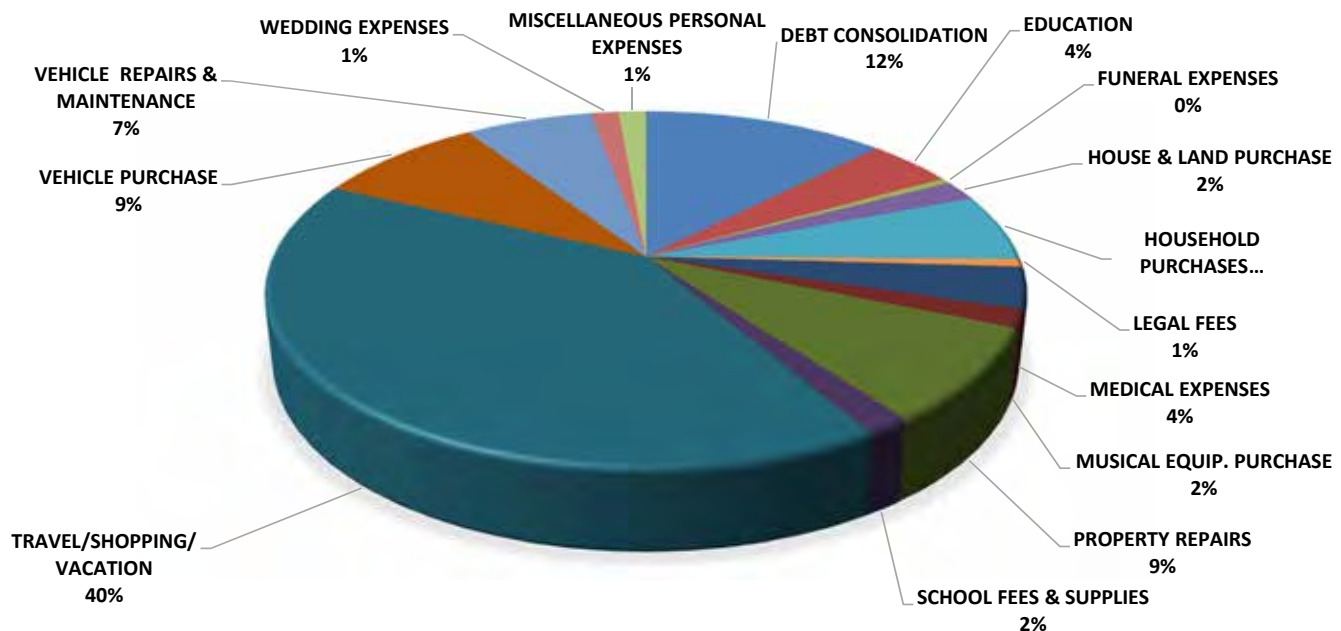
# CREDIT COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

### PERSONAL LOANS DISBURSED

PURPOSE	No.	2014 Value	No.	2013 Value
COMPUTER PURCHASE	-	-	1	15,000.00
DEBT CONSOLIDATION	53	787,500.50	67	1,066,285.35
EDUCATION	19	461,152.15	10	117,304.25
FUNERAL EXPENSES	2	16,000.00	4	32,587.26
HOUSE & LAND PURCHASE	8	554,500.00	3	318,000.00
HOUSEHOLD PURCHASES	26	301,528.37	28	205,308.75
LEGAL FEES	3	45,093.00	1	28,000.00
MEDICAL EXPENSES	16	151,292.14	10	93,208.02
MUSICAL EQUIP. PURCHASE	7	173,451.52	2	35,000.00
PROPERTY REPAIRS	37	837,482.56	30	372,936.08
SCHOOL FEES & SUPPLIES	7	22,790.84	7	35,291.27
TRAVEL/SHOPPING/ VACATION	173	1,657,340.07	154	1,185,777.99
VEHICLE PURCHASE	37	815,699.49	22	408,125.38
VEHICLE REPAIRS & MAINTENANCE	28	304,215.23	27	286,644.26
WEDDING EXPENSES	6	149,939.32	6	57,329.93
MISCELLANEOUS PERSONAL EXPENSES	6	37,656.00	3	20,131.32
<b>TOTAL</b>	<b>428</b>	<b>\$6,315,640.69</b>	<b>375</b>	<b>\$4,276,929.86</b>

### Personal Loans Portfolio Distribution for 2014





# CREDIT COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

428 Personal loans valuing \$6,315,640.69 were disbursed during the year under review. The Head Office disbursed 326 totaling \$5,409,940.69 and the Nevis Branch disbursed another 102 loans amounting to \$905,700. The figures indicate that there was a significant increase in both the number and amount disbursed when compared to the previous year. In 2013, there were 375 Personal loans amounting to \$4,276,929.86 with 262 loans in St. Kitts amounting \$3,284,820.94 and 113 loans in Nevis amounting to \$992,108.92. This indicates that the number of loans disbursed increased by 53 or 12.4%, while the amount disbursed increased by \$2,038,710.83 or 47.6%.

### DELINQUENCY


Delinquency continues to be a concern of the Credit Committee, the Board and Management. Delinquency was 18.4% at 31st December, 2014, which is a measure of the balances of Loans outstanding past due 30 days or more, divided by Gross loans Portfolio. This compares favourably with 31st December 2013 when it was 20.7%. However, this indicates that the delinquency rate is 15.7% above the accepted standard of 5%. The reduction in the rate of delinquency must be more drastic over the next year. More vigorous and aggressive collection tactics must be implemented to reduce the delinquency by at least 7.5% during 2015.

### CONCLUSION

The Credit Union must continue to provide you, our members with the financial support you need as we strive to enhance our lives by building 'financially strong communities'. However, we must remind you that we will only succeed if all our members live up to the mantra of "people helping people".

The Credit Committee would like to thank the General Manager, the entire Loans Division, and the Branch officers for the reliable support given during the year.

We will also like to thank the members who used the FND Credit Union as their first choice for your financial needs as this is the only way to ensure that we all succeed. Finally, we continue to remind you to **SAVE** regularly, **BORROW** prudently and **REPAY** promptly.

  
.....  
Wendell Huggins  
Chairman  
On behalf of the Credit Committee



# SUPERVISORY COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

In accordance with the FNDECCU By- laws; (17) Section (1-11), the Supervisory Committee monitors all aspects of the Credit Union's activities. It is charged with the responsibility of ensuring that the Credit Union is prudently managed and members' assets are safeguarded. This responsibility includes, but is not limited to the following:

- Examining the books of the Society
- Scrutinizing and appraising the policies and operating procedures;
- Confirming cash instruments, property and securities of the Society;
- Confirming the shares, deposits and other balances or holdings of members;
- Monitoring the management of the Society
- Liaise with the internal auditor and the external auditor;
- Auditing the functions of the management and staff;
- Auditing the asset-liability management and liquidity of the credit union
- paid attention to the risk management of the credit union;
- Verified the assets of the society to determine whether they were properly protected
- investigating complaints made by members affecting the proper management of the credit union;
- annual random verification of a sample of members' pass books and accounts;
- Ensuring that all advances, loans, deposits, other transactions and other decisions involving Directors, Committee members and employees are in compliance with the Act, Regulations, By-Laws and Policies of the credit union.

