



MABOUYA VALLEY

CO-OPERATIVE CREDIT UNION SOCIETY LTD.

41st

Annual General Meeting

CREATING MEMBER CONNECTIONS

BUILDING BRIDGES TOGETHER

NATIONAL ANTHEMN

Sons and daughters of Saint Lucia
Love the land that gave us birth
Land of beaches, hills and valleys,
Fairest isle of all the earth
Where so ever you may roam
Love, oh love our island home.

Gone the time when nations battled
For this "Helen of the West"!
Gone the days when strife and discord
Dimmed her children's toil and rest
Dawns at last a brighter day,
Stretches out a glad, new day.

May the Good Lord bless our island,
Guard her sons from woe and harm
May our people live united
Strong in soul and strong in arm
Justice, Truth and Charity
Our ideal forever be.

Lyrics: Rev Charles Jesse FMI

Music: Sir Leton Thomas KCMG, SLC, OBE, CBE

PRAYER OF ST. FRANCIS *Of Assisi*

Lord make me an instrument of Thy
Peace

Where there is hatred,
Let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light; and
Where there is sadness, joy.

O divine Master grant that I may not
So much seek to be consoled as to
Console;

To be understood as to understand;
To be loved as to love;
For it is in giving that we receive;
It is in pardoning that we are
Pardoned; and it is in dying that we
Are born to eternal Life.

OUR MISSION

Mabouya Valley Co-operative Credit Union Limited is a member focused institution. We seek to promote sustainable growth through the provision of quality financial and other services, using modern technology and a well-trained team.

OUR VISION

The Mabouya Valley Co-operative Credit Union Society Limited will be an efficient flexible and resilient financial institution, offering maximum value to members and the wider community.

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CORPORATE INFO.

Date of Registration:	10 th January, 1980
Regulator:	Financial Service Regulatory Authority
Auditor:	Gordon Alcindor - Partner, Nathoniell & Associates
Bankers:	1 st National Bank, Bridge Street, Castries Bank of Saint Lucia, Bridge Street, Castries
Attorney at Law:	Andra Gookool-Foster, High Street, Castries
Address:	P.O. Box QSR 210 Richfond, Mabouya Valley Dennery Saint Lucia W.I. Email: info@mvccu.net Website: www.mabouyavalleycreditunion.com

NOTICE OF MEETING

NOTICE is hereby given that the 41st Annual General Meeting (AGM) of the will be held on Wednesday 15^h March, 2023. The meeting will be held from 6:30PM

AGENDA

OPEN SESSION

1. Call to Order and Ascertainment of Quorum
2. Opening Prayer
3. National Anthem
4. Opening Remarks - Chairman
5. Welcome Address - President
6. Vote of Thanks

END OF OPEN SESSION

7. Minutes of previous AGM
 - i. Errors & Omissions
 - ii. Adoption
 - iii. Matters Arising
8. Reports
 - i. Board of Directors,
 - ii. Credit Committee
 - iii. Supervisory Committee
 - iv. Treasurer
 - v. Audited Financial Statements
9. Declaration of Dividends
10. Appointment of Auditors
11. Resolutions
12. Election of Officers
13. Any Other Business
14. Adjournment

BY ORDER OF THE BOARD OF THE DIRECTORS



Mr. Chaddie Faucher
Secretary

STANDING ORDERS

1. (a) A member shall stand and state
His name when addressing the
Chair.

(b) Speeches shall be clear and
relevant to the subject before the
meeting.
2. A member shall address the meeting
when recognized or called upon by
the Chairperson to do so, after which,
he shall immediately take his seat.
3. No member shall address the
meeting except through the
Chairperson
4. A member shall not speak twice on
the same subject, except:

(a) the mover of a motion who has a
right to reply.

(b) the member rises to object to
or explain any matter (with the
permission of the Chair).
5. No speeches shall be made after
the "Question" has been put to the
meeting.
6. The Mover of a 'Procedural Motion' –
(that is a motion for adjournment laid
on the table, or motion to postpone)
shall have no right to reply.
7. A member rising on a "Point of Order"
shall state the point clearly and
concisely. (A Point of Order must have
relevance to the Standing Orders.)
8. A member shall not "call" another member
'to order'.

(a) A member may draw the attention of the
Chairperson to a 'breach of order'.

