



FND ENTERPRISE COOPERATIVE
CREDIT UNION LTD.

FOSTERING AN EDUCATED
CREDIT UNION
MOVEMENT



ANNUAL
REPORT 2016

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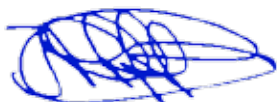


NOTICE OF 8TH ANNUAL GENERAL MEETING

Notice is hereby given that the Eight (8th) Annual General Meeting of the FND Enterprise Co-operative Credit Union Limited will be held at **Ocean Terrace Inn on 19th October, 2017 at 5:00pm** to conduct the following business:

1. To confirm minutes of the 7th Annual General Meeting held on Thursday 11th August , 2016.
2. To consider matters arising from the minutes of the 7th 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 31st December, 2016.
4. To consider and approve the Auditors' Report and Financial Statements for the Year ended 31st December, 2016.
5. To declare Dividends for the year ended 31st December, 2016.
6. To elect officers to the Board of Directors, Credit Committee and Supervisory Committee.
7. To set maximum borrowing limit for the ensuing year allowing the Board to set the remuneration.
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
26th September , 2017.

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



Agenda

THEME: "FOSTERING AN EDUCATED COOPERATIVE MOVEMENT"

REGISTRATION- (5:00 p.m. TO 5.30 p.m.)

OPENING SESSION- (5:30 to 6:00)

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 7th Annual General Meeting
11. Matters Arising from the Minutes of the 7th Annual General meeting
12. Reports and Adoptions:
 - (a) Board of Directors
 - (b) Auditors and Auditors Financial Statements
 - (c) Treasurer
 - (d) Credit Committee
 - (e) Supervisory
13. Declaration of Dividends
14. Setting of Maximum Liability
15. Appointment of Auditors
16. Elections 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.

AMEN



STANDING ORDERS

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



MINUTES OF 7TH ANNUAL GENERAL MEETING

Opening Session:

The Seventh Annual General Meeting (AGM) was called to order at 6:00pm by the Chairman of the Opening Ceremony, Mr. Steve Wrensford, Board Director. The Ceremony commenced with the singing of the National Anthem by sister Eulynis Browne, followed by the Invocation by brother Wendell Huggins and recital of the Credit Union Prayer by the membership. Mr. Wrensford appropriately welcomed the specially invited guest speaker Mr. Karl Spencer, General Manager of Community First Co-Operative Credit Union of Antigua and Barbuda, the leaders of the other three Credit unions in the Federation, representatives from the Financial Services Regulatory Commission, representatives from the Caribbean Confederation of Credit Unions and all of the FND Credit Union members present.

The Chairman read the Theme for the AGM, which was “A Time for Reflection and Renewal”. He indicated that during the course of the AGM he wanted the gathering to reflect on the successes and challenges that were experienced by the Credit Union during the last financial year. He mentioned improvements in internal processes and procedures; enhancement of products and services to our members and increased and improved benefits to our staff including the introduction of a Pension Plan. He noted the challenges being faced to comply with the American Anti-Money Laundering Laws (AML) and Foreign Accounts Tax Compliance Act (FATCA). In terms of renewal, he posited that the Credit Union has to look at what is working and improve on them and find solutions to the challenges that we face but with the interest of the members as the main focus at all times. He then invited President Jenkins to make opening remarks.

President's Opening Remarks

President Jenkins began his presentation by thanking the membership for giving the Board the opportunity to serve them for another year. He then recognized and commended a number of specially invited Guest which included organization and individuals alike. He thanked and welcomed Mr. Omax Gardner, Partner of Pannell Kerr Foster; the Past Directors of our Credit Union, Guest Speaker, Mr. Karl Spencer of Antigua; the members of the St. Kitts-Nevis National Cooperative League and special commendation was given to the Financial Services Regulatory Commission for their hard work in assisting the Credit Union in the federation.

President Jenkins noted the Credit Union had shown improvements in all areas of operations including growth in membership and Capital, Deposits, Loans and profit. He also mentioned the improved working conditions of Staff. He stated that the details will be presented in the other reports during the course of the meeting.

He ended his short presentation by welcoming and praising the members for their turnout, stating “I do not have to worry about a quorum, which is an indication of the genuine interest of you the members in your Credit union.

Keynote Speaker:

The Guest Speaker, Mr. Karl Spencer was introduced by Mrs. Lyn Bass, the Operation Manager of our Credit Union. Mr. Spencer brought greeting from his Board, other Volunteers, staff and the members of Community First Co-operative Credit Union. He commended the members for such a large turn out to our AGM and indicated that it was very difficult to garner such a large turn out to AGMs in his country.

He then gave a brief overview of the history and growth of his credit union. He indicated that he had reached out for other credit unions to help when needed and mentioned that the Nevis Credit Union had assisted his Credit Union in implementing ‘Permanent Shares’. He further stated that he believes in the seven cooperative principles, but that he genuinely practice the sixth principle of “Cooperation amongst Cooperatives”.

Mr. Spencer recommended that the FND Credit Union reaches out to other Credit Unions for help to avoid the mistakes that they would have made when they were at our stage of development. He indicated that when recommendations are made by the Regulators, the Credit unions must ask why before taking them on board because the members interest must always be first and foremost and such recommendations should be challenged if they will hurt the members.

He implored the FND Credit Union not to be afraid to request assistance from other Credit Unions both local or foreign. He suggested that this should be easy as the Credit Union Movement in St. Kitts and Nevis is very healthy. He stated that it was the first time he had seen other credit union members attending the AGM of another, which indicated that we were not afraid to share information such as your successes and challenges with each other.



MINUTES OF 7TH ANNUAL GENERAL MEETING

Mr. Spencer ended his presentation by thanking the Board for inviting him to speak at the AGM and indicated that he is available to assist any credit union that may require his assistance.

Business Session:

The Business Session was called to Order by President Jenkins at 6:26 pm and apologies given for the absence of Director Jamir Claxton who was off island.

A quorum was confirmed by Mrs. Kjellin Rawlins, the Registrar of Credit Unions.

Confirmation of Minutes from 6th AGM

There were no amendments to minutes of 6th AGM. The Minutes were accepted on a motion moved by James Pemberton and seconded by Sandra Davoren.

Matters Arising:

Mr. Faron Lawrence inquired as to the status of the Compliance Officer's position. The President explained that attempts are being made via the Credit Union League and other Credit Unions to have one officer employed jointly by all Credit Unions. He stated that there were ongoing discussions and negotiations with the Regulators that had delayed the process but that he was hopeful that the matter will be in the resolved in the near future.

Reports:

Board of Directors Report

The Board of Directors Report was presented by President Jenkins. Highlights included an explanation as to how reducing the interest rate benefit members. Mr. Faron Lawrence raised concern regarding the risks associated with the AML and CTF issues. He noted that the issue of the Compliance Officer position should be treated with urgency. The Board of Directors report was accepted on a motion moved by Faron Lawrence and seconded by William DeGrasse.

Auditor's Report

The Auditor's Report was presented by Mr. Omax Gardner on behalf of PKF.

Treasurer's Report

Treasurer Mr. Terrence Crossman presented this report. The report was read in its entirety from the Annual Report. Mr. Samuel Lawrence suggested that the Credit Union explore the use of solar energy to reduce electricity costs and further suggested that costs associated with electricity and water should be reported separately. The treasurers report was accepted on a motion moved by Clement Richardson and seconded by Pearl Blanchard.

Credit Committee Report

The Credit Committee report was presented by the Chairman of the Committee, Mr. Wendell Huggins. The report was read in its entirety from the Annual Report.

Mr. Faron Lawrence noted that delinquency has been a longstanding issue and called for the use of creative solutions to reduce delinquency levels. Mr. Lawrence noted that it would be difficult to reduce the interest rate given current levels of delinquency. President Jenkins responded by thanking Mr. Lawrence for his comments and indicated that by highlighting the delinquency levels members cannot claim lack of awareness and saw this as an opportunity for the FND members, staff and volunteers to address the issue. In this regard the next step was to create a strategy/proposal to address the longstanding issue.

Bronte Duncan indicated that 24% delinquency is huge and requested a breakdown of the loan distribution to show aging. This will allow for a better appreciation of how the loans affect delinquency. General Manager James Webbe indicated that a breakdown will be made available in next year's report.

Mr. Samuel Lawrence raised a question regarding the use of the process of seizure that is available via the court system. President Jenkins noted that property has been seized, however this action is usually taken as a last resort. The Credit Committee's report was accepted on a motion moved by Mr. Samuel Lawrence and seconded by Terrance Williams.

Supervisory Committee Report

The Supervisory Committee Report was presented by Mr. Carl Osborne and accepted on a motion moved by Gloria Byron and seconded by Will Degrasse.



MINUTES OF 7TH ANNUAL GENERAL MEETING

Declaration of Dividend

A 7% dividend was recommended by the Board of Directors for the year in review. The recommendation was accepted on a motion moved by Mr. Samuel Lawrence and seconded by Clevon Thompson.

Setting of Maximum Liability

The Board recommended a maximum liability of \$5,000,000 for the ensuing year. This recommendation was approved on a motion moved by Sandra Davoren and seconded by Jovanelle Caines.

Appointment of Auditors & Authority to the Board to fix the remuneration

The Board recommended that the PKF be appointed as Auditors and it be given authority to fix the remuneration for the ensuing year. The recommendation was moved by Faron Lawrence and seconded by Egbert Hanley.