At the first meeting of the Supervisory Committee, elections were held to select its Chairperson and Secretary; Mrs. Tonya Lawrence and Mrs. Velda Irish-Browne were elected respectively. Subsequently, it was agreed that the Committee will convene monthly on the first Tuesday.

The volunteers on the Supervisory Committee are as follows:

- Mrs. Tonya Lawrence - Chairperson
- Mrs. Velda Irish-Browne - Secretary
- Ms. Shermel Jeffers - Member
- Mr. Denis Johnson - Member
- Mr. Carl Osborne - Member

The focus of our tenure was to review our members' savings and loan accounts, in an effort to ensure that the FND Enterprise Cooperative Credit Union's (FNDECCU) policies and procedures were followed, thereby, minimizing risks and maximizing returns for the FNDECCU.

The Supervisory Committee attempted to conduct an account verification exercise. A target of 25% of the membership were selected for this undertaking: the Committee prepared and disseminated account balance verification letters to the membership. The sample was selected considering that 10% response would provide a reasonable representation of the sample size.

The letters sent to members included a return envelope addressed to the Committee ;this ensures that participating members can be confident that the information provided were sent directly to the Supervisory Committee. Also, Members were asked to return their responses to any of the FNDECCU locations.

In addition to the above, the Supervisory Committee also established an email address (supervisorycommittee@fndcuonline.com) with the assistance of the Management of the FNDECCU to facilitate responses from our members, who may not be able to return the enclosed letters.

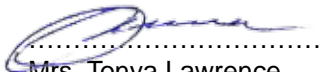
Unfortunately, the Committee has seen an extremely low response rate; therefore, we take this opportunity to encourage members to respond to request such as these. Ultimately, ensuring that the necessary records held by the FNDECCU accurately reflect our members' balances.

Notwithstanding, the Committee is happy to report that the responses received thus far confirm the FNDECCU records are accurate.

# SUPERVISORY COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

The Supervisory Committee is pleased to present to the membership its report of the FND Enterprise Cooperative Credit Union for the year ended 31st December, 2014. Additionally, the Supervisory Committee takes pleasure to report that to the best of its knowledge, the Management and staff adhered to the policies and procedures outlined in the FNDECCU By-Laws No 1 of 2009 and the Policy Manual during the review period. We wish to thank all the members for demonstrating confidence in our ability to supervise the operations of the FNDECCU during 2014.

  
Mrs. Tonya Lawrence  
Chairperson

Supervisory Committee

# NOMINATING COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

The Board of Directors appointed a Nominating Committee in accordance with Article 12, Section 1 (a) of the By-Laws of the FND Co-operative Credit Union Limited, for the purpose of nominating members to fill vacancies for which elections will be held at the 6th 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 paid specific attention to the selection of four (4) eligible nominees who it felt could contribute immensely to the strategic path outlined by management and adopted by the Board.

The Nominating Committee comprised of the following persons:

Mrs. Tonya Lawrence	-	Supervisory Committee (Chairperson)
Mr. Trevor Cornelius	-	Director
Mr. Shanwa Broadbelt	-	Staff Member

The Nominating Committee is pleased to present its report to the 6th Annual General Meeting.

Directors Spencer Howell (Vice President) and Auckland Hector are due to retire having served their first and second terms. The Nominating Committee would like

to publicly express its gratitude to both men for their invaluable contribution to the FNDECCU since inception. Director Howard McEachrane, having served his first year of his first term, unfortunately has decided to humbly resign due to professional commitments thus creating a total of three vacant positions on the Board.

Mr. Carl Osborne of the Supervisory Committee has completed his first term and has offered to serve again for a second term.

Mr. Valdemar Warner of the Credit Committee has served his first and second terms and is due to retire. Likewise, the Nominating Committee would like to express its gratitude to him for his contribution to the FNDECCU. Therefore, one vacant post was created on that Committee.

In light of the need for replacements to fill these vacant positions and after careful deliberations, the Nominating Committee is of the view that it has presented the best eligible candidates to fill all of the available vacant positions. 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 Enterprise Cooperative Credit Union and the Credit Union Movement on a whole.

The Nominating Committee's recommendations are as follows:

Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Board of Directors	Mr. Spencer Howell	2 <sup>nd</sup>	2015	Mr. Jamir Claxton	1 <sup>st</sup>	3	2018
	Mr. Auckland Hector	2 <sup>nd</sup>	2015	Ms. Maretta Manners	1 <sup>st</sup>	3	2018
	Mr. Howard McEachrane	1 <sup>st</sup>	2015	Mr. C. Steve Wrensford	1 <sup>st</sup>	3	2018

Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Credit Committee	Mr. Valdemar Warner	2 <sup>nd</sup>	2015	Dr. Lincoln Carty	1 <sup>st</sup>	3	2018

Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Supervisory Committee	Mr. Carl Osborne	1 <sup>st</sup>	2015	Mr. Carl Osborne	2 <sup>nd</sup>	3	2018



# NOMINATING COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

### BRIEF BIOGRAPHY OF NEW NOMINEES

**Mr. Jamir Claxton** hails from Charlestown in Nevis and currently holds the post of Director of Sports in the Department of Youth & Sports in the Nevis Island Administration. He has held this position since 2012. Jamir was previously employed overseas at the Midwestern State Athletic Department from 2011-2012. Prior to migrating overseas to pursue his college education, he was employed as a Teacher coupled with the responsibility of School Sports Team Coordinator during 1999-2008 at the Gingerland Secondary School. He graduated in 2004 as a certified Secondary School Teacher from the Teacher's Training Program of the University of the West Indies at the Clarence Fitzroy Bryant College in Basseterre, St. Kitts. In his quest for further education, Jamir successfully graduated from Midwestern State University in Wichita Falls, Texas in May 2012 with a Bachelor of Science in Administration and Fitness Management, earning a GPA of 3.7. Jamir has gathered much experience and knowledge from holding many managerial posts both locally and internationally. Such posts include Sports Committee Chair and Vice President of the Caribbean Students Organization in Wichita Falls in Texas during 2009-2010 and 2010-2011 respectively. He also held the post of Public Relations Officer for the Midwestern State University Lions Club during 2010-2011. Closer to home Mr. Claxton serves as a member of the Technical Committee and the Under 20 and Under 23 Team Manager for the St. Kitts-Nevis Football Association. Not ending there, he has served as Treasurer of the Bath United Football Club from 2003-2008 but currently serves as the Club's Vice President from 2012 to present. His volunteer work includes the Bath Village Community Council, the Habitat for Humanity in Wichita Falls, and Faith Missions. Mr. Claxton's experience makes him an eligible candidate as a Nevis island representative to the Board of Directors of the FND Credit Union.