(b) On no account can a member call the
Chairperson 'to order'.
9. Only one amendment shall be before the
meeting at one and the same time.
10. When a motion is withdrawn, an amendment
to it fails.
11. The Chairperson shall have the right to a
'casting vote'.
12. If there is an equality of voting on an
amendment, and if the Chairperson does not
exercise his casting vote, the amendment is lost.
13. Provision shall be made for protection by
the Chairperson for vilification (personal abuse)
among members.
14. No member shall impute improper motives
against another.

PRESIDENT'S MESSAGE



Creating Member Connections

As I end my two-year term as your President of the Mabouya Valley Cooperative Credit Union Society Limited (MVCCUSL), it is with mixed feelings that I present my remarks for 2021. On one hand, being part of an enthusiastic and dedicated group of like-minded volunteers has been an immense pleasure. On the other, my tenure is complete, so, I must move on with other projects to benefit my community. It would be remiss of me to not acknowledge my predecessor, Ms Alymphtha Lionel for all the sacrifice and contributions made to our credit union.



Building Bridges

I thank her for ensuring that the credit union was in a solid financial position going into this period, thus allowing the continuation and undertaking on several new initiatives.

A special thank you to our capable, efficient, and skilled Board Members and Committee members for their voluntary service to our credit union.



Together

To our manager and staff, I commend you for your arduous work. Because of you, our credit union has realized great success! It is a privilege to welcome you to our 41st Annual General Meeting. Forty-one years means that we are resilient and remains a reliable financial institution.



It depicts fundamental transformation and of course, new beginnings. Certainly, our credit union is managed by a progressive team who seeks new opportunities aimed at improving our internal processes and building wealth for all shareholders in a sustainable manner. I am confident of the continued progress of our institution and hereby urge you to keep your eyes and ears open for the upcoming opportunities. Be ready to seize them as you are the centre of our strategic direction and related plans. This year, the MVCCUSL joined the global movement in celebrating Credit Union Month under the theme: "Empower Your Financial Future with a Credit Union". We intend to strategize and explore best practices to build up our credibility as a financial institution. The Credit Union exists primarily to improve the lives of all members, considering the financial and economic era that we all live in. Against this ethos, the Board of Directors have placed considerable focus on enhancing stakeholder engagement and building the holistic capacity of its member-owners.

We are constantly adapting and rebuilding resilience in a rapidly changing environment. Although the years ahead are clouded with uncertainty, the Credit Union is also presented with several opportunities for growth. With optimism, all efforts will be explored to act in your best interest as shareholders. Amid all the COVID-related challenges, our credit union recorded a net surplus that we all can be proud of. As your outgoing President, I remain satisfied with all the work done and excited about what is yet to come. My team and I are already working on new initiatives such as visa debit cards, discount cards, and reduced interest rates.

Our credit union wishes to further inspire you so that our organization can become more effective. The focus goes beyond increasing membership. It encompasses the need to increase brand loyalty, and a sense of patriotism in the Mabouya Valley. No President is an island! As members, we must all toil and embark on this journey towards greatness. A key area of concern that we can collectively target is the elevated level of delinquencies. This situation hinders our progress and compromises the sum of allocated funds towards paid interest and dividends. A quick solution is for us all to honour our commitments.

As we come to election time again, I implore you to select candidates who can embrace the challenges and bring innovative ideas and perspectives to support the growth and adaptation of our credit union. We need competent and devoted individuals who can make meaningful contributions to the various committees. Please do not elect and appoint members based on friendships and personal agendas. Interested members should run for genuine reasons and be confident that their educational and work background can positively impact their performance if elected. This is because, the businesses of the Credit Union are expanding. Thus, serving members are required to commit time and make personal sacrifices to effectively carry out their duties.

To you, our esteemed members, continue to support your credit union by sharing our programs and initiatives with non-members. Attend our special meetings that were initiated a few months ago to keep you abreast. Be involved. Share your views. Come to AGM. Do not forget-you are the Credit Union. I can never fully express how valuable you are. Similarly, let us never forget all members we lost in 2021 and their bereaved families. May their souls rest in peace.

Once again, I thank you for the support and counsel given to me. To my colleagues who are also leaving, I wish you the very best. Those of you who are continuing, please continue to offer your best. In the words of Steve Job, "The only way to do great work is to love what you do." Our best is yet to come. Welcome one and all again.