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	Mrs. Malvie James	1st	2016	Mrs. Malvie James	2 nd	3	2019
	Mr. Terrence Phipps	1st	2016	Mr. Terrence Phipps	2 nd	3	2019
	Mr. Dennis Phillip	1st	2016	Mr. Dennis Phillip	2 nd	3	2019
	Terrence Crossman	1st	2016	Terrence Crossman	2 nd	3	2019
Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Credit Committee	Mr. Sean Lawrence	1 st	2016	Mr. Sean Lawrence	2 nd	3	2019
	Mr. Osbert DeSuza	1 st	2016	Mr. Osbert DeSuza	2 nd	3	2019
Committee	Retired/Resigned	Term	Retiring	Nominated	Term	Years	Retiring
Supervisory Committee	Ms. Shermel Jeffers	1 st	2016	Ms. Shermel Jeffers	2 nd	3	2019
	Mrs. Velda Irish- Browne	1 st	2016	Mrs. Velda Irish- Browne	2 nd	3	2019

The above nominated members were all approved by the membership during the election process guided by Mrs. Kjellin Rawlins- Elliott, Credit Union Regulator.

Pension Plan

Members were advised that the Staff Pension Plan required three trustees representing the Staff, Board of Directors and the general membership. The representative selected by Staff was Mr. Elleston Welsh and the representative from the Board of Directors was Mrs. Malvie James.

The floor was opened to receive nominations from the general membership to select their representative to the Pension plan trustees.

Samuel Lawrence was nominated by Terry Williams and seconded by C Richardson.

Gary Moving was nominated by James Webbe and seconded by Shanwa Broadbelt.

Clevon Samuel was nominated by Javonelle Caines and seconded by Verdwenia Woodley

Nominations were ceased on a motion moved by C Richardson and seconded by Gloria Blanchard.



MINUTES OF 7TH ANNUAL GENERAL MEETING

Mr. Gary Moving received the majority of the votes and was elected as the Trustee representing the general membership.

Any Other Business:

Mr. Terry Williams congratulated the FNDECCU for reaching thus far and expressed his personal thanks as a taxi driver. He encouraged the FNDECCU to not lose focus and to keep small businesses central to our mission. He encouraged the FNDECCU to continue to say yes to small businesses while the commercial banks say no.

Samuel Lawrence noted the need for good communication as he did not receive a call or mail to collect his share certificate.

Awards and Recognition

Awards were presented to: Mr. Elleston Welsh, Loan officer for his dedication and overall performance in the area of growth in the loan portfolio

Mr. Diquone Claxton, received an award for the cooperation and overall good performance in the Nevis Branch.

Mr. Elvis Morton, Office Attendant was recognized for his contribution to the overall loans campaign

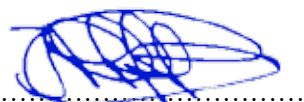
Juliette Weeks-Caines, member was recognized for her contribution to the organization by way of referrals.

Vote of Thanks

The Vote of Thanks was presented by Mrs. Malvie James, Board Director. She expressed thanks to all who attended the meeting and specifically named Eulynis Browne for her splendid rendition of the Anthem, then President Jenkins for his overview of our Credit Union's operations, Mr. Wendell Huggins for invoking God's blessings on the proceedings and she especially thanked the Guest speaker, Mr. Karl Spencer for his advice encouragement and challenge to the organization.

Adjournment

The 7th Annual General Meeting of the FND Enterprise Cooperative Credit Union Ltd was adjourned at 9: 07 pm.



Trevor Phipps
BOARD SECRETARY



BOARD OF DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Fellow Co-operators, your Board of Directors is delighted to present its report on the operations and performance of the FND Enterprise Co-operative Credit Union Ltd (FNDECCU) for the financial year ended December 31, 2016.

OVERVIEW

The financial year, 2016 was another successful year for the FND Enterprise Cooperative Credit Union. The financial performance improved in all areas. The Credit Union made significant progress in implementing recommendations made by the Financial Services Regulatory Commission including designing and implementing Fraud and AML Policies. The institution continued to struggle with the challenges faced from the new legislation, regulations and stipulations relating to 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).

Non-performing loans continue to negatively impact the profitability of the society. A new staff position, namely "Collections Manager was created to combat this serious perennial problem, which is the single biggest threat to the profitability of the institution.

The Theme for this year Annual General meeting is "Fostering An Educated Cooperative Movement".

With the various challenges faced by the Credit Union, the Board continued to expose the volunteers and staff to varied training with a view of garnering knowledge to deal with those challenges.

As indicated in our Annual Report last year, special focus was directed towards our staff needs during the year and after research and consultation the Board revised salaries and introduced a Pension Plan for staff.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

At the 7th Annual General Meeting of the FND Enterprise Co-operative Credit Union Limited held on 11th August, 2016. Mrs. Malvie James, Mr. Trevor Phipps, Mr. Dennis Phillip and Mr. Terrence Crossman were all reelected for a second three year term after serving a full three year term. 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 nd	0	2017
Trevor Cornelius	Vice President	2 nd	0	2017
Trevor Phipps	Secretary	2nd	2	2019
Terrence Crossman	Treasurer	2nd	2	2019
Malvie James	Assistant Secretary	2nd	2	2019
Dennis Phillip	Director	2nd	2	2019
Ms. Maretta Claxton	Director	1 st	1	2018
Mr. Jamir Claxton	Director	1 st	1	2018
Mr. C. Steve Wrensford	Director	1 st	1	2018

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. Thirteen (13) Board meetings were held during the year.

Staffing:

- The Marketing and Member Relations Position was made redundant on 6th January, 2016.
- Mrs. Cerene Esdaille- Henry was employed as a Loans Officer on 16th March, 2016.

There were no other changes to staff during 2016.

ADMINISTRATION AND MANAGEMENT



BOARD OF DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Staff, Committee and Members' Education and Training

During the year under review, Board, committee and staff members were again exposed to training home and abroad 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:

- **Mr. Cremoy Agard, member of our Credit Committee** attended the one-week workshop In Jamaica from March 1-6, where he was trained as a Credit Union Development Educator (**CaribDE**). This was course was established in 2010 by Melvin Edwards and facilitated by the National Credit Union Foundation in the USA along with support from World Council of Credit Unions (WOCCU) and the Credit Union National Council(CUNA). Topics included the history, principles and values of the Credit Union Movement and various current issues affecting the Movement.
- **Mr. Elleston Welsh, Loans Officer** also completed the **CaribDE** course in Trinidad and Tobago later in March.
- In September, **Shauna Daniel** from our Nevis Office also completed the one week training as a **CaribDE**
- **Ms. Karista Dunrod** successfully completed a one week training workshop in Customer Service organized by the University of the West Indies.
- **Mrs. Lyn Bass** attended a two-day AML/CFT Awareness Seminar and training workshop at the Four Season Resort on 21st and 22nd March, 2016. The workshop was organized by the Nevis Financial Services Regulatory and Supervision Department. The main Speaker was Tom Devlin of Steven Platt & Associates of the United Kingdom. The topics included Financial Crime Facilitation, FATCA, Citizen by Investment, Corporate Governance and AML/CFT Trends and Developments.
- The **St. Kitts Staff members** were exposed to the Labour Laws and its implication for staff and the institution alike on 7th December, 2016. Mr. Geneve Mills was the main presenter from the Department of Labour. He was ably supported by two other officers from the Department.

CARIBBEAN CONFEDERATION OF CREDIT UNIONS:

As stated in the Overview above, our strategy is expose volunteers and staff to varied training in order to stay abreast

of the issues affecting the Credit Union Movement and find solutions to such. The main education event is the **Annual International Convention of the Caribbean Confederation of Credit Union**. A six-member delegation from the FND Credit Union was among hundreds of participants who attended the 59th Annual International Convention and 45th Annual General Meeting of which was held in Orlando, Florida from 1st July to 6th July, 2016. The training sessions were lead by experts in various disciplines.

Topics discussed included:

- Enhancing Leadership skills and mentoring
- Best Practices for Attracting New Members
- Empowering Youths
- Climate Change and its Financial Impact
- Cultivating a Successful Mindset.
- Understanding Mobile Banking and its Effect on Members
- Enhancing Security and Data Breach Readiness
- Inclusive Growth: Understanding the Youth Market.

STRATEGIC PLANNING SESSIONS:

The Credit Union held a one day Strategic Planning session at the Kittitian Hill in November 2015. In attendance were all Staff members and contingents from the Board, Supervisory and Credit Committees. Staff voiced their concerns and the Board of Directors and Management made a commitment to the new direction agreed to by the group.

A follow up meeting was held in 2016 and the team examined the strengths, weaknesses , opportunities and threats facing the institution and Strategic Plan objectives were developed with a view to preparing a three year Strategic plan.

However, there were some emergent strategies that led the institution to think differently and change course of action. A new set of objectives are required in order to prepare a new Strategic Plan for the next three years, from 2017 to 2019.

MARKETING AND EDUCATION AWARENESS PROGRAMMES:

Marketing and Marketing Research

The Marketing and Educational Awareness Programmes carried out last year continued in 2016. The FND Credit Union continued 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.

Education and Awareness

All new members were presented with foundation principles of credit union, which include Operating, Governance, Safety and Soundness and consumer protection. The kit also includes advice on tracking and managing one's finances.

The Credit Union has invested in **Digital Notice Boards** for both offices. The intension is being able to display various products, information and events to members, visitors and



BOARD OF DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Employees. It is hope that it will bring an impressive change to the Credit Union in terms of displaying messages, images photo Gallery and videos. Advertisement of products and services will be an ongoing event to all who visit the offices.

PERFORMANCE

Financial

The performance of the FNDECCU during the 2016 financial year was again better than projected. The Credit Union recorded significant positive growth in all areas of operations generating a surplus of \$540,782 after recording a surplus of \$268,889 in the previous year.