**Ms. Maretta Manners** is currently an entrepreneur operating her family's business in the town of Cayon. Prior to this chapter of her life, Ms. Manners acquired vast experience while working in the banking industry for over ten (10) years in areas dealing with Electronic/Merchant banking processing, client inquiries, and customer service relations. Her career journey in banking began as a Teller at the Bank of Nova Scotia (2001-2002). She

became a contracted Switch Board Operator and Foreign Audit Clerk at CIBC FirstCaribbean International Bank (2002-2004), and then attained full-time employment at the Royal Bank of Canada where she remained until 2010. She was recalled for a six-month stint during 2014. Her years at the Royal Bank of Canada saw her serving in areas such as Account Officer and Merchant Banking Representative in Commercial Banking with responsibilities for Online Banking, Merchant Banking, Credit Card Sales, Queries and Opening of Business Accounts and their corresponding queries. Additionally, Ms Manners also worked in Customer Service as Senior Teller and as a Foreign Business Representative. Ms Manners has received over 20 Top Performance awards for exceptional client care and sales targets that qualified her to become the Royal Bank of Canada Cruise Winner for the Eastern Caribbean Islands in 2008. This award was the result of becoming the top performer in Sales and Service. She is currently pursuing a Bachelor's Degree in Business Administration with Ashworth College out of the USA. Maretta strongly believes that her training in these different areas of banking has given her valuable knowledge and experience that will make her eligible to contribute immensely to the FNDECCU on the Board of the Directors.

**Mr. C. Steve Wrensford** is the Owner of Steve's Enterprises. He was the former Ambassador to the Republic of Trinidad & Tobago and the Bolivarian Republic of Venezuela. He is currently the Deputy Director of the St. Kitts-Nevis Social Security Board, a position that he has held since 1996. By rotation, in April 2015, he retired as a Non-Independent Director of the Bank of Nevis Limited after being on the Board of Directors since March 2012. During his tenure with the Bank he served as a Member of the Audit Committee as well as a Member of the Credit Committee. Mr. Wrensford holds a Bachelor of Arts Degree in Accounting and a Masters Degree in Business Administration. His enthusiasm for sports has led him to hold several managerial positions in football and cricket in the United States Virgin Islands and St. Kitts. The Nominating Committee believes that with his expansive knowledge and experience at the Board and Managerial levels, the members of the FND Credit Union will benefit tremendously from his contribution to the progress of the institution as a Director.



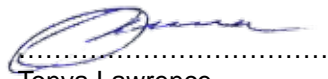
# NOMINATING COMMITTEE REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

**Dr. Lincoln Carty** is a Certified Naturopath who operates his own family business dubbed Le Maris Natural Health Consulting, formerly Le Maris Life Enrichment Systems, as a Natural Health Consultant from April 2003 to present. At the Clarence Fitzroy Bryant College, he served as a Senior Lecturer in Science Education in the Division of Teacher Education from September 1986 to April 2012. There, he trained Primary and Secondary Science Teachers, lectured in Research Methods and Principles of Classroom Assessment, and lectured in Science, Medicine and Technology in the Level One (1st Year University) Program. He currently manages the day-to-day operations of the Eastern Benevolent Society as Office Manager and EBS Funeral Home Ltd as Funeral Director since April 2011. Dr. Carty holds a Bachelor of Education (B.Ed) in Teacher Education (1984-1986), and a Master of Arts (M.A.) in Curriculum Development (1992-1994) from the University of the West Indies, Cave Hill Campus in Barbados. Additionally, he attained a Doctor of Education (Ed.D) in Adult Education from the Nova Southeastern University (1997-2001). He is currently enrolled since 2011 in the Naturopathic Practitioner, Alternative Medicine program where he is completing

the Doctor of Naturopathic Medicine with the Alternative Medicine College of Canada. Dr. Carty has received many honors and awards that are not limited to but include a Recognition of Dedicated and Generous Service to the Teaching Profession from the Ministry of Education in St. Kitts in February 2003, and an Academic Excellence Recognition Award for Outstanding Contribution to the Education Development of the Youth of St. Kitts and Nevis through Teacher Professionalism by the Chamber of Industry and Commerce and Cable & Wireless, St. Kitts & Nevis, November 19, 2007. Dr. Carty is no stranger to assessing and reviewing proposals as he has guided both Masters and Doctoral candidates with their theses and dissertation papers. With his attention to detail and his analytical skills, the Nominating Committee is of the opinion that these valuable skills will benefit the Credit Committee of the FND Credit Union.

Presented for and behalf of the Nominating Committee



Tonya Lawrence  
CHAIRPERSON



# INDEPENDENT AUDITORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2014

### TO THE SHAREHOLDERS

### FND ENTERPRISE CO-OPERATIVE CREDIT UNION LIMITED

#### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the company as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Other Matter

The Financial Statements of FND Enterprise Co-operative Credit Union Limited for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements.

PKF

Chartered Accountants:

BASSETTERRE - ST KITTS

21 August 2015



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## STATEMENT OF FINANCIAL POSITION

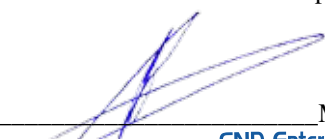
### AS AT DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

ASSETS	Notes	2014	2013 (Restated)
<b>Current Assets</b>			
Cash	3	3,556,848	2,056,155
Loans and Other Receivables - Current	4	4,134,728	2,834,544
Investments	5	<u>197,725</u>	<u>196,850</u>
		<u>7,889,301</u>	<u>5,087,549</u>
<b>Non-Current Assets</b>			
Loans – Non-Current	4	9,126,981	8,340,682
Property, Plant and Equipment	6	856,797	932,681
Intangible Assets	7	2,715	22,435
Deferred Cost	8	<u>—</u>	<u>540</u>
		<u>9,986,493</u>	<u>9,296,338</u>
<b>TOTAL ASSETS</b>		<u><b>\$17,875,794</b></u>	<u><b>\$14,383,887</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Interest Payable	9	6,000	19,954
Loans Payable	9	-	2,312,106
Security Deposits	10	3,540	3,540
Deposits	11	8,306,545	4,076,183
Trade Payables and Provisions	12	<u>145,062</u>	<u>84,723</u>
		<u>8,461,147</u>	<u>6,496,506</u>
<b>Non Current Liabilities</b>			
Deposits	11	<u>1,378,272</u>	<u>155,722</u>
<b>TOTAL LIABILITIES</b>		<u><b>9,839,419</b></u>	<u><b>6,652,228</b></u>
<b>Equity</b>			
Share Capital	13	933,275	770,960
Statutory Reserve Fund	14	4,396,780	4,394,230
Development Fund	14	2,620	2,620
Capital-based Grants	15	168,629	180,916
Retained Earnings		<u>2,535,071</u>	<u>2,382,933</u>
		<u>8,036,375</u>	<u>7,731,659</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>\$17,875,794</b></u>	<u><b>\$14,383,887</b></u>

The accompanying Notes form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 21 August 2015.



Mr R A Peter Jenkins

FND Enterprise Cooperative Credit Union Ltd.