Ms. Simone St. Fort
PRESIDENT

BOARD OF DIRECTORS



Ms. Simone St. Fort
President

Board Member Since: 2017
Profession: Retired Principal
Served on: Education Committee



Ms. Maria Mombelli
Vice President

Board Member Since: 2019
Profession: Business Owner
Served on: Social Committee



Mr. Chaddie Faucher
Secretary

Board Member Since: 2020
Profession: Administrative Officer
Served on: Education Committee



Ms. Lissa Daniel
Director

Board Member Since: 2021
Profession: HR Professional



Mr. Paul Kallicharan
Treasurer

Board Member Since: 2019
Profession: Statistician/Analyst
Served on: Finance &
Investment Committee



Mr. Devon Stanley
Asst. Treasurer

Board Member Since: 2019
Profession: Teacher
Served on: Finance &
Investment Committee



Mr. Emrand Matthew
Director

Board Member Since: 2020
Profession: Auditor
Served on: Finance &
Investment Committee

2021 BOARD REPORT

On behalf of the Board of Directors, we are pleased to present our report for the year ended 31st December 2021. Again, this year was dominated by COVID-19 resulting in great uncertainty and a difficult trading environment for all businesses.

The responsibility of managing a Credit Union, particularly in the context of a major pandemic, is immense and involves great dedication and commitment.

We want to pay tribute to our fellow Board of Directors, the Supervisory and Credit committee, the Finance committee, and all other volunteers of the Mabouya Valley Co-operative Credit Union Society Limited, who gave freely of their time to serve our members.

Our dedication to the Credit Union and members of the Credit Union has been exemplary and for which we offer our sincerest and deepest gratitude.

This year did not prove challenging for the Credit Union staff and members, but also pose challenges to other committee members who consistently conducted meetings using online meeting platforms when face to face was not possible.

We would also like to pay special tribute to you, our members for your support and encouragement in the past year. From the onset of the covid pandemic, we took the view that we would do everything in our power to continue to provide members with access to their funds, Credit Union services and provide support to our members in any way we could.

During the year under review the Credit Union was able to assist our members with loans being approved for home construction and Renovation, Vehicle purchase, land purchase, medical, debts consolidation ect.

While the results are set out in detail in the Financial Report, overall, this year's outcome has seen growth in several areas, with savings, loans and investments all performing ahead of expectations in these difficult and unpredictable times.



BOARD REPORT CONTINUED

Loans

It must be noted that one of the functions of the Credit Union is to provide financial assistance to its members for worthwhile purposes predicted on the ability to service these loans. As a result of continued increase in membership, the level of loans granted to members also increased.

For the period under review loans granted to members amounted to Nine Million One Hundred and Forty-Nine Thousand and Fifty-Nine Dollars. (\$9,149,159)

Additional information on loans granted is contained in the Credit Committee Report.

Delinquency

Delinquency has been a major problem plaguing our Credit Union. Many members have been entrusted with financial assistance from member's savings, however a few members have abused the facility by failing to honour their financial commitments.

At 31st December 2021 delinquency stood at a value of One Million Eight Hundred Sixty-eight thousand Eight Hundred Forty-one dollars (\$1,868,841)

In considering the possibility of returning funds to members this year by way of dividends, the Board must consider several factors. These include continued downward pressure on our annual surplus, the ongoing uncertainties for the future because of COVID-19. Allied to this is a strong recommendation from the Authority to continue to strengthen the reserves.

Conclusion

On a positive note, the focus of the board continues to be on providing a quality service to meet the needs of our growing member's base. Members we encourage you to take-up many of our products. We now provide a broad range of loans at reduced deposit and interest rates.

We are proud to support our local community, the schools, sport teams, the churches, and members. The Credit Union put a lot back into the communities.

Please remember that the Mabouya Valley Co-operative Credit Union Society Limited is your Credit Union, and we encourage all members to make full use of our service and indeed invite others to join our community Credit Union as we create members connections.

We would like to wish every Mabouya Credit Union member a successful 41st Annual General Meeting under the theme "Creating member connections - Building Bridges Together".

We thank you!