Details of the Credit Union's financial performance are presented in the Treasurer's Report **page 13** and Financial Statements **pages 26-59**.

Loans Portfolio and Delinquency

The FND Enterprise Cooperative Credit Union increased its net Loans portfolio during the year by a significant \$5,421,997 or 35.2% moving from \$15,376,137 to \$20,798,134. This compares favourably with the previous year when the portfolio also had a significant increase of \$2,277,406 or 17%. The provision for Bad debt Provision decreased as a result of \$1,284,569 written off against it. However another \$534,569 was expensed as Bad debts during the year.

Despite the enormous effort exerted with delinquency, it continues to be a problem. We urge staff to meet with members who have genuine financial problems to counsel and if deemed necessary re-schedule loans to make life easier for the members. However, we also continue to support management to take all steps necessary, including legal action to recover funds from members who have rescinded on their responsibly and commitment to repay their loans.

Membership and Services

At 31st December, 2015 there were 2306 shareholders valuing \$1,576,020 indicating an average share value per member of \$683.44. When compared with the period under review ended 31st December, 2016, the number of shareholders had grown to 2744 with a total share value of \$2,583,835 showing an average value of shares per member of \$941.63. The figures show that the number of shareholders increased by 438 or 19% and the corresponding value of shares also increased by \$1,009,815 or 64.07%. This shows significant improvement over 2015 when the membership increased by 238 and \$642,745.

Deposits

Total Deposits as at December 31, 2016 was \$16,058,709, an increase of \$3,894,857 or 32% over December 2015. The significant growth in Total Deposits is as a direct result of the increase in our savings and Term Deposits. This shows a better position than last year when the increase of \$2,479,035 was as a result of our chequing account which tends to be short term.

FUTURE OUTLOOK

The Credit Union must focus on targeting our youth for membership growth if we are to continue to be relevant. We must meet the needs of the elderly and the young. These young members are requiring the latest technologies. Internet and mobile banking must be a service offered by our Credit union if we are serious about encouraging our youth to growth the Movement.

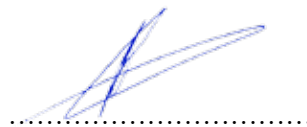
Our future must include Bill Payments on line. Member experience must be automated systems and processes. Loans application and disbursement will have to be offered online while ensuring Regulatory Compliance and reporting.

If we fail to act now we will be left behind and your Board will not allow that to happen.

CONCLUSION

Your Board wishes to thank the general membership, volunteers, staff and other stakeholders for your commitment to and support of the FND Credit Union during 2016. The collective efforts of the membership and supporting institutions including the Regulators to the success of the FND Enterprise Cooperative Credit Union were commendable 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, 2016

OVERVIEW

The FND Enterprise Cooperative Credit Union (FNDECCU) recorded a surplus of \$539,582 compared with a surplus of \$268,889 in 2015. This represents a positive movement of \$270,693 or 100.6%.

There was significant growth in the loans portfolio during the year. It moved from \$15,376,137 as at 31st December, 2015 to \$20,798,134 as at 31st December, 2016, an increase of \$5,421,997 or 35.2%. The significant growth in two consecutive years has translated into substantial growth in Income this year. We are confident that this trend will continue in the ensuing year.

ASSETS

Total Assets increased by \$5,435,746 or 25.3% in 2016 compared to an increase of \$3,578,153 or 20.2% in the previous year. The increase in Assets in 2016 is mainly attributable to the increase in loans and Other Receivables by \$5,439,058. There were increases in both current and non-current assets of \$1,339,036 and \$4,096,710 respectively.

LIABILITIES

Total Liabilities increased by a significant \$4,001,516. This net increase is mainly due to the growth in members' savings and term deposits by \$3,132,935 or 25.7% and the increase in provision for the staff Pension Plan of \$91,047.

EQUITY

Total Equity, which is the total of Share Capital, Statutory Reserve, Special Reserve, Capital Grants and Retained Earnings increased by \$1,434,230 mainly due to the surplus of \$539,582 and the increase of Share Capital by a significant \$1,007,815.

SURPLUS

Income

Total Income increased by \$391,539 or 13.9% over 2015. Interest Income increased by \$404,011 or 17.2% as a result of the increased performance in the loan portfolio during 2016. Fees and Other Charges also increased by \$36,377 or 11.8 % as a result of the increase in loans disbursed. However, Other Income decreased by \$48,849 because of reduced project administration fees.

Expenses

Total Expenses increased by \$120,846 or 4.5% over 2015. This is the net of increases and decreases in Administrative, Finance and Other costs. There were increases in Salaries, bonuses and Social Security expense by \$89,506 while Staff benefits decreased by \$12,813 and Pension Plan expense also decreased by \$78,931. Promotion and Advertisement decreased by \$115,738. Training, Meetings and Conventions increased by \$13, 710, while an Appreciation Allowance for Volunteers was introduced totalling \$54,000.

As expected, finance costs increased by \$43,459 as a result of increased members' deposits. Bad debt expense again increased from \$352,642 to \$464,897 although extra resources and energy were allocated in to this area during the year. Delinquency continues to be the single major risk to the Credit Union.

CONCLUSION

The Board and Management will continue to monitor our costs with a view to reducing costs where possible. Delinquency continues to be the single biggest threat to the institution at present. The above indicators show that the Credit union is growing at a steady pace but 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 and implementation of new technology.


.....
Terrence Crossman
Treasurer



CREDIT COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016.

The members of the Credit Committee were:

- Mr. Wendell Huggins , Chairman
- Mr. Cremoy Agard , Secretary
- Mr. Osbert DeSuza, Member
- Mr. Sean Lawrence, Member
- Dr. Lincoln Carty, Member (Resigned September 27, 2016)

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

NAME	POSITION	TERM	YEARS REMAINING	YEAR RETIRING
Wendell Huggins	Chairman	2 nd	0	2017
Cremoy Agard	Secretary	1 st	0	2017
Sean Lawrence	Member	2 nd	2	2019
Osbert DeSuza	Member	2 nd	2	2019

MEETINGS:

The meetings of the committee were held on average once per month to review and approve loan applications which included providing insight and analysis to the Board on loans exceeding the Committee's limit. The Committee's principal functions also included analyzing loans, delinquency and providing recommendations to the Board. Approval of loans was based on the guidelines set out in the Credit Union's by-laws, the loan policy as well as the proposed amendments to the policy. Meetings were held up to 3 or 4 times per month including Saturdays. The Committee also met with the regulatory body as part of their annual assessment to discuss our operations, which included providing awareness of proposed initiatives. The Committee was challenged by the resignation of Dr. Carty early in the financial year as sometimes a quorum was difficult to achieve due to the demands of our substantive positions. Committee members also took part in a joint meeting with Board and Supervisory Committee as part of its strategic initiative to advance and further develop the institution.

LOANS PORTFOLIO

- At 31st December 2016, the Business loans portfolio consisted of 188 loans totaling \$5,591,431.03 which is a decrease of \$1,087,191.54 or 16.27% from the previous year. 45 Business loans valuing \$2,188,493.01 were disbursed during 2016; 33 Loans totaling \$1,828,493.01 in St. Kitts and 12 amounting to \$360,000.00 in Nevis. This decrease can be partly attributed to initiatives by the Development Bank who targeted small businesses with attractive packages, low interest rates and terms. Initiatives such as Fresh Start etc.
- The Personal Loans portfolio as at 31st December, 2016 consisted of 770 loans totaling \$16,122,351.43. This increased the portfolio by \$5,710,710.65 or 54.85% and 109 loans an increase of 12.8% over the previous year.



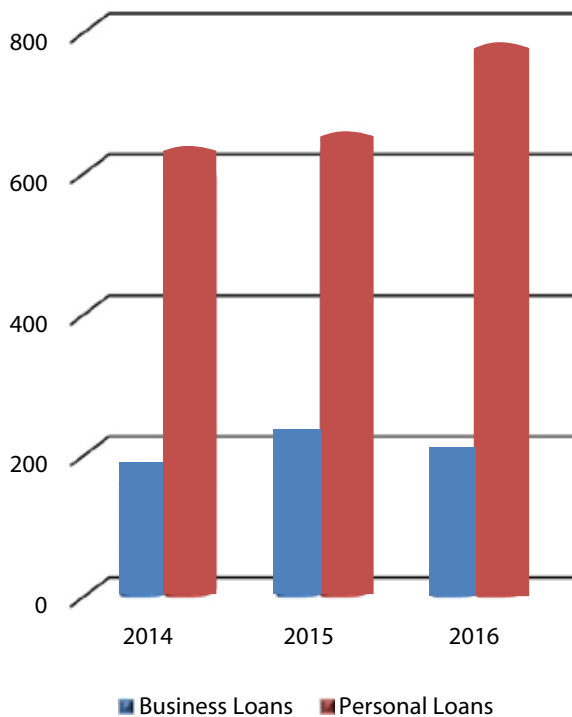
CREDIT COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