Mr Terrence Crossman

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

	Notes	2014	2013
<b>INCOME</b>			
Fees and Other Charges	16	261,702	223,621
Interest Income	17	1,976,373	1,713,794
Other Income	18	<u>126,344</u>	<u>50,198</u>
		<u>2,364,419</u>	<u>1,987,613</u>
<b>EXPENSES</b>			
Administrative Expenses	19	(1,123,232)	(1,153,762)
Other Expenses	20	(719,666)	(479,118)
Finance Costs	21	<u>(324,511)</u>	<u>(302,306)</u>
		<u>(2,167,409)</u>	<u>(1,935,186)</u>
<b>NET INCOME FOR THE YEAR BEING</b>			
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>\$197,010</u>	<u>\$52,427</u>

The accompanying Notes form an integral part of these Financial Statements.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

	Share Capital	Statutory Reserve Fund	Development Fund	Capital-based Grants	Retained Earnings	Total
Balance at January 1, 2013	627,810	4,391,340	2,620	163,191	2,333,396	7,518,357
Shares Issued	143,150	-	-	-	-	143,150
Capital-based Grants received in the Year (Note 15)	-	-	-	30,000	-	30,000
Capital-based Grants amortized in the Year (Note 15)	-	-	-	(12,275)	-	(12,275)
Entrance Fees	-	2,890	-	-	(2,890)	-
Total Comprehensive Income	-	-	-	-	52,427	52,427
Balance at December 31, 2013	770,960	4,394,230	2,620	180,916	2,382,933	7,731,659
Shares Issued	162,315	-	-	-	-	162,315
Dividends (\$0.30 per share)	-	-	-	-	(42,322)	(42,322)
Capital-based Grants amortized in the Year (Note 15)	-	-	-	(12,287)	-	(12,287)
Entrance Fees	-	2,550	-	-	(2,550)	-
Total Comprehensive Income	-	-	-	-	197,010	197,010
Balance at December 31, 2014	\$933,275	\$4,396,780	\$2,620	\$168,629	\$2,535,071	\$8,036,375

The accompanying Notes 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, 2014

(Expressed in Eastern Caribbean Dollars)

	<u>2014</u>	<u>2013</u> (Restated)
<b>Cash flows from operating activities</b>		
Income for the Year	197,010	52,427
Adjustment for non-cash income and expenses:		
Depreciation of property, plant and equipment	94,664	104,964
Amortisation of intangibles	19,720	25,264
Amortisation of capital-based grants	(12,287)	(12,275)
Changes in operating assets and liabilities:		
Increase in Investments	(875)	-
(Increase)/Decrease in loans and other receivables – current	(1,300,184)	8,104,382
Decrease in Interest Payable	(13,954)	(4,725)
Decrease in Loans payable	(2,312,106)	(707,439)
Increase/(Decrease) in trade payables	60,339	(2,630)
Increase in deposits – current	<u>4,230,362</u>	<u>815,486</u>
Net cash from operating activities	<u>962,689</u>	<u>8,375,454</u>
<b>Cash flows from investing activities</b>		
Deferred Cost Written Off	540	-
Purchase of Software	-	(992)
Purchase of property, plant and equipment	(18,781)	(106,931)
Proceeds on disposal of property, plant and equipment	<u>1</u>	<u>-</u>
Net cash used in investing activities	<u>(18,240)</u>	<u>(107,923)</u>
<b>Cash flows from financing activities</b>		
Non-current deposits	1,222,550	155,722
Increase in loans receivable – non-current	(786,299)	(8,340,682)
Issue of shares	162,315	143,150
Dividends paid to shareholders	<u>(42,322)</u>	<u>-</u>
Net cash from (used in) financing activities	<u>556,244</u>	<u>(8,041,810)</u>
Net increase in cash	1,500,693	225,721
Cash at beginning of year	<u>2,056,155</u>	<u>1,830,434</u>
Cash at end of year	<u>\$3,556,848</u>	<u>\$2,056,155</u>

The accompanying Notes form an integral part of these Financial Statements.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 1 INCORPORATION AND PRINCIPAL ACTIVITIES

##### Incorporation:

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 20 July 2009. A resolution was passed on 24 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 31 December. Consequently the first Financial Statements was for the five months ended 31 December 2009. Although the Credit Union was formed on 20 July it began operations effective 1 August 2009. The credit union was automatically re-registered on 17 October 2011 under the new Co-operative Societies Act, 2011 which has replaced the Co-operatives Societies Act of 1995.

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

##### Principal Activities:

The Credit Union's principal activities are to safeguard, uphold and represent the best interests of all its members, especially in financial matters and to undertake all other acts and devices as are incidental or conducive to or consequential upon the attainment of its objects.

#### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

##### a) Statement of Compliance:

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board.

##### b) Basis of preparation:

These Financial Statements of FND Enterprise Co-operative Credit Union Limited are prepared on the accruals basis under the historical cost convention. They are presented in Eastern Caribbean Dollars (EC \$), the functional currency (US \$1 = EC \$2.70).

##### c) Use of estimates and judgements:

The preparation of financial statements in conformity with International Financial Reporting Standards require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Credit Union's accounting policies.

The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

##### c) Use of estimates and judgements (cont'd)

Depreciation of property, plant and equipment:

The Credit Union estimates the useful lives and residual values of property, plant and equipment based on the intended use of these assets, the periodic review of actual asset lives and the resulting depreciation determined thereon.

Impairment of financial assets:

Management makes judgements at each statement of reporting date to determine whether financial assets are impaired. A financial asset is impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The fair value of an asset is measured using the assumptions that the market participants would use when pricing the asset, assuming that the market participants act in their economic best interest.

##### d) Accounting Standards and Interpretations:

The accounting policies which are followed are set out below. These accounting policies adopted are consistent with those of the previous financial year and include the adoption of new and amended IAS, IFRS and IFRIC interpretations effective for periods beginning on or after the dates indicated:

#### **New and amended pronouncements in effect and applicable:**

##### IAS 32 Offsetting Financial Assets and Liabilities

This amendment clarifies certain aspects of the requirements on offsetting, focused on four main areas:

- The meaning of 'currently' has a legally enforceable right to set-off;
- The application of simultaneous realization and settlement;
- The offsetting of collateral amounts;
- The unit of account for applying the offsetting requirements.

This amendment is effective for periods commencing on or after 1 January 2014 and has no effect on the Credit Union's financial position or performance.



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

##### d) Accounting Standards and Interpretations: (cont'd)

##### **Standards and interpretations in issue but not yet effective and not early adopted**

The Credit Union intends to adopt the following standards and amendments, if applicable, when they become effective:

IFRS 15	Revenue from Contracts with Customers	effective 1 January 2017
IAS 16	Property, Plant and Equipment (Amendment)	effective 1 January 2016

Assessment is being made of the potential impact of these new standards and amendments.

##### e) Revenue Recognition:

The credit union principally derives its revenue from the rendering of services and interest.

##### i) Interest:

Interest is recognised using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or when appropriate, a shorter period, to the carrying amount of the financial asset.

##### ii) Fees and other charges:

Revenue from fees, fines and other charges is recognised when it is probable that the economic benefits associated with the transaction will flow to the Credit Union, the amount of revenue and the stage of completion of the transaction can be reliably measured.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

##### f) Borrowing Costs:

Borrowing costs are interest and other costs that the Credit Union incurs in connection with borrowing of funds, members deposits, bank loans, bank overdrafts and any other financial liability. Interest is calculated using the effective interest method which is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or when appropriate, a shorter period, to the carrying amount of the financial liability.