This is the end of the Board Report



Mr. Chaddie Faucher
Secretary

MANAGEMENT REPORT

Now it is 41 years of operation, Mabouya Valley Co-Operative Credit Union has made good progress in delivering on its strategic priorities to its members. The Credit Union's balance sheet demonstrates growth, and it is anticipated that this trend will continue.

The challenges experienced in 2021 were many, chief among them being the continued impact of COVID-19 on staff and general membership by extension.

Our positive operating results were driven by the success of 8 employees as they put into practice the principles that would drive our Credit Union to success

"We were there for our members!" The staff at the Credit Union delivered good performance despite all the challenges that 2021 brought with it. We the staff were able to build productive relationships with members and customers.

We were able to build on long term value to our staff and kept the promises that if MVCCU does well, we all do well.

We are indeed proud to state that although the challenges of 2021 have impacted our Credit Union, we have retained all our existing staff. This is a testimony to our commitment to our staff and the general membership.

Fellow members while the world economy continues to face some immediate challenges, the key to growth of our Credit Union is not lost.

In 2021, we know we have helped our members navigate a world of changes while managing some major changes at the Credit Union.

We stayed true to our objectives of giving members and customers value and hope. Therefore, we are confident that there is an abundance of opportunities to enhance the customer's experience and improve the bottom line.





In 2022, we will continue to drive the Credit Union to achieve our strategic objectives. We urge you our customers to assist us in marketing the Credit Union and recommend the Credit Union as your 1st choice.

Let me assure you that there will be no compromise when it comes to understanding and responding effectively and in a timely manner to our members. After all our success as a Credit Union depends entirely on the success of our members.

We thank you our directors for bringing passion, intellect, insight, and experience to the table.

We look forward to the continued opportunity to work with you to grow the Credit Union in a manner which is consistent with our mission and guiding principles.

To our member we look forward to your support and loyalty as we continue to enhance service delivery.



Mrs. Sylvia Wells
Office Manager

MEET THE TEAM



Mrs. Sylvia Wells
**Manager - Office
& Compliance**



Ms. Nilejah Francis
Office Supervisor



Ms. Erena Gustave
Credit Management Officer



Ms. Amana Mentor
Teller



Ms. Tanisha Sandiford
Teller



Ms. Christy Alexander
Teller



Mrs. Derdery Clifford-Wells
Office Assistant



Ms. Loretta Albert
Office Assistant

During the year under review, we maintained a staff complement of eight (8).

Table 3
General Statistics

Financial Factors	2012	2013	2014	2015	201	2017	2018	2019	2020	2021
Assets	5,044,928	5,557,260	5,922,326	7,055,419	9,183,995	11,421,650	14,049,895	16,612,994	18,356,249	21,256,302
Cash Resources	2,076,377	2,413,527	2,552,709	2,041,874	1,830,690	2,031,574	1,758,827	4,360,519	4,667,860	5,022,424
Fixed Assets	206,187	180,421	158,728	146,809	140,358	229,997	374,568	364,899	353,750	372,132
Investments Securities	168,438	407,597	423,380	1,015,485	1,021,487	2,613,079	2,987,368	2,954,222	5,472,002	7,095,580
Loans to Members	2,460,385	2,446,325	2,680,515	3,674,603	5,885,460	6,332,528	8,088,045	8,336,332	7,155,003	8,489,638
Total Liabilities	4,888,427	5,410,919	5,505,926	6,308,959	8,262,004	9,940,015	12,243,351	14,525,899	15,998,535	18,373,871
Permanent Shares	13,250	28,550	59,335	271,895	383,805	461,965	579,418	772,058	864,857	933,912
Members Deposits	1,367,680	1,529,965	1,915,143	1,645,646	2,575,711	3,289,791	4,304,603	5,589,465	6,640,363	8,180,157
Withdrawal Shares	3,120,314	3,445,105	3,548,019	4,022,918	5,269,036	6,311,215	7,532,578	8,781,018	9,215,232	10,170,274
Members Funds	109,355	105,241	115,846	128,272	139,749	249,859	321,104	350,317	102,164	91,553
Statutory Reserves	264,479	278,960	282,582	299,008	332,174	350,369	489,266	591,514	680,454	1,017,370
Undivided Earnings	(310,281)	(279,539)	(272,389)	(57,809)	14,119	48,068	280,545	314,508	284,226	373,324
Total Members Equity	159,501	166,341	416,400	746,460	1,481,635	921,991	1,806,554	2,087,095	2,357,714	2,882,431
Number of Loans	285	233	288	418	468	569	482	599	495	537
Membership	4,079	4,262	4,126	4,361	4,737	5,105	5,587	5,744	6017	6264
Net Income	(298,911)	55,893	13,000	63,835	130,778	69,961	552,995	359,334	385,973	220,618