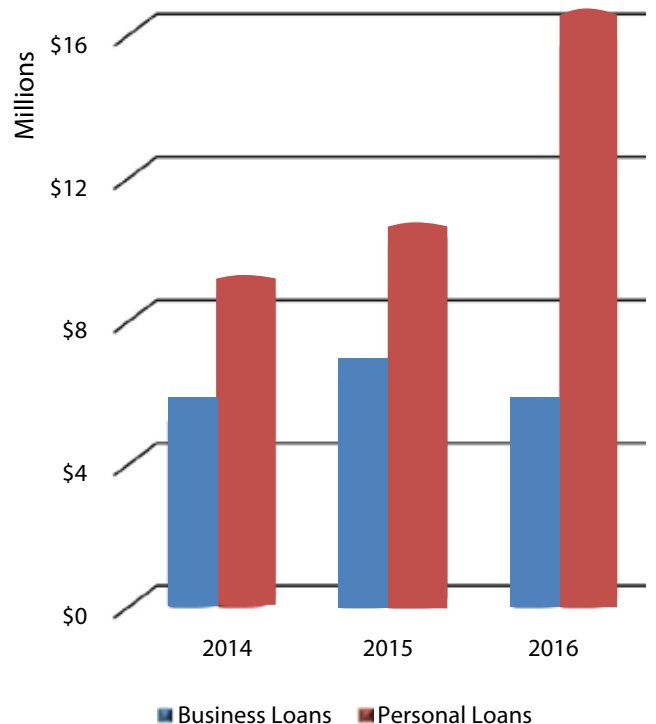
Loan Type	2016		2015		2014	
	No.	Value	No	Value	No	Value
Business Loans	188	\$5,591,431.03	202	\$6,678,622.57	178	\$5,549,668.48
Personal Loans	770	\$16,122,351.43	647	\$10,411,640.76	604	\$8,977,320.06
Totals	958	\$21,713,782.46	849	\$17,090,263.33	782	\$14,526,988.54

Loans Portfolio Comparative for 2014 through 2016

Number of Loans



Value of Loans



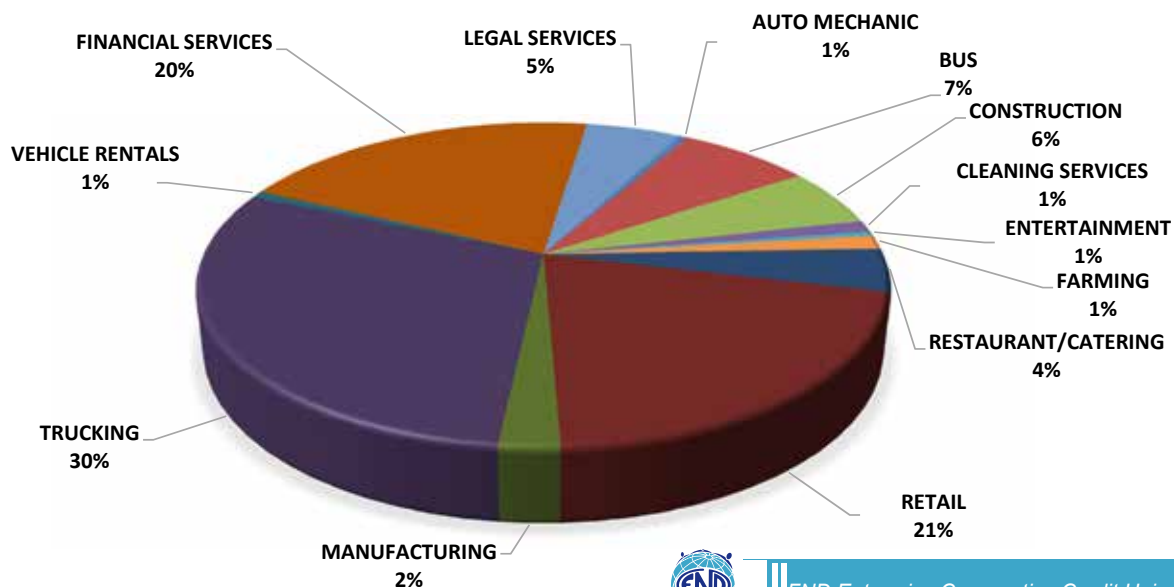
CREDIT COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

BUSINESS LOANS DISBURSED BY PURPOSE

PURPOSE	2016		2015		2014	
	No.	Value	No.	Value	No	Value
AIR CONDITION SERVICES					1	35,000.00
ADMINISTRATIVE SERVICES			2	52,000.00		
AUTO MECHANIC	1	10,500.00			1	3,400.00
BUS	5	163,699.00	15	676,115.35	16	564,028.87
CONSTRUCTION	2	129,000.00	3	124,273.00		
CLEANING SERVICES	1	25000.00			2	62,000.00
ENTERTAINMENT	1	10,000.00	2	50,000.00	3	45,000.00
FARMING	3	31,000.00	4	217,000.00		
FISHING			4	110,000.00	4	95,220.48
HAIR SALON					1	30,000.00
RESTAURANT/CATERING	5	94,544.16	8	165,434.20	4	106,000.00
RETAIL	8	456,000.00	12	461,638.98	13	249,861.89
SECURITY SERVICES			2	48,500.00	1	12,707.35
TAXI/TOURISM SERVICES			6	212,099.71	7	253,312.32
MANUFACTURING	4	53,527.06	6	82,633.67	2	105,216.85
TRUCKING	12	657,222.79	7	709,000.00	9	408,896.45
VEHICLE RENTALS	1	15,000.00	2	20,000.00	3	201,000.00
FINANCIAL SERVICES	1	450,000.00				
LEGAL SERVICES	1	118,000.00				
TOTALS	45	2,188,493.01	72	2,928,695.87	67	2,153,644.21

2016: BUSINESS LOANS DISBURSED BY PURPOSE



CREDIT COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

PERSONAL LOANS DISBURSED

PURPOSE	2016		2015		2014	
	No.	Value	No.	Value	No	Value
DEBT CONSOLIDATION	161	3,824,189.72	57	1,029,733.65	53	787,500.50
EDUCATION	14	203,700.55	20	472,276.85	19	461,152.15
FUNERAL EXPENSES	2	14,000.00	1	3,500.00	2	16,000.00
HOUSE & LAND PURCHASE	10	758,800.00	11	561,997.43	8	554,500.00
HOUSEHOLD PURCHASES	16	247,378.84	33	547,895.32	26	301,528.37
HOME RENOVATIONS	42	1,126,938.47	16	182,511.95	37	837,482.56
LEGAL FEES	2	52,000.00			3	45,093.00
MEDICAL EXPENSES	23	400,817.81	22	253,917.16	16	151,292.14
MUSICAL EQUIP					7	173,451.52
SHOPPING/SCHOOL SUPPLIES	44	534,572.40			7	22,790.84
TRAVEL/ VACATION	101	1,528,665.20	166	1,372,567.64	173	1,657,340.07
VEHICLE PURCHASE	99	2,462,252.70	82	1,915,522.24	37	815,699.49
VEHICLE REPAIRS & MAINTENANCE	14	175,315.01	12	97,011.12	28	304,215.23
WEDDING EXPENSES	9	203,000.00	5	49,509.58	6	149,939.32
MISCELLANEOUS EXPENSES	24	345,967.20	6	78,825.99	6	37,656.00
TOTAL	561	\$11,877,597.90	431	\$6,565,268.93	428	\$6,315,641.19

561 Personal loans valuing \$11,877,597.90, were disbursed during the year under review. The Head Office disbursed 444 totaling \$10,197,651.48 and the Nevis Branch disbursed another 117 loans amounting to \$1,679,946.42. The figures indicate that there was an increase in both the number and amounts disbursed when compared to the previous year. In 2015, there were 431 Personal loans amounting to \$6,565,268.93 with 320 loans in St. Kitts amounting \$5,258,041.17 and 111 loans in Nevis amounting to \$1,307,227.76. This indicates that the number of loans disbursed grew moderately by 130 or 13.16%, while the value disbursed accelerated sharply by \$5,312,328.97 or 80.92%. This positive variance can be attributed to increased marketing, and three (3) successful campaigns.



CREDIT COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

2016: PERSONAL LOANS DISBURSED BY PURPOSE



DELINQUENCY

Delinquency continues to be a concern of the Credit Committee, the Board and Management. Delinquency was 21.6% at 31st December, 2016 which is a measure of the balances of Loans outstanding past due one day or more divided by Gross loans Portfolio. This is a slight decrease of 2.5% over previous year. This level of delinquency is still unacceptable as we are way above the bench mark of 5%. We Wrote-Off \$1,098,786.07 in loans that were over 365 days in arrears during the year. Some of these loans were on the books from FND prior to its incorporation as the FND Enterprise Co-operative Credit Union. To avoid further deterioration, a decision was taken to create a position of Delinquency Manager, whose function is to vigorously follow up on all loans as they appear on the report from Day one (1). Robust collection efforts which include daily telephone calls, emails and WhatsApp messages, written letters to members and co-signors and when necessary referral to the solicitors will be continued with a view to arrest this serious problem. Our members, must understand that the profitability of the Credit Union depends on them fulfilling their responsibility and servicing loans granted to them in a timely manner.



CREDIT COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

CONCLUSION

As our mandate dictates, the Credit Union continues 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 entire Management team, the Loans Division, and the Branch officers for the reliable support given during the year.

We also 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, 2016

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.

The Supervisor Committee held its first meeting during which elections were held for the Chairperson and Secretary to serve during the period. The Supervisory Committee elected Mr. Carl Osborne as Chairperson and Ms. Shermel Jeffers as Secretary. The committee also identified the meeting dates for all subsequent meetings as the first Thursday of every month.

The volunteers on the Supervisory Committee are as follows:

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

The Supervisory Committee conducted a review of members' new loans and advances, in an effort to ensure that the FND Enterprise Credit Union's policies and procedures were being following, thereby minimizing risks and maximizing returns for the FNDECCU.

The Committee focused on analyzing the procedures of the processing of new loans and advances processed by the loans department. In order to accomplish this task, the Committee did a thorough review of the identified member loan application and it's supporting documentation.

A random sample of 27% was chosen for the period September to December 2016.