Borrowing costs are recognised as an expense in profit or loss in the period in which they occur.

##### g) Income Tax:

Section 242 (2) of The Co-operative Societies Act, 2011-31 exempts credit unions and other registered societies from the payment of income tax, corporation tax and any other tax on the income.

##### h) Property, Plant and Equipment

Property, plant and equipment 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 lives.

Buildings	2.5%	Computer Equipment	33 1/3%
Furniture & Fittings	15-20%	Plant and Equipment	10%
Motor Vehicles	20%		
Office Equipment	20-33 1/3%		

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognised.

Each year the residual values, useful lives and method of depreciation of property, plant and equipment are reviewed and any impairment is recognised in the income statement.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

##### i) Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

The Board of the FND Credit Union made the decision to fully adopt PEARLS in December 2014. Provision for Loan Losses is estimated using PEARLS where 35% of delinquent debts older than 30 days but less than 12 months are provided for and all delinquent debts over one year are provided for in full. As a result of the adoption of PEARLS, bad debt expenses increased by \$133,098.

##### j) Financial Instruments:

Financial assets and liabilities are recognised when the Credit Union becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments are added to or deducted from the fair value of the financial assets or financial liabilities.

Financial assets are classified as Loans and Receivables, Held-to-Maturity investments and Available-for-Sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases and sales are recognised and derecognised on a trade date basis.

Held-to-Maturity investments such as treasury bills are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Credit Union intends to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial investments are those non-derivative financial investments that are not classified as held-to-maturity or as loans and receivables. These include shares in companies and other credit unions.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. These include trade and other receivables, bank balances and loans to members.



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

##### j) Financial Instruments: (cont'd)

A financial asset is primarily derecognised when:

- the rights to receive cash flows from the assets have expired;
- the credit union has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party.

Financial Liabilities:

The credit union's financial liabilities comprise primarily deposits and other payables. The credit union has not designated any financial liabilities upon recognition as at fair value through profit or loss.

All financial liabilities are recognised initially at fair value. Due to their short-term nature, the carrying value of deposits and other payables approximate their fair value.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

##### k) Intangibles:

Intangible assets are identifiable non-monetary assets without physical substance. Computer software meets this description. Acquired computer software licences, upgrades to software and related costs that are expected to contribute to the future economic benefit of the Credit Union are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives at a rate of 20% per annum.

Costs associated with maintaining computer software programs are recognised as an expense when incurred.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

##### l) Share Capital:

Financial instruments issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The credit union's ordinary shares are classified as equity instruments.

##### m) Dividends:

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when approved by the directors. In the case of final dividend, this is when approved by the shareholders at the Annual General Meeting.

##### n) Provisions:

Provisions are recognised when the Credit Union has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised in the statement of income and are reviewed annually.

##### o) Capital-based Grants: (See Note 15)

Capital-based grants are treated as deferred credits, a portion of which is transferred annually to the Statement of Comprehensive Income over the expected useful life of the asset.

3 CASH	<u>2014</u>	<u>2013</u>
Current Accounts	745,765	427,924
Savings Accounts	2,688,937	1,500,704
Cash in Hand	<u>122,146</u>	<u>127,527</u>
TOTAL	<u>\$3,556,848</u>	<u>\$2,056,155</u>

The Savings accounts bear interest within the range of 0.5% to 3.25% per annum.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

### 4 LOANS AND OTHER RECEIVABLES

	2014	2013
General Loans	14,253,826	12,014,570
Loans at Solicitors	272,049	531,873
Staff Loans	1,114	55,042
Interest Receivable	70,599	-
Unearned Interest on Discount Loan	(840)	(2,720)
<b>Total Loans Receivable</b>	<b>14,596,748</b>	<b>12,598,765</b>
<b>Less: Provision for Loan Losses</b>	<b>(1,498,017)</b>	<b>(1,482,599)</b>
	13,098,731	11,116,166
Miscellaneous Receivables	<u>126,336</u>	<u>25,390</u>
	13,225,067	11,141,556
<b>Less: Non-current loans and other receivables</b>	<b>(9,126,981)</b>	<b>(8,340,682)</b>
	4,098,086	2,800,874
Prepayments	<u>36,642</u>	<u>33,670</u>
<b>Total Current Portion of Loans and Other Receivables</b>	<b><u>\$4,134,728</u></b>	<b><u>\$2,834,544</u></b>

### Analysis of provision for loan losses:

	2014	2013
Balance brought forward	1,482,599	1,398,743
Charge for the Year	422,275	295,465
Recoveries	(98,137)	(211,609)
Amount Written Off	(308,720)	-
	<u>\$1,498,017</u>	<u>\$1,482,599</u>

### Ageing of loans net of provisioning:

Neither past due nor impaired	11,068,735	9,004,148
Past due but not impaired – 30 to 90 days	578,017	494,052
Past due but not impaired – over 90 days	<u>1,451,979</u>	<u>1,617,966</u>
	<u>\$13,098,731</u>	<u>\$11,116,166</u>



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 4 LOANS AND OTHER RECEIVABLES (cont'd)

Unearned Interest 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 at the appropriate time.

Provision for loan losses is estimated using PEARLS software where 35% of delinquent debts older than 30 days but less than 12 months are provided for and all delinquent debts over one year are provided for in full. The Credit Union decided to fully adopt PEARLS as at 31 December 2014. As a result, the loan loss provision increased by \$133,098.

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.

Interest rates between 10% and 15% per annum are charged on general loans.

5 INVESTMENTS	<u>2014</u>	<u>2013</u>
Government of St Kitts and Nevis		
Treasury Bills face value \$200,000	197,625	196,750
St Kitts Co-operative Credit Union		
20 Shares of \$5 each	<u>100</u>	<u>100</u>
<b>TOTAL</b>	<b><u>\$197,725</u></b>	<b><u>\$196,850</u></b>

The Government of St Kitts and Nevis Treasury bills mature on 11 February 2015 and are issued with interest earned at the rate of 4.75% per annum.

**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
(Expressed in Eastern Caribbean Dollars)

6. Property, Plant and Equipment

<b>Cost</b>	<b>Land/ Parking Lot</b>	<b>Buildings</b>	<b>Plant &amp; Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Office Equipment</b>	<b>Computer Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
At January 1, 2013	251,794	703,588	118,200	252,335	167,898	142,704	116,000	1,752,519
Additions	-	-	-	967	-	26,618	100,000	127,585
Disposals	-	-	-	-	-	-	(116,000)	(116,000)
<b>At December 31, 2013</b>	<b>251,794</b>	<b>703,588</b>	<b>118,200</b>	<b>253,302</b>	<b>167,898</b>	<b>169,322</b>	<b>100,000</b>	<b>1,764,104</b>
Additions	-	-	-	1,381	-	17,400	-	18,781
Disposals	-	-	-	(9,208)	(73,025)	(12,901)	-	(95,134)
<b>At December 31, 2014</b>	<b>251,794</b>	<b>703,588</b>	<b>118,200</b>	<b>245,475</b>	<b>94,873</b>	<b>173,821</b>	<b>100,000</b>	<b>1,687,751</b>
<b>Accumulated depreciation</b>								
At January 1, 2013	3,045	246,257	50,959	168,894	134,970	122,337	115,999	842,461
Disposals for the year	-	-	-	-	-	-	(115,999)	(115,999)
Charge for the year	3,045	17,588	8,405	21,470	14,533	19,920	20,000	104,961
<b>At December 31, 2013</b>	<b>6,090</b>	<b>263,845</b>	<b>59,364</b>	<b>190,364</b>	<b>149,503</b>	<b>142,257</b>	<b>20,000</b>	<b>831,423</b>
Disposals for the year	-	-	-	(9,208)	(73,024)	(12,901)	-	(95,133)
Charge for the year	3,045	17,588	8,405	21,686	6,988	16,952	20,000	94,664
<b>At December 31, 2014</b>	<b>9,135</b>	<b>281,433</b>	<b>67,769</b>	<b>202,842</b>	<b>83,467</b>	<b>146,308</b>	<b>40,000</b>	<b>830,954</b>