BOARD & COMMITTEE MEETINGS 2021

With the continually changing structure of Credit Unions, the Board and Committees met during the 2021 financial year. After the Annual General Meeting held on 30th October 2021, the Board and Committees were restructured on 11th November 2021.

The table below illustrates the attendance for the various meetings held during the financial year.

TABLE 1
DIRECTORS MEETING ATTENDANCE - 2021

Director	Board Meetings	Finance Comm. Meetings	Joint Comm. Meetings	Corporate Gov. & Training	Audit Comm. Meetings
Ms. Simone St. Fort	11	4	7	3	2
Ms. Maria Mombelli	11		7	3	2
Mr. Devon Stanley	11	4	7	3	2
Mr. Paul Kallicharan	11	4	7	2	2
Mr. Chaddie Faucher	11		7	2	2
Ms. Ermand Matthew	11	4	7	3	2
Ms. Lissa Daniel	2	1	0	0	0
Meetings Held:	11	4	7	3	2

TABLE 2
TENURE OF DIRECTORS

There are no outgoing members on the Board.

Director	Year of Election	1 st Term From - To	Year of Re-election	2 nd Term From - To	Year Outgoing
Ms. Simone St. Fort	2017	2017-2019	2019	2019-2022	2022
Ms. Maria Mombelli	2016	2016-2019	2019	2019-2022	2022
Mr. Devon Stanley	2019	2019-2022	2022		
Mr. Paul Kallicharan	2019	2019-2022	2022		
Mr. Chaddie Faucher	2020	2020-2023			
Ms. Ermand Matthew	2020	2020-2023			
Ms. Lissa Daniel	2021	2021-2024			

BOARD OF DIRECTORS CHANGES

Mrs. Simone St Fort, President, and Ms. Maria Mombelli have successfully completed their tenure and are outgoing. They have completed their tenure and are statute barred for one (1) year and is therefore not eligible for re-election.

Mr. Paul Kallicharan and Mr. Devon Stanley having successfully completed their first term are eligible for re-election.

SUPERVISORY COMMITTEE MEETINGS 2021

TABLE 3
SUPERVISORY COMMITTEE MEETING ATTENDANCE - 2021

Member	Supervisory Comm. Meeting	Joint Comm. Meetings	Corporate Governance Training
Ms. Servina Eudovic	6	7	3
Ms. Conny Lewis	6	7	3
Ms. Rebertha Wilfred	6	7	3
Ms. Ivaline Abbott	6	7	3
Mr. Kimran Charles	2	0	0
Meetings Held:	6	7	3

TENURE SUPERVISORY COMMITTEE

TABLE 4
ROTATION OF SUPERVISORY COMMITTEE MEMBERS IN ACCORDANCE WITH SECTION 14 OF BY-LAW

Director	Year of Election	1 st Term From - To	Year of Re- election	2 nd Term From - To	Year Outgoing
Ms. Servina Eudovic	2019	2019-2022	2022		
Ms. Conny Lewis	2020	2020-2023			
Ms. Rebertha Wilfred	2020	2020-2023			
Ms. Ivaline Abbott	2020	2023-2023			
Mr. Kimran Charles	2021	2021-2024			

SUPERVISORY COMMITTEE CHANGES

Ms. Servina Eudovic has successfully completed the 1st term and is outgoing; however, she is eligible for re-election.

CREDIT COMMITTEE MEETINGS 2021

TABLE 5
CREDIT COMMITTEE MEMBER ATTENDANCE - 2021

Director	Credit Comm.	Finance Comm. Meetings	Joint Comm. Meetings	Corporate Gov. & Training	Audit Comm. Meetings
Ms. Lyster Velinor	10	N/A	6	3	N/A
Ms. Kessa Moise	10	4	7	3	2
Ms. Talia Gustave	5	N/A	6	3	N/A
Mr. Lincoln Budhoo	10	N/A	6	3	N/A
Mr. Cassius Aimable	10	N/A	0	0	N/A
Meetings Held	30	4	12	3	2

TENURE CREDIT COMMITTEE MEMBERS

TABLE 6

ROTATION OF CREDIT COMMITTEE MEMBERS IN ACCORDANCE WITH 14 OF THE BY-LAW.