The Committee's objective of this review was to ensure that the loan procedures are being adhered to, and to identify any deficiencies or recommend measures in the loan procedures if necessary.

The Supervisory Committee was pleased to report our overall satisfaction of compliance for the processing of new loans and advances by the loans department. The Committee intends to perform a subsequent exercise of other accounts later in the fiscal year.



SUPERVISORY COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

The Committee also reviewed all of its members new accounts opened for the period of September to December 2016. The focus of this review was aimed at ensuring that the necessary steps were taken for opening new accounts. The Committee concentrated on the examination of members' records, ensuring that the appropriate forms were processed, particularly the Authorization and Indemnity, Consent to Disclosure Agreement, Share Application Form and the Member Signature Cards.

The Supervisory Committee also verified that the Member's Share Application information was correctly matched to the member data on the FNDECCU system.

The Supervisory Committee is again pleased to report our full satisfaction of compliance for the processing of new member accounts.

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, 2016. Additionally, the Supervisory Committee takes pleasure to report that to the best of its knowledge, the Management, staff, as well as the Management Committees adhered to the policies and procedures outlined in the FNDECCU By-laws No 1 of 2009 and the Policy Manual, during the period of review. We wish to thank all the members for demonstrating its continued confidence in its ability to supervise the operations of the FNDECCU.



Mr. Carl Osborne

Chairman

On behalf of the Supervisory Committee



NOMINATING COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

In accordance with the By-Laws of the FND Enterprise Co-Operative Credit Union (FNDECCU) Article 12 Section 1(a) the Nominating committee shall nominate one member for each vacancy. The Nominating approved by the Board of Directors has deliberated and considered suitable candidates to serve on the Board of Directors, Credit Committee and Supervisory Committee.

The Nominating Committee comprised of the following persons:

1. James Webbe-General Manager
2. Trevor Cornelius-Vice President
3. J. Dawne Heyliger –Credit & HR Manager

The committee deliberated and ensured that all nominees were in good standing, meeting the fit and proper standards and were both willing and able to serve. In keeping with the Cooperatives Act, the required due diligence was carried out.

The nominees will be presented to the membership at the institutions Annual General Meeting for consideration. Members who are present, can also nominate any suitable candidate of their choosing from the floor. In this event, nominations from the floor can be elected by a show of hands or by the distribution and collection of ballots which would then be tallied.

The Nominating Committee is pleased to present the following persons for consideration, who we feel are the most eligible candidates to fill the vacant positions. These persons are all willing to serve the institution utilizing their talents and experience, sacrificing of their time to fulfil the mandate and direction of the Board of Directors for the further development of the FNDCCU.

The Board of Directors took a decision to increase the numbers of members on the Credit Committee from five (5) to seven (7) to further enhance the functions of that committee.

The Committee would like to take this opportunity to thank all of the retiring members who have served with distinction, in most case a total of six (6) consecutive years.



J. Dawne Heyliger
Chairperson



NOMINATING COMMITTEE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Volunteers	Position	Current Period	Status	Term	Retiring Year	Nominee
BOARD OF DIRECTORS						
R.A. Peter Jenkins	President	3 years	Retiring	2	2017	Chanelle Pinney-Myers
Trevor Cornelius	Vice President	3 years	Retiring	2	2017	Dawne Williams
Trevor Crossman	Treasurer	1 year	Serving	2	2019	
Trevor Phipps	Secretary	1 year	Serving	2	2019	
Malvie James	Asst. Secretary	1 year	Serving	2	2019	
Jamir Claxton	Member	2 years	Serving	1	2018	
Dennis Phillip	Member	1 Year	Resigned	2	2017	Geoffrey Hanley
C. Steve Wrensford	Member	1year	Resigned	1	2017	Glen Quinlan
Maretta Manners	Member	1 Year	Serving	1	2018	
CREDIT COMMITTEE						
Wendell Hugging	Chairperson	3 years	Retiring	2	2017	Amoy Heyliger
Cremoy Agard	Secretary	3 years	Up for reelection	1	2017	Cremoy Agard
Sean Lawrence	Member	1 years	Serving	2	2019	
Osbert Desuza	Member	1 year	Serving	2	2019	
Dr. Lincoln Carty	Member	1 year	Resigned	1	2016	Camilia Williams
						Cyprian Williams
						Denrick Connor
SUPERVISORY COMMITTEE						
Carl Lawrence	Chairperson	3 years	Serving	2	2017	
Shermel Jeffers	Secretary	1 year	Serving	2	2019	
Tonya Lawrence	Member	3 years	Retiring	2	2017	Brontie Duncan
Velda Irish-Browne	Member	1 year	Serving	2	2019	
Denis Johnson	Member	3years	Retiring	2	2017	Evadney Morris-Liburd



INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FND Enterprise Co-operative Credit Union Limited., which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.



INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF

Chartered Accountants

BASSETTERRE – St Kitts

11th September 2017



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

Statement of Financial Position

AS AT DECEMBER 31, 2016

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

Current Assets

Cash	3	3,790,842	3,869,534
Loans and Other Receivables - Current	4	7,765,396	6,390,198
Investments – short-term	5	<u>1,271,884</u>	<u>1,229,354</u>
		<u>12,828,122</u>	<u>11,489,086</u>

Non-Current Assets

Loans – Non-Current	4	13,193,450	9,121,084
Investments – Non-current	5	50,100	50,100
Property, Plant and Equipment	6	817,817	792,582
Intangible Assets	7	<u>204</u>	<u>1,095</u>
		<u>14,061,571</u>	<u>9,964,861</u>

TOTAL ASSETS

\$26,889,693 \$21,453,947

LIABILITIES AND EQUITY

Current Liabilities

Security Deposits	8	3,540	3,540
Members' Deposits	9	13,538,338	11,401,930
Trade Payables and Provisions	10	<u>509,753</u>	<u>403,094</u>
		<u>14,051,631</u>	<u>11,808,564</u>

Non Current Liabilities

Members' Deposits	9	<u>2,520,371</u>	<u>761,922</u>
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TOTAL LIABILITIES

16,572,002 12,570,486

Equity (Page 5)

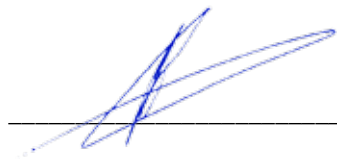
Share Capital	11	2,583,835	1,576,020
Statutory Reserve Fund	12(a)	3,218,092	3,218,092
Development Fund	12(a)	2,620	2,620
Special Capital Reserve	12(b)	1,185,988	1,181,558
Capital-based Grants	13	144,079	156,353
Retained Earnings		<u>3,183,077</u>	<u>2,748,818</u>
		<u>10,317,691</u>	<u>8,883,461</u>

TOTAL LIABILITIES AND EQUITY

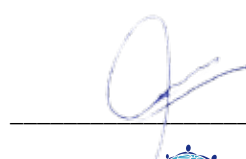
\$26,889,693 \$21,453,947

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

These Financial Statements were approved by the Board of Directors on



Mr R A Peter Jenkins



Mr Terrence Crossman



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
INCOME			
Fees and Other Charges	14	343,326	306,949
Interest Income	15	2,754,295	2,350,284
Other Income	16	<u>105,321</u>	<u>154,170</u>
		<u>3,202,942</u>	<u>2,811,403</u>
EXPENSES			
Administrative Expenses	17	(1,271,981)	(1,426,496)
Other Expenses	18	(1,068,485)	(836,583)
Finance Costs	19	<u>(322,894)</u>	<u>(279,435)</u>
		<u>(2,663,360)</u>	<u>(2,542,514)</u>
NET INCOME FOR THE YEAR BEING			
TOTAL COMPREHENSIVE INCOME (Page 5)		<u>\$539,582</u>	<u>\$268,889</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, 2016

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

	Share Capital	Statutory Reserve Fund	Special Capital Reserve	Development Fund	Capital-based Grants	Retained Earnings	Total
Balance at December 31, 2014	933,275	3,218,092	1,178,688	2,620	168,629	2,535,071	8,036,375
Shares Issued	642,745	-	-	-	-	-	642,745
Dividend Paid (\$0.28 per share) (Note 23)	-	-	-	-	-	(52,272)	(52,272)
Capital-based Grants amortized in the Year (Note 13)	-	-	-	-	(12,276)	-	(12,276)
Entrance Fees	-	2,870	-	-	-	(2,870)	-
Transfer to Special Capital Reserve (Note 12(b))	-	(2,870)	2,870	-	-	-	-
Total Comprehensive Income (Page 4)	-	-	-	-	-	268,889	268,889
Balance at December 31, 2015	1,576,020	3,218,092	1,181,558	2,620	156,353	2,748,818	8,883,461
Shares Issued	1,007,815	-	-	-	-	-	1,007,815
Dividends (\$0.35 per share) (Note 23)	-	-	-	-	-	(100,893)	(100,893)
Capital-based Grants amortized in the Year (Note 13)	-	-	-	-	(12,274)	-	(12,274)
Entrance Fees	-	4,430	-	-	-	(4,430)	-
Transfer to Special Capital Reserve (Note 12(b))	-	(4,430)	4,430	-	-	-	-
Total Comprehensive Income (Page 4)	-	-	-	-	-	539,582	539,582
Balance at December 31, 2016	\$2,583,835	\$3,218,092	\$1,185,988	\$2,620	\$144,079	\$3,183,077	\$10,317,691