**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
 (Expressed in Eastern Caribbean Dollars)

6 Property, Plant and Equipment (cont'd)

	Land/ Parking Lot	Buildings	Plant & Equipment	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Total
<b>Carrying amount</b>								
At December 31, 2014	<u>\$242,659</u>	<u>\$422,155</u>	<u>\$50,431</u>	<u>\$42,633</u>	<u>\$11,406</u>	<u>\$27,513</u>	<u>\$60,000</u>	<u>\$856,797</u>
At December 31, 2013	<u>\$245,704</u>	<u>\$439,743</u>	<u>\$58,836</u>	<u>\$62,938</u>	<u>\$18,395</u>	<u>\$27,065</u>	<u>\$80,000</u>	<u>\$932,681</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/accumulated depreciation as the closing balances of the Foundation.

No depreciation is taken in the year of disposal but a full year's depreciation is taken in the year of acquisition by the Credit Union.



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

7	INTANGIBLE ASSETS	<u>2014</u>	<u>2013</u>
	<b>Software:</b>		
	<b>Cost</b>		
	Opening Balance	126,319	125,327
	Additions	<u>—</u>	<u>992</u>
		<u>126,319</u>	<u>126,319</u>
	<b>Accumulated Amortisation</b>		
	Opening Balance	103,884	78,620
	Current year's amortisation	<u>19,720</u>	<u>25,264</u>
		<u>123,604</u>	<u>103,884</u>
	Net Carrying Amount	<u>\$2,715</u>	<u>\$22,435</u>

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

8	DEFERRED COSTS	<u>2014</u>	<u>2013</u>
	Balance at End of Year	<u>—</u>	<u>\$540</u>

Deferred Costs represent costs of PEARLS software not yet put into use as a newer version was installed. During the year under review, this amount was written off.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

9	LOANS AND INTEREST PAYABLE	<u>2014</u>	<u>2013</u>
	<b>Loans Payable:</b>		
	Eastern Benevolent Society	-	109,144
	Social Security Board	-	1,530,912
	International Co-operation and Development Fund	<u>-</u>	<u>672,050</u>
	<b>TOTAL LOANS PAYABLE</b>	<u>-</u>	<u>\$2,312,106</u>
	<b>Interest Payable</b>	<u>\$6,000</u>	<u>\$19,954</u>

The unsecured loan with the Eastern Benevolent Society Funeral Home Limited carried an interest rate of 5% per annum and was repayable on demand. The Eastern Benevolent Society decided to convert this loan into a term deposit in December 2014.

The loan with the Social Security Board reflecting a balance of \$1,530,912 carried an interest rate of 7% per annum. It was secured by every new mortgage that was written by the FNDECCU and every new bill of sale that stands in its favour as a mortgage. During the year under review this loan was repaid in full in advance of its due date.

The loan with the International Co-operation and Development Fund was unsecured and carried an interest rate of 5% per annum. The loan was repayable in seven years after a grace period of three years, commencing from the date of the loan agreement. The loan was scheduled to be repaid in eight consecutive semi-annual equal instalments, provided however that the final instalment shall be the balance of the loan. During the year under review, this loan was repaid in full in advance of its due date and as a result an interest charge of \$6,000 was levied.

Interest payable in the amount of \$19,954 for year ended 31 December 2013 represented interest payable on all loans.

10	SECURITY DEPOSITS	<u>2014</u>	<u>2013</u>
	Balance – as at end of year	<u>\$3,540</u>	<u>\$3,540</u>

This represents security deposits for loans granted to clients of Foundation for National Development (St Kitts-Nevis) Limited (FND).

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

11 DEPOSITS	2014	2013 (Restated)
Savings	4,500,516	3,185,986
Term Deposits	<u>2,885,624</u>	<u>986,386</u>
	7,386,140	4,172,372
Chequing Accounts	2,249,213	41,323
Interest Due on Savings and Deposits	<u>49,464</u>	<u>18,210</u>
TOTAL	<u>\$9,684,817</u>	<u>\$4,231,905</u>
Represented by:		
Current Portion	8,306,545	4,076,183
Non-Current Portion	<u>1,378,272</u>	<u>155,722</u>
TOTAL	<u>\$9,684,817</u>	<u>\$4,231,905</u>

Liquidity risk varies according to cash flow. 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.

The Credit Union pays interest on its savings and term deposits at rates ranging from 3% to 5.7% per annum.

12 TRADE PAYABLES AND PROVISIONS	2014	2013
Audit fee provision	45,000	27,100
Social Security Payable	14,512	9,780
Bills of Sale	1,210	2,452
Other payables	<u>84,340</u>	<u>45,391</u>
TOTAL	<u>\$145,062</u>	<u>\$84,723</u>

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



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

13	SHARE CAPITAL	<u>2014</u>	<u>2013</u>
	Issued and fully paid share capital		
	186,655 (2013 = 154,192) Shares at \$5 each	<u>\$933,275</u>	<u>\$770,960</u>
	Opening Balance	770,960	627,810
	Shares issued	<u>162,315</u>	<u>143,150</u>
	Balance at end of year	<u>\$933,275</u>	<u>\$770,960</u>

Section 96 of the Co-operative Societies Act, No. 31 of 2011 of the Laws of St Christopher and Nevis, Section 7 (1) of the By-Laws of the Credit Union provide for the sale of an unlimited quantity of non withdrawal, redeemable shares at a par value of \$5.00 each to its members.

Section 7 (6) of the By-Laws of the Credit Union provides that the total share capital purchased by the members is unlimited but may not exceed the equivalent of 10% of the total assets of the Society.

14	STATUTORY RESERVE AND DEVELOPMENT FUNDS	<u>2014</u>	<u>2013</u>
	Balance at beginning of year	4,394,230	4,391,340
	Entrance Fees	<u>2,550</u>	<u>2,890</u>
	Sub-total	<u>4,396,780</u>	<u>4,394,230</u>
	Development Fund (1%)	<u>2,620</u>	<u>2,620</u>
	<b>TOTAL</b>	<u><b>\$4,399,400</b></u>	<u><b>\$4,396,850</b></u>

Section 125 of the Co-operative Societies Act, No. 31 of 2011 and Section 21 (1) of the By-Laws of the Credit Union require it to make an allocation of all entrance fees, transfer and other fees and fines and not less than twenty five percent of the Net Surplus in each year to a Statutory Reserve Fund.