Director	Year of Election	1 st Term From - To	Year of Re-election	2 nd Term From - To	Year Outgoing
Ms. Lyester Velinor	2018	2018-2021	2021	2021-2024	
Ms. Kessa Moise	2019	2019-2022			
Ms. Talia Gustave	2019	2019-2022			
Mr. Lincoln Budhoo	2019	2019-2022			
Mr. Cassius Aimable	2020	2021-2023			

CREDIT COMMITTEE CHANGES

Ms. Kessa Moise, Mrs. Talia Gustave and Mr. Lincoln Budhoo have successfully completed their 1st term and are out going.

Mr. Lincoln Budhoo will be up for re-election; however Ms. Kessa Moise and Mrs. Talia Gustave will not be contesting for re-election.

Ms. Lyester Velinor has not completed her 2nd term and will not continue to serve.

MEMBERSHIP DEVELOPMENT

During the year, we were happy to report that the Credit Union grew in membership. We enrolled 247 new member accounts.

Membership	2020	2021
New Accounts	273	247

CORPORATE SOCIAL RESPONSIBILITY

INTERNATIONAL CREDIT UNION DAY CELEBRATION - 2021

Although mass crowd events were not allowed, every member who came into the Credit Union to conduct business was blessed with take-away food packages. The theme for 2021 was "Building Financial Health for A Brighter Tomorrow." The Annual day was held on 21st October 2021.

BURSARIES - 2021

In keeping with the established internal policy, for the first time, the Board of Directors was very pleased and extremely proud to recognize and reward its top performers for the student who wrote the Common Entrance Exam from the four Primary school within the community. This year four (4) top students plus one staff bursary was awarded.

The 2021 Secondary School Bursaries holders are:

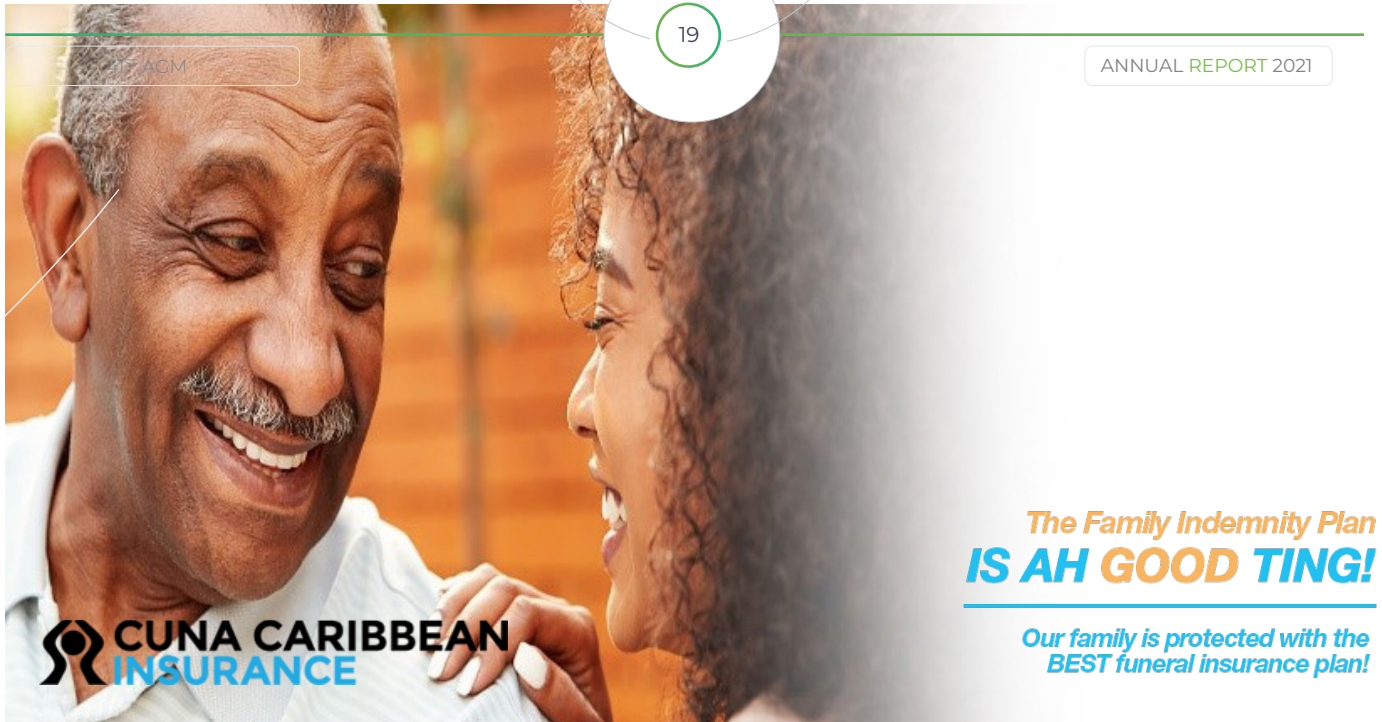
Primary School	Student's Name	School Assigned	Parent's Name
La Ressource Combined	Skylar Thomas	Leon Hess Comprehensive	Merlina Dostalie
Deniere Riviere Combined	Meriska Velinor	St. Joseph Convent	Lyndell Velinor
Aux Lyon Combined	Rishawn St. Aimee	Beanfield Secondary	Tashan Theodule
Richfond Combined	Crishon John	Castries Comprehensive	Niambi John