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, 2015

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

Cash flows from operating activities

Income for the Year	539,582	268,889
Adjustment for non-cash income and expenses:		
Depreciation of property, plant and equipment	109,401	96,917
Amortisation of intangibles	891	1,620
Amortisation of capital-based grants	(12,274)	(12,276)
Changes in operating assets and liabilities:		
Short-term Investments	(42,530)	(1,031,729)
Increase in loans and other receivables – current	(1,375,198)	(2,255,470)
Decrease in Interest Payable	-	(6,000)
Increase in trade payables and provisions	106,659	258,032
Increase in members' deposits – current	2,136,408	3,095,385
Loss/(Gain) on Disposal of Property, Plant & Equipment	<u>2</u>	<u>(12,000)</u>
Net cash from operating activities	<u>1,462,941</u>	<u>403,368</u>

Cash flows from investing activities

Purchase of Investments	-	(50,000)
Purchase of property, plant and equipment	(134,638)	(32,702)
Proceeds on disposal of property, plant and equipment	<u>-</u>	<u>12,000</u>
Net cash used in investing activities	<u>(134,638)</u>	<u>(70,702)</u>

Cash flows from financing activities

Non-current members' deposits	1,758,449	(616,350)
(Increase)/Decrease in loans receivable – non-current	(4,072,366)	5,897
Issue of shares	1,007,815	642,745
Dividends paid to shareholders	<u>(100,893)</u>	<u>(52,272)</u>
Net cash used in financing activities	<u>(1,406,995)</u>	<u>(19,980)</u>
Net (Decrease)/Increase in cash	(78,692)	312,686
Cash at beginning of year	<u>3,869,534</u>	<u>3,556,848</u>
Cash at end of year	<u>\$3,790,842</u>	<u>\$3,869,534</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, 2016
(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 were 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 objectives.

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
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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.

Fair Value Measurement:

A number of assets included in the Credit Union's financial statements require measurement at, and/or disclosure of fair value.

The Credit Union measures some of its assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants and the measurement date.

The fair value measurement is based on the assumption that the transaction to sell the asset takes place either:

- In the principal market for the asset, or
- In the absence of a principal market, in the most advantageous market for the asset.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The measurement of non-financial assets at fair value takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Credit Union uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.



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

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

Fair Value Measurement: (cont'd)

Fair value measurement of the Credit Union's financial and non-financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurement are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market price included within Level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3 - unobservable inputs for the asset or liability;

The Credit Union measures the following at fair value:

- Land and buildings – property, plant and equipment (see note 6)
- Available-for-sale investments – unquoted (see note 5)

Fair values are based on quoted market prices for the specific instrument or comparisons with other similar financial instruments. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in deteriorating economic conditions, types of instruments or currencies and other factors.

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:

Annual Improvements 2010-2012 Cycle

This cycle makes amendments to the following standards:



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

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

IAS 1 Presentation of Financial Statements (Amendment)

This amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph III IAS 1.

This amendment is effective for periods beginning on or after 1 January 2016.

This amendment has no effect on the Credit Union's financial position or performance.

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 9	Financial Instruments(2015)	effective 1 January 2018
IFRS 15	Revenue from Contracts with Customers	effective 1 January 2018
IFRS 16	Leases	effective 1 January 2019
IAS 16	Property, Plant and Equipment (Amendment)	effective 1 January 2016
IAS 7	Statement of Cash Flows	effective 1 January 2017

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



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

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.

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.



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

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 Comprehensive 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 Statement of Comprehensive Income.

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.

During the year, 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.



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

i) Impairment of financial assets: (cont'd)

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

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i Financial assets measured at amortised cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

ii Available-for-Sale Investments

For securities where there is no quoted market price, fair value has been estimated at cost less amounts written off. While it is not practical to determine the current market value of these investments, impairment is assessed and provisions for permanent impairment in the value of investments is made through the Statement of Comprehensive Income.



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD
NOTES TO THE FINANCIAL STATEMENTS
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2

BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

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 and other short-term investments 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 cost less any provision for 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 impairments. These include trade and other receivables, bank balances and loans to members.

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.



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD
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2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

j) Financial Instruments: (cont'd)

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.

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 initially approved by the directors and confirmed at the Annual General Meeting. In the case of final dividend, this is approved by the shareholders at the Annual General Meeting.



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD
NOTES TO THE FINANCIAL STATEMENTS
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2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (cont'd)

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 Comprehensive Income and are reviewed annually.

o) Capital-based Grants: (See Note 13)

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>2016</u>	<u>2015</u>
Current Accounts	677,249	412,957
Savings Accounts	2,955,304	3,339,743
Cash in Hand	<u>158,289</u>	<u>116,834</u>
TOTAL (Page 3)	<u>\$3,790,842</u>	<u>\$3,869,534</u>

The Savings accounts bear interest within the range of 0.5% to 2% per annum.

Amounts totalling \$2,224,314 (2015 = \$2,623,454) held in savings accounts with Bank of Nevis and Nevis Co-operative Credit Union have been earmarked to support the Statutory Reserve in the amount of \$3,218,092 (2015 = \$3,218,092) (See Notes 5 & 12 (a)).



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

4	LOANS AND OTHER RECEIVABLES	2016	2015
	General Loans	21,713,782	16,865,390
	Loans at Solicitors	-	224,873
	Interest Receivable	132,551	84,025
	Unearned Interest on Discount Loan	(600)	(600)
	Total Loans Receivable	21,845,733	17,173,688
	Less: Provision for Loan Losses	(1,047,599)	(1,797,551)
		20,798,134	15,376,137
	Miscellaneous Receivables		
	(Net of Provision nil/2015 = \$52,509)	121,980	104,922
		20,920,114	15,481,059
	Less: Non-current loans and other receivables (Page 3)	(13,193,450)	(9,121,084)
		7,726,664	6,359,975
	Prepayments	38,732	30,223
	Total Current Portion of Loans and Other Receivables (Page 3)	\$7,765,396	\$6,390,198
	Analysis of provision for loan losses:		
		2016	2015
	Balance brought forward	1,797,551	1,498,017
	Charge for the Year	534,569	398,613
	Recoveries	-	(99,079)
	Amount Written Off	(1,284,521)	-
		\$1,047,599	\$1,797,551
	Ageing of loans net of provisions:		
	Neither past due nor impaired	19,878,571	13,147,475
	Past due but not impaired – 30 to 90 days	188,600	352,952
	Past due but not impaired – over 90 days	730,963	1,875,710
		\$20,798,134	\$15,376,137



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD
NOTES TO THE FINANCIAL STATEMENTS
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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.

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.

FND Loan Agreements with St Kitts and Nevis Sugar Industry Diversification Foundation (SIDF)

Small Entrepreneur and Enterprise Development (SEED) and Local Entrepreneur Assistance (LEAP) Programs

The FND entered into two (2) agreements with the St Kitts and Nevis Sugar Industry Diversification Foundation (SIDF), namely the Small Entrepreneur and Enterprise Development (SEED) Program dated 26 February 2014 and the Local Entrepreneur Assistance (LEAP) Program dated 1 May 2014. The purpose of these programs is to facilitate the funding of new and existing business enterprises.

The FND earns annual administration fees of 5% per annum plus Value Added Tax (VAT) on the aggregate outstanding loan balances calculated on the reducing balance basis for loans advanced and administered under the SEED program and for support services provided. Under the LEAP agreement, the FND earns administration fees of 3% of the interest charged on loans disbursed or 50% of the interest collected plus VAT.

The amount of \$46,763 represented services provided under these agreements at 31 December 2016 and was paid in full subsequent to the year end.



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

5	INVESTMENTS	<u>2016</u>	<u>2015</u>
	Available-for-sale:		
	St Kitts Co-operative Credit Union Limited		
	20 Shares of \$5 each	100	100
	Nevis Co-operative Credit Union Limited		
	10,000 Shares of \$5 each	<u>50,000</u>	<u>50,000</u>
	Sub-total (Page 3)	<u>50,100</u>	<u>50,100</u>
	Short-term Investments:		
	Government of St Kitts and Nevis		
	Treasury Bills (face value \$200,000)	198,125	197,625
	S L Horsford and Company Limited		
	– Demand Loan Receivable	<u>1,073,759</u>	<u>1,031,729</u>
	Sub-total (Page 3)	<u>1,271,884</u>	<u>1,229,354</u>
	TOTAL	<u>\$1,321,984</u>	<u>\$1,279,454</u>

The Government of St Kitts and Nevis Treasury bills mature on 9 February 2017 and are issued with interest earned at the rate of 3.75% per annum.

The demand loan receivable with S L Horsford and Company Limited is repayable on demand and bears interest at the rate of 4% per annum. This demand loan receivable is earmarked to support the Statutory Reserve in the amount of \$3,218,092 (See Notes 3 & 12 (a)).