Section 125 (5) of the Co-operative Societies Act No 31 of 2011 states where at the end of any financial year the amount standing to statutory reserves and other institutional capital reserves before any transfer under this section is more than ten per cent of total assets, the co-operative society may not make any transfer to statutory reserves. As at 31 December 2014, the credit union's statutory reserves exceeded ten percent of total assets.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

15	CAPITAL-BASED GRANT	<u>2014</u>	<u>2013</u>
	Balance brought forward	180,916	163,191
	Grants received during the year	-	30,000
	Amortisation of Grants	<u>(12,287)</u>	<u>(12,275)</u>
	<b>TOTAL</b>	<b><u>\$168,629</u></b>	<b><u>\$180,916</u></b>
<p>The amount of \$168,629 (2013 = \$180,916) represents the deferred credit portion of grants received from international donor agencies to finance certain items of property, plant and equipment.</p> <p>The amortisation amounts are offset against the total depreciation on the property, plant and equipment.</p>			
16	FEES AND OTHER CHARGES	<u>2014</u>	<u>2013</u>
	Loan Fees	186,650	163,431
	Entrance Fees	2,550	2,890
	Conference Facilities	50,102	41,140
	Rental of Equipment	4,000	560
	Technical Assistance	<u>18,400</u>	<u>15,600</u>
	<b>TOTAL</b>	<b><u>\$261,702</u></b>	<b><u>\$223,621</u></b>
17	INTEREST INCOME	<u>2014</u>	<u>2013</u>
	Interest on Deposit Accounts	89,342	34,654
	Interest on Held-to-Maturity Investment – Treasury Bills	11,646	13,036
	Interest on Loans	<u>1,875,385</u>	<u>1,666,104</u>
	<b>TOTAL</b>	<b><u>\$1,976,373</u></b>	<b><u>\$1,713,794</u></b>
18	OTHER INCOME	<u>2014</u>	<u>2013</u>
	Amortisation of Capital-based Grant	12,287	12,275
	Gain on Disposal of Property, Plant and Equipment	-	24,500
	Project Administration	92,943	-
	Miscellaneous Income	<u>21,114</u>	<u>13,423</u>
	<b>TOTAL</b>	<b><u>\$126,344</u></b>	<b><u>\$50,198</u></b>

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

19	ADMINISTRATIVE EXPENSES	2014	2013
	Salaries	671,997	705,926
	Emoluments Imposts	64,080	65,770
	Electricity and Water	74,067	71,589
	Rents	46,200	45,500
	Conference Room Expense	6,157	7,331
	Telecommunication	41,975	38,322
	Stationery and Office Supplies	53,580	51,742
	Postage	9,671	6,819
	Group Insurance	25,196	22,353
	Travel Allowances	26,400	27,280
	Vehicle Expenses	9,419	12,824
	Promotion and Advertising	72,447	79,761
	Staff Benefits	-	17,157
	Training	22,043	1,388
	<b>TOTAL</b>	<b>\$1,123,232</b>	<b>\$1,153,762</b>
20	OTHER EXPENSES	2014	2013
	Office Consumables	2,809	2,582
	Equipment Maintenance	18,270	17,373
	Office Maintenance	37,353	55,681
	Depreciation	94,664	104,964
	Amortisation of Intangible Assets (Note 7)	19,720	25,264
	Donation and Subscription	9,626	7,683
	Entertainment	736	102
	Security	6,698	5,733
	Travelling Expenses	420	2,357
	Insurance	9,358	9,358
	Affiliation Dues	18,590	8,095
	Meetings and Conventions	63,228	47,095
	Professional Fees	-	13,290
	Audit Fees and Expenses - Current	45,000	30,439
	- Previous Year	4,304	-
	Legal Fees	2,574	13,262
	Legal Settlement	-	11,952
	Bad Debts and Provisions	330,516	83,855
	Miscellaneous	11,182	1,292
	MIS Support	44,618	38,741
	<b>TOTAL</b>	<b>\$719,666</b>	<b>\$479,118</b>



**FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(Expressed in Eastern Caribbean Dollars)**

**21 FINANCE COSTS**

**2014**

**2013**

Interest Expenses:

Interest on Loans

123,995

170,309

Interest and Bank Charges

200,516

131,997

**TOTAL**

**\$324,511**

**\$302,306**

**22 TAXATION**

Under the provisions of the Income Tax Act of St Christopher and Nevis, Chapter 20:22 Section 5 (1) (b), all friendly Societies are exempted from Income Tax. The Credit Union is classified as a friendly Society.

**23 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

Contingent Liabilities:

There were no contingent liabilities at 31 December 2014 (2013 = Nil).

Capital Commitments:

There were no capital commitments at 31 December 2014 (2013 = Nil).

**24 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 key management staff.

**2014**

**2013**

Amount due to Key Management including Directors and Committee Members

\$239,276

\$140,990

Loan Balances due by Key Management including Directors and Committee Members

\$111,179

\$213,138

Key Management Compensation

\$403,705

\$490,976

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 24 RELATED PARTY TRANSACTIONS (cont'd)

Outstanding balances at year end were partially secured and bore interest at the normal commercial rate of 15% per annum. For the year ended 31 December 2014, the Credit Union did not record any impairment charge in respect of receivables relating to amounts outstanding by related parties.

#### 25 DIVIDEND

The financial statements reflect dividend of \$42,322 for the financial year 2013.

#### 26 CAPITAL MANAGEMENT

The Credit Union manages its funds to ensure that it will continue as a going concern while maximising returns for members at minimum risk. Capital is managed as per the guidelines established by the Co-operative Societies Act, No 31 of 2011, the Co-operative Societies Regulations, 1997 and International Prudential Standards for Credit Unions (PEARLS).

Capital is managed by the Board and management in accordance with established policy. This policy implementation is monitored by the Supervisory committee and implemented by management.

Two primary ratios used by PEARLS to assess capital adequacy are

Net Loans/Total Assets	Standard range (70 to 80%)	Actual	74%
Net Value of Assets/Total Shares & Deposits	Standard $\geq 111\%$	Actual	221%

The capital and funds of the Co-operative Society consist of qualifying shares, savings, deposits and loans from members and non-members, donated capital and institutional capital transferred from The Foundation For National Development (St Kitts-Nevis) Limited.

Liquid reserves are managed such that its total is at all times greater than 15% of members' unencumbered deposits and other short term liabilities.

The total Share Capital purchased by the members is unlimited but may not exceed the equivalent of 10% of the total Assets of the Credit Union and no single member or connected party is allowed to own more than 20% of the total shares of the Co-operative Society.