One (1) Staff Bursary

Primary School	Student's Name	School Assigned	Parent's Name
Derniere Riviere Combined	Merlicia Albert	Clendon Mason	Loretta Albert

One (1) Committee Member Bursary

Primary School	Student's Name	School Assigned	Parent's Name
Richfond Combined	Leewany Velinor	Micoud Secondary	Lyester Velinor



**The Family Indemnity Plan
IS AH GOOD TING!**

*Our family is protected with the
BEST funeral insurance plan!*

The CUNA Caribbean Family Indemnity Plan (FIP) continues to provide your loved ones with the funds needed to cover funeral expenses, unpaid bill left behind or funds to start a savings plan. There are Seven (7) options that are available and upon payment of the monthly premiums and meeting the required stipulation, a payout is almost guaranteed for each family member.

Plan Option	Monthly Premium	Individual Benefits
Plan A	\$26.40	\$5,000
Plan B	\$39.60	\$7,500
Plan C	\$52.58	\$10,000
Plan D	\$79.20	\$15,000
Plan E	\$105.60	\$20,000
Plan F	\$132.00	\$25,000
Plan G	\$158.40	\$30,000

\$102,355
PAID OUT

In 2021, under the FIP, nine (9) death claims were paid out to members compared to nine (9) in 2020. A total payout of XCD102,355 were paid out to members and their families.

BENEFITS

- Enjoy up to \$30,000.00 in coverage with your choice of seven plans to choose from.
- One monthly premium covers final expenses for you and up to five eligible family members (including any two persons you choose from your parents and parents-in-law)
- No medical examination required
- You are eligible to receive the full benefit (per person) where valid claims are made
- You get lifetime insurance coverage once you enroll before age 76

In 2021, we bid farewell to 13 family members.

Jerome Francis
Antoine Charles
Augustus Tayliam
Paul Richard
Edmund Paul

Edward Charles
Clarence Leopold
Luciana Alphonse
Robert Sonson

The Board of Directors would like to extend sincere sympathy to the family and friends of our members.

TREASURER'S REPORT



Paul Kallicharan
Treasurer

As per legal requirements, the audited financial statements of the Mabouya Valley Cooperative Credit Union Society Limited (MVCCU) for the financial year ended December 2021 was presented to members by Mr. Gordon Alcindor (New External Auditor). This is a legal requirement and is presented at the AGM of all Credit Unions.

The year 2021 was characterized by commencement of post Covid-19 recovery period, a 12.2% improvement in real GDP following a 24.4% contraction in 2020 and the tourism sector picked up in 2021 which resulted in a rebound of economic activity estimated output growth of 12.2%. We also experienced surge in commodity prices coupled with supply side bottle-neck increased inflation to 2.4% in 2021. National output is projected to recover to the pre-pandemic level by 2024 as tourism returns to pre-pandemic levels. An IMF 2022 Article IV mission to St Lucia on May 9 - May 23 highlighted that at the end of 2021 the gross public debt stock was 90.6% of GDP.