FND ENTERPRISE CO-OPERATIVE CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

6 Property, Plant and Equipment

Gross Carrying Amounts

	<u>Land/ Parking Lot</u>	<u>Buildings</u>	<u>Plant & Equipment</u>	<u>Furniture & Fittings</u>	<u>Office Equipment</u>	<u>Computer Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
At January 1, 2015	251,794	703,588	118,200	245,475	94,873	173,821	100,000	1,687,751
Additions	-	-	-	2,717	21,983	8,002	-	32,702
Disposals	-	-	(34,150)	-	-	-	-	(34,150)
At December 31, 2015	251,794	703,588	84,050	248,192	116,856	181,823	100,000	1,686,303
Additions	-	-	-	100,481	13,373	20,784	-	134,638
Disposals	-	-	-	(4,430)	(5,300)	-	-	(9,730)
At December 31, 2016	251,794	703,588	84,050	344,243	124,929	202,607	100,000	1,811,211

Accumulated depreciation

At January 1, 2015	9,135	281,433	67,769	202,842	83,467	146,308	40,000	830,954
Disposals for the year	-	-	(34,150)	-	-	-	-	(34,150)
Charge for the year	3,045	17,590	8,406	20,787	12,966	14,123	20,000	96,917
At December 31, 2015	12,180	299,023	42,025	223,629	96,433	160,431	60,000	893,721
Disposals for the year	-	-	-	(4,429)	(5,299)	-	-	(9,728)
Charge for the year	3,045	17,590	8,405	31,284	10,877	18,200	20,000	109,401
At December 31, 2016	15,225	316,613	50,430	250,484	102,011	178,631	80,000	993,394

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6 Property, Plant and Equipment (cont'd)

Net Carrying amounts	Land/ Parking Lot	Buildings	Plant & Equipment	Furniture & Fittings	Office Equipment	Computer Equipment	Motor Vehicles	Total
At December 31, 2016 (Page 3)	\$ <u>236,569</u>	\$ <u>386,975</u>	\$ <u>33,620</u>	\$ <u>93,759</u>	\$ <u>22,918</u>	\$ <u>23,976</u>	\$ <u>20,000</u>	\$ <u>817,817</u>
At December 31, 2015 (Page 3)	\$ <u>239,614</u>	\$ <u>404,565</u>	\$ <u>42,025</u>	\$ <u>24,563</u>	\$ <u>20,423</u>	\$ <u>21,392</u>	\$ <u>40,000</u>	\$ <u>792,582</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
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7	INTANGIBLE ASSETS	<u>2016</u>	<u>2015</u>
	Software:		
	Gross Carrying amount carried forward	<u>126,319</u>	<u>126,319</u>
	Accumulated Amortisation		
	Opening Balance	125,224	123,604
	Current year's amortisation	<u>891</u>	<u>1,620</u>
	Closing Balance	<u>126,115</u>	<u>125,224</u>
	Net Carrying Amount (Page 3)	<u>\$204</u>	<u>\$1,095</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	SECURITY DEPOSITS	<u>2016</u>	<u>2015</u>
	Balance – as at end of year (Page 3)	<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).



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NOTES TO THE FINANCIAL STATEMENTS
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9 MEMBERS' DEPOSITS	<u>2016</u>	<u>2015</u>
Savings	7,965,180	5,472,027
Term Deposits	<u>4,983,925</u>	<u>2,624,129</u>
	12,949,105	8,096,156
Chequing Accounts	2,980,236	3,983,089
Interest Due on Savings and Deposits	<u>129,368</u>	<u>84,607</u>
TOTAL	<u>\$16,058,709</u>	<u>\$12,163,852</u>
Represented by:		
Current Portion (Page 3)	13,538,338	11,401,930
Non-Current Portion (Page 3)	<u>2,520,371</u>	<u>761,922</u>
TOTAL	<u>\$16,058,709</u>	<u>\$12,163,852</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 paid interest on its savings and term deposits at rates ranging from 2.5% to 4% per annum during 2016 (2015 = 2.5% to 5.75%).



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10	TRADE PAYABLES AND PROVISIONS	<u>2016</u>	<u>2015</u>
	Audit fee provision	49,500	45,000
	Social Security Payable	10,943	18,661
	Bills of Sale	7,041	4,830
	Other Payables	<u>442,269</u>	<u>334,603</u>
	TOTAL (Page 3)	<u>\$509,753</u>	<u>\$403,094</u>

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

Other Payables - Defined Pension Plan - \$256,859 (2015 = \$165,812)

During the year, Management decided to enter into a Group Defined Contribution Pension Plan with Sagikor Life Inc to provide past service contribution for all present and future employees. The total expected Past Service Contribution of \$155,117 will be amortised over a five year period. Employees who would have met the retirement age within the year were not included in the Pension Plan. In lieu of joining the Pension Plan, a lump sum payment was provided for employees in this category.

The amount of \$256,859 represents first deposit and lump-sum payable at 31 December 2016 relating to past services and is included in Other Payables.

11	SHARE CAPITAL	<u>2016</u>	<u>2015</u>
	Issued and fully paid share capital		
	516,767 (2015 = 315,204) Shares at \$5 each	<u>\$2,583,835</u>	<u>\$1,576,020</u>
	Opening Balance	1,576,020	933,275
	Shares issued during the year	<u>1,007,815</u>	<u>642,745</u>
	Balance at end of year (Page 3)	<u>\$2,583,835</u>	<u>\$1,576,020</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 Credit Union.



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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12	RESERVES	2016	2015
a)	Statutory Reserve and Development Fund		
	Balance at beginning of year	3,218,092	3,218,092
	Entrance Fees	<u>4,430</u>	<u>2,870</u>
		3,222,522	3,220,962
	Allocation to/(from) Special Capital Reserve	<u>(4,430)</u>	<u>(2,870)</u>
	Sub-total (Page 3)	<u>3,218,092</u>	<u>3,218,092</u>
	Development Fund (Page 3)	<u>2,620</u>	<u>2,620</u>
	TOTAL	<u>\$3,220,712</u>	<u>\$3,220,712</u>

Statutory Reserve

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 2016, the credit union's statutory reserves exceeded ten percent of total assets.

Amounts held in savings accounts with the Bank of Nevis and Nevis Co-operative Credit Union totalling \$2,224,314 and Demand Deposit held with S L Horsford and Company Limited in the amount of \$1,073,759 have been earmarked in support of the Statutory Reserve (See Notes 3 and 5).

Development Fund

In pursuit of section 126 of the Co-operative Societies Act, the Society shall establish and maintain a Development Fund. The proceeds of this fund shall be invested or caused to be invested in activities including member education, improvements in good governance, etc.

b)	Special Capital Reserve	2016	2015
	Balance at beginning of Year	1,181,558	1,178,688
	Transfers (to)/from Statutory Reserve	<u>4,430</u>	<u>2,870</u>
	Balance at End of Year (Page 3)	<u>\$1,185,988</u>	<u>\$1,181,558</u>



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12 RESERVES (cont'd)

In a resolution dated 26 May 2016, it was resolved that the “Statutory Reserve” be restated to 15% of the total assets at 31 December 2015 and the difference reclassified as “Donated Funds” (being Funds donated by FND to the Credit Union on inception of the Credit Union) or Special Capital Reserve.

The restatement in 2015 of Capital Reserve to 15% of total assets exceeded the statutory requirement of 10% of total assets (see (a) above).

13 CAPITAL-BASED GRANTS	<u>2016</u>	<u>2015</u>
Balance brought forward	156,353	168,629
Amortisation of Grants (Page 5)	<u>(12,274)</u>	<u>(12,276)</u>
TOTAL (Page 3)	<u>\$144,079</u>	<u>\$156,353</u>

The amount of \$144,079 (2015 = \$156,353) represents the deferred credit portion of grants received from international donor agencies to finance certain items of property, plant and equipment.

The amortisation amounts are offset against the total depreciation on the property, plant and equipment.

14 FEES AND OTHER CHARGES	<u>2016</u>	<u>2015</u>
Loan Fees	279,373	233,155
Entrance Fees	4,430	2,870
Conference Facilities	49,523	47,524
Technical Assistance	<u>10,000</u>	<u>23,400</u>
TOTAL (Page 4)	<u>\$343,326</u>	<u>\$306,949</u>

15 INTEREST INCOME	<u>2016</u>	<u>2015</u>
Interest on Deposit Accounts	128,691	92,166
Interest on Held-to-Maturity Investment – Treasury Bills	7,199	9,500
Interest on Loans	<u>2,618,405</u>	<u>2,248,618</u>
TOTAL (Page 4)	<u>\$2,754,295</u>	<u>\$2,350,284</u>



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16	OTHER INCOME	<u>2016</u>	<u>2015</u>
	Amortisation of Capital-based Grant	12,274	12,276
	(Loss)/Gain on Disposal of Property, Plant and Equipment	(2)	12,000
	Project Administration	54,454	102,956
	Miscellaneous Income	<u>38,595</u>	<u>26,938</u>
	TOTAL (Page 4)	<u>\$105,321</u>	<u>\$154,170</u>
17	ADMINISTRATIVE EXPENSES	<u>2016</u>	<u>2015</u>
	Salaries	785,839	696,867
	Social Security Contributions	67,515	66,981
	Pension Plan (See Note 10)	86,881	165,812
	Electricity and Water	49,316	56,978
	Rents	50,050	46,200
	Conference Room Expense	5,130	8,346
	Telecommunications	49,325	39,955
	Stationery and Office Supplies	68,863	67,519
	Postage	16,921	15,492
	Group Insurance	20,997	22,948
	Travel Allowances	23,787	24,300
	Vehicle Expenses	6,959	10,407
	Share Campaign	-	35,742
	Promotion and Advertising	29,471	145,209
	Staff Benefits	<u>10,927</u>	<u>23,740</u>
	TOTAL (Page 4)	<u>\$1,271,981</u>	<u>\$1,426,496</u>



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18	OTHER EXPENSES	<u>2016</u>	<u>2015</u>
	Office Consumables	2,873	2,991
	Equipment Maintenance	15,155	16,931
	Office Maintenance	47,225	55,347
	Depreciation	109,401	96,917
	Amortisation of Intangible Assets (Note 7)	891	1,620
	Donations and Subscriptions	13,315	10,530
	Entertainment and Appreciation	82,765	42,361
	Security	10,594	9,954
	Travelling Expenses	1,200	3,475
	Insurance	10,645	10,216
	Affiliation Dues	17,851	16,797
	Annual General Meeting	60,206	39,078
	Member's Relations	6,166	-
	Training, Meetings and Conventions	70,070	64,201
	Professional Fees	48,700	5,434
	Audit Fees and Expenses	54,123	47,857
	Legal Fees	4,000	1,350
	Bad Debts and Provisions/Less Recoverables	464,897	352,642
	Miscellaneous	1,883	14,035
	MIS Support	<u>46,525</u>	<u>44,845</u>
	TOTAL (Page 4)	<u>\$1,068,485</u>	<u>\$836,583</u>
19	FINANCE COSTS	<u>2016</u>	<u>2015</u>
	Interest Expense:		
	Interest and Bank Charges (Page 4)	<u>\$322,894</u>	<u>\$279,435</u>

20 **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.