Loans are not made to members if the total lent to that member exceeds 10% of the Credit Union's Share Capital, retained earnings and liquid reserves or members' ordinary deposits and the Credit Union's reserves, whichever is less.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

27 FINANCIAL INSTRUMENTS	<u>2014</u>	<u>2013</u>
<b>Categories of Financial Instrument:</b>		
<b>Financial Assets:</b>		
Cash and Bank Balances	3,556,848	2,056,155
Loans and Receivables	13,261,709	11,175,226
Held-to-maturity investments	197,625	196,750
Available for Sale Investments	<u>100</u>	<u>100</u>
	<u>17,016,282</u>	<u>13,428,231</u>
<b>Financial Liabilities:</b>		
Loans and Interest Payable	6,000	2,332,060
Deposits	9,688,357	4,235,445
Trade Payables and Provisions	<u>145,062</u>	<u>84,723</u>
	<u>9,839,419</u>	<u>6,652,228</u>

### Risk Management

The Credit Union manages its risk through the use of internal reports and by ensuring that financial assets remain within established guidelines set by the Board of Directors and those mandated by law and PEARLS. The supervisory committee on a monthly basis confirms and monitors financial instruments and monitors the risk management of the Credit Union. These risks include interest risk, credit risk and liquidity risk.

### Interest rate risk:

Interest rate risk is the risk of changes to profitability as a result of interest rate changes. Cash at Bank, Treasury bills, members deposits and loans, as well as loans from institutions are all subjected to interest rate changes. However these rates have not changed substantially over the years. Loans from institutions are all fixed and are not subject to changes in base rates. The Credit Union is therefore not subject to any significant interest rate risk due to rate changes.

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 27 FINANCIAL INSTRUMENTS (cont'd)

The following table summarises the Credit Union's exposure to interest rate risks:

As at 31 December, 2014

	<u>1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Non-Interest bearing</u>	<u>Total</u>
<b>Assets</b>					
Cash resources	3,209,241	-	-	347,607	3,556,848
Loans and Other					
Receivables	3,965,913	8,216,072	910,909	132,173	13,225,067
Investments	<u>197,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,725</u>
	<u>7,372,879</u>	<u>8,216,072</u>	<u>910,909</u>	<u>479,780</u>	<u>16,979,640</u>
<b>Liabilities</b>					
Interest Payable	6,000	-	-	-	6,000
Security Deposits	-	-	-	3,540	3,540
Deposits	8,306,545	1,378,272	-	-	9,684,817
Trade Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,062</u>	<u>145,062</u>
	<u>8,312,545</u>	<u>1,378,272</u>	<u>-</u>	<u>148,602</u>	<u>9,839,419</u>
	<u>\$(939,666)</u>	<u>\$6,837,800</u>	<u>\$910,909</u>	<u>\$331,178</u>	<u>\$7,140,221</u>

As at 31 December, 2013

	<u>1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Non-Interest bearing</u>	<u>Total</u>
<b>Assets</b>					
Cash resources	1,837,782	-	-	218,373	2,056,155
Loans and Other					
Receivables	2,775,484	7,572,585	768,097	25,390	11,141,556
Investments	<u>196,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,850</u>
	<u>4,810,116</u>	<u>7,572,585</u>	<u>768,097</u>	<u>243,763</u>	<u>13,394,561</u>
<b>Liabilities</b>					
Loans and Interest Payable	131,967	2,200,093	-	-	2,332,060
Security Deposits	-	-	-	3,540	3,540
Deposits	4,076,183	155,722	-	-	4,231,905
Trade Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,723</u>	<u>84,723</u>
	<u>4,208,150</u>	<u>2,355,815</u>	<u>-</u>	<u>88,263</u>	<u>6,652,228</u>
	<u>\$601,966</u>	<u>\$5,216,770</u>	<u>\$768,097</u>	<u>\$155,500</u>	<u>\$6,742,333</u>



# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 27 FINANCIAL INSTRUMENTS (cont'd)

##### Credit Risk

The credit union manages its credit risk by spreading its cash resources with different reputable financial institutions and establishing maximum levels to be deposited at each institution. Loans are granted to members after careful consideration of their character, financial condition and sureties to ascertain the ability to repay fully and promptly their obligation. Loans over stipulated limits must be approved by the credit committee. The Credit Union also monitors its loan portfolio to ensure it is not unduly exposed to any particular business sector.

##### Liquidity Risk

The loan portfolio comprises short, medium and long term loans. There are also loans from institutions for which monthly and quarterly payments have to be made. These liabilities are financed by members deposits and shares. The credit union has to have adequate liquid resources to meet demands on deposits and loan repayments. The guidelines established by PEARLS and the Co-operatives Act as well as experience gained over the years are used to manage the Credit Union's liquidity risk.

The following table summarises the maturity profile of the Credit Union's financial assets and liabilities:

As at 31 December 2014

	<u>1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
<b>Assets</b>				
Cash Resources	3,556,848	-	-	3,556,848
Loans and Other Receivables	4,098,086	8,216,072	910,909	13,225,067
Investments	<u>197,725</u>	<u>-</u>	<u>-</u>	<u>197,725</u>
	<u>7,852,659</u>	<u>8,216,072</u>	<u>910,909</u>	<u>16,979,640</u>
<b>Liabilities</b>				
Interest Payable	6,000	-	-	6,000
Security Deposits	3,540	-	-	3,540
Deposits	8,306,545	1,378,272	-	9,684,817
Trade Payables	<u>145,062</u>	<u>-</u>	<u>-</u>	<u>145,062</u>
	<u>8,461,147</u>	<u>1,378,272</u>	<u>-</u>	<u>9,839,419</u>
<b>Net Liquidity Gap</b>	(\$608,488)	\$6,837,800	\$910,909	\$7,140,221

# FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Eastern Caribbean Dollars)

#### 27 FINANCIAL INSTRUMENTS (cont'd)

As at 31 December 2013

	<u>1 Year</u>	<u>1 to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
<b>Assets</b>				
Cash Resources	2,056,155	-	-	2,056,155
Loans and Other Receivables	2,800,874	7,572,585	768,097	11,141,556
Investments	<u>196,850</u>	<u>-</u>	<u>-</u>	<u>196,850</u>
	<u>5,053,879</u>	<u>7,572,585</u>	<u>768,097</u>	<u>13,394,561</u>
<b>Liabilities</b>				
Loans and Interest Payable	131,967	2,200,093	-	2,332,060
Security Deposits	3,540	-	-	3,540
Deposits	4,076,183	155,722	-	4,231,905
Trade Payables	<u>84,723</u>	<u>-</u>	<u>-</u>	<u>84,723</u>
	<u>4,296,413</u>	<u>2,355,815</u>	<u>-</u>	<u>6,652,228</u>
<b>Net Liquidity Gap</b>	<b>\$757,466</b>	<b>\$5,216,770</b>	<b>\$768,097</b>	<b>\$6,742,333</b>

#### 28 RECLASSIFICATION

Certain items on the Statement of Financial Position have been reclassified during the current year to improve the financial statement presentation. The effect on the statement of financial position is as follows:

	<u>As previously Reported</u>	<u>Reclassified</u>	<u>As Reclassified</u>
Loans and Other Receivables	11,175,226	(8,340,682)	2,834,544
Loans and Other Receivables – Non-Current	-	8,340,682	8,340,682
Deposits	4,231,905	(155,722)	4,076,183
Deposits – Non-Current	-	155,722	155,722



## FND Enterprise Cooperative Credit Union Ltd.

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