The public debt is projected by the IMF to remain close to 90 percent of GDP in the medium term, which would not provide sufficient fiscal space for social spending and infrastructure investments. The report further stated that a public debt of 90.6% of GDP leaves limited space for capital expenditure and this falls short of investment needs.

SHIFTS IN LOCAL DYNAMICS WHICH IMPACTED THE MVCCU

1. Continued declined in the banana industry: the performance of this industry is undoubtedly at an all-time low. Loans from this sector accounts for 0.30% of the total loans portfolio. Employment level from this sub-sector has also contracted significantly overtime.
2. The rate and number of young men and women who left secondary school with over five (5) CXC subjects have more than doubled in the last three years. The number of A 'Level students from the Dennery Valley is no longer in single digit and the number of tertiary level graduates can no longer be counted on one hand.
3. Over 90% of minibus activities in the valley are dependent on employed persons from the following Economic Sectors:
 - Hotels and Restaurants
 - Wholesale and Retail
 - Business Services
 - Manufacturing
 - Utility
4. While employment in the banana industry continue its steady decline, growth in employment from the above sectors has redefined the MVCCU membership landscape given their varying complexities and characteristics.

Against these backdrops, I present the Treasurer's report for financial year ended December 2021.

1. INCOME STATEMENT

Table X Summary of Comprehensive Income Statement- FY 2021

Variable	2021	2020	Variance	% Change
<u>Income</u>				
Interest on Loans	808,282	626,065	182,217	29.1%
Interest on Investments	249,390	219,235	30,155	13.8%
Other	158,133	168,445	- 10,312	-6.1%
Sub-Total	1,215,805	1,013,745	202,060	19.9%
<u>Expenditure</u>				
Non-interest and operating expenses	612,487	553,625	58,862	10.6%
Impairment Losses	290,105	239,502	50,603	21.1%
Interest Expenses	145,357	-	145,357	--
Sub-Total	1,047,949	793,127	254,822	32.1%
Net Surplus	167,856	220,618	-52,762	-23.9%

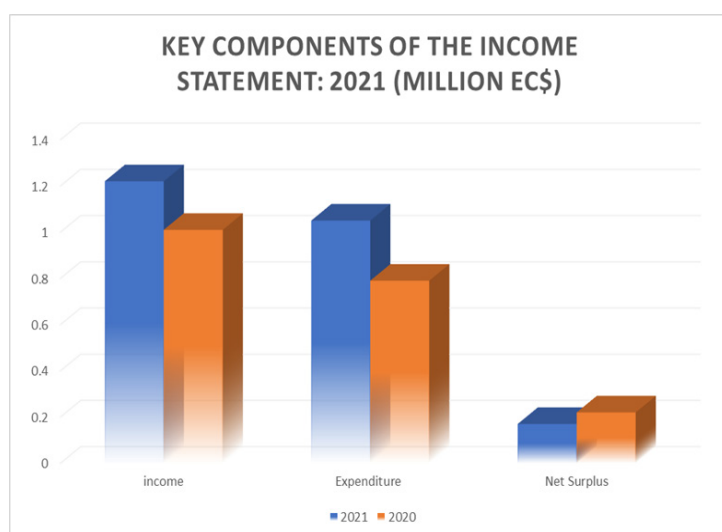
HIGHLIGHTS OF INCOME STATEMENT

- Interest on loans increased by 29.1%
- Interest on investments rose by 13.8%
- Other income dropped by 6.1%
- Total income grew by approximately 20%
- Total expenditure increased by 32.1% primarily due to the following:
 1. 24.3% rise in personnel expenses.
 2. 23.4% increase in cost of insurance and auditing.
 3. 21.1% increase in provision for loan impairment.
 4. Payment of interest to membership on deposits/withdrawable shares amounting to \$145,357.

It was the first-time interest payment was paid to the membership on their deposits and withdrawable shares since the establishment of the MVCCU.

- The net surplus or total comprehensive income contracted by approximately 24% from \$220,618 in 2020 to \$167,856.

HIGHLIGHTS OF INCOME STATEMENT