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21 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities:

There were no contingent liabilities at 31 December 2016 (2015 = Nil).

Capital Commitments:

There were no capital commitments at 31 December 2016 (2015 = Nil).

22 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.

	<u>2016</u>	<u>2015</u>
Amount due to Key Management including Directors and Committee Members	<u>\$737,297</u>	<u>\$300,410</u>
Loan Balances due by Key Management including Directors and Committee Members	<u>\$803,891</u>	<u>\$157,391</u>
Key Management Compensation	<u>\$434,846</u>	<u>\$418,918</u>

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 2016, the Credit Union recorded an impairment charge of \$10,571 in respect of receivables relating to amounts outstanding by related parties.

23 DIVIDEND

The financial statements reflect dividend payment of \$100,893 and \$52,272 for the financial years 2015 and 2014 respectively.



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24 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, the International Prudential Standards for Credit Unions (PEARLS) and relevant International Financial Reporting Standards.

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.

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.



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25 FINANCIAL INSTRUMENTS 2016 2015

Fair Value:

The carrying amounts of the following financial asset and liabilities approximate their fair value:

Financial Assets:

Cash and Bank Balances	3,790,842	3,869,534
Loans and Receivables	20,920,114	15,481,059
Held-to-maturity investments	1,271,884	1,229,354
Available for Sale Investments	<u>50,100</u>	<u>50,100</u>
	<u>\$26,032,940</u>	<u>\$20,630,047</u>

Financial Liabilities:

Members' Deposits	16,062,249	12,167,392
Trade Payables and Provisions	<u>509,753</u>	<u>403,094</u>
	<u>\$16,572,002</u>	<u>\$12,570,486</u>

Financial and non-financial assets measured at fair value are as follows:

Financial Assets:

Availale-for-sale investments (Unquoted)

These assets are categorised as Level 3 in the fair value hierarchy as inputs are not based on observable market data.

Non-financial assets:

Freehold lands and buildings:

These assets are categorised as Level 3 in the fair value hierarchy.

Fair value is based on the net book values of freehold properties transferred to the Credit Union from the Foundation for National Development (St Kitts-Nevis) Limited at 31 December 2009 and adjusted subsequently for depreciation charges ie. unobserved inputs.



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25 FINANCIAL INSTRUMENTS (cont'd)

Fair Value: (cont'd)

Fair value measurements hierarchy for financial and non-financial assets at 31 December 2016:

Fair value measurements using

	<u>Date of Valuation</u>	<u>Total</u>	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant Observable inputs (Level 2)</u>	<u>Significant Unobservable inputs (Level 3)</u>
Assets valued at fair value:					
Available-for-sale financial assets:					
Quoted equity shares	31 December 2016	\$50,100	-	-	\$50,100
Non-financial assets:					
Lands and buildings	31 December 2016	\$623,544	-	-	\$623,544

Fair Value Measurement hierarchy for assets at 31 December 2015:

Fair value measurements using

	<u>Date of Valuation</u>	<u>Total</u>	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant Observable inputs (Level 2)</u>	<u>Significant Unobservable inputs (Level 3)</u>
Assets valued at fair value:					
Available-for-sale financial assets:					
Quoted equity shares	31 December 2015	\$50,100	-	-	\$50,100
Non-financial assets:					
Lands and buildings	31 December 2015	\$644,179	-	-	\$644,179

For fair value measurement and valuation processes, see Note 2 (c).

There were no transfers between level 1, 2 or 3 fair values during the year.



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25 FINANCIAL INSTRUMENTS (cont'd)

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 and IAS 39. 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 subject to interest rate changes. Over the last two years, there has been a fall in interest rates for Treasury bills and savings accounts held with commercial banks. The Credit Union, however, was able to source alternative options which generate a higher yield. The Credit Union is therefore not subject to any significant interest rate risk at present.

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

As at 31 December, 2016

	<u>1 year</u>	<u>>1 to 5 years</u>	<u>Over 5 years</u>	<u>Non-Interest bearing</u>	<u>Total</u>
Assets					
Cash resources	2,954,078	-	-	836,764	3,790,842
Loans and Other					
Receivables	7,472,734	12,793,719	399,730	253,931	20,920,114
Investments	<u>1,271,884</u>	<u>50,100</u>	<u>-</u>	<u>-</u>	<u>1,321,984</u>
	<u>11,698,696</u>	<u>12,843,819</u>	<u>399,730</u>	<u>1,090,695</u>	<u>26,032,940</u>
Liabilities					
Security Deposits	-	-	-	3,540	3,540
Members' Deposit	13,538,338	2,520,371	-	-	16,058,709
Trade and Other Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>509,753</u>	<u>509,753</u>
	<u>13,538,338</u>	<u>2,520,371</u>	<u>-</u>	<u>513,293</u>	<u>16,572,002</u>
Interest Repricing Gap	<u>\$(1,839,642)</u>	<u>\$10,323,448</u>	<u>\$399,730</u>	<u>\$577,402</u>	<u>\$9,460,938</u>



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25 FINANCIAL INSTRUMENTS (cont'd)

As at 31 December, 2015

	<u>1 year</u>	<u>>1 to 5 years</u>	<u>Over 5 years</u>	<u>Non-Interest bearing</u>	<u>Total</u>
Assets					
Cash resources	3,338,216	-	-	531,318	3,869,534
Loans and Other					
Receivables	6,255,053	8,881,570	239,514	104,922	15,481,059
Investments	<u>1,229,354</u>	<u>50,100</u>	<u>-</u>	<u>-</u>	<u>1,279,454</u>
	<u>10,822,623</u>	<u>8,931,670</u>	<u>239,514</u>	<u>636,240</u>	<u>20,630,047</u>
Liabilities					
Security Deposits	-	-	-	3,540	3,540
Members' Deposits	11,401,930	761,922	-	-	12,163,852
Trade and Other Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,094</u>	<u>403,094</u>
	<u>11,401,930</u>	<u>761,922</u>	<u>-</u>	<u>406,634</u>	<u>12,570,486</u>
Interest Repricing Gap	<u>\$(579,307)</u>	<u>\$8,169,748</u>	<u>\$239,514</u>	<u>\$229,606</u>	<u>\$8,059,561</u>

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.

The Credit Union employs a range of policies and practices to mitigate credit risk ie., the taking of collateral security for funds advanced, inter alia. The principal collateral types for loans and advances are:

- Mortgage over properties; and
- Charges over assets such as vehicles

Liquidity Risk

The loan portfolio comprises short, medium and long term loans. There may be 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.



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25 FINANCIAL INSTRUMENTS (cont'd)

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

As at 31 December 2016

	<u>1 Year</u>	<u>>1 to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Assets				
Cash Resources	3,790,842	-	-	3,790,842
Loans and Other Receivables	7,726,665	12,793,719	399,730	20,920,114
Investments	<u>1,271,884</u>	<u>50,100</u>	<u>-</u>	<u>1,321,984</u>
	<u>12,789,391</u>	<u>12,843,819</u>	<u>399,730</u>	<u>26,032,940</u>
Liabilities				
Security Deposits	3,540	-	-	3,540
Members' Deposits	13,538,338	2,520,371	-	16,058,709
Trade and Other Payables	<u>509,753</u>	<u>-</u>	<u>-</u>	<u>509,753</u>
	<u>14,051,631</u>	<u>2,520,371</u>	<u>-</u>	<u>16,572,002</u>
Net Liquidity Gap	<u>\$(1,262,240)</u>	<u>\$10,323,448</u>	<u>\$399,730</u>	<u>\$9,460,938</u>

As at 31 December 2015

	<u>1 Year</u>	<u>>1 to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Assets				
Cash Resources	3,869,534	-	-	3,869,534
Loans and Other Receivables	6,359,975	8,881,570	239,514	15,481,059
Investments	<u>1,229,354</u>	<u>50,100</u>	<u>-</u>	<u>1,279,454</u>
	<u>11,458,863</u>	<u>8,931,670</u>	<u>239,514</u>	<u>20,630,047</u>
Liabilities				
Security Deposits	3,540	-	-	3,540
Members' Deposits	11,401,930	761,922	-	12,163,852
Trade and Other Payables	<u>403,094</u>	<u>-</u>	<u>-</u>	<u>403,094</u>
	<u>11,808,564</u>	<u>761,922</u>	<u>-</u>	<u>12,570,486</u>
Net Liquidity Gap	<u>\$(349,701)</u>	<u>\$8,169,748</u>	<u>\$239,514</u>	<u>\$8,059,561</u>



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25 FINANCIAL INSTRUMENTS (cont'd)

Currency Risk

Substantially all of the Society's transactions and assets and liabilities are denominated in Eastern Caribbean Dollars. Therefore, the Society has no significant exposure to currency risk.

26 RECLASSIFICATION OF EXPENSES

Certain items of expenses included in the Statement of Comprehensive Income under Other Expenses were reclassified in the current year 2016 and prior year 2015 to improve the Financial Statements presentation for the two years. The reclassification of these expenses has no effect on the Net Income reported for these two years.





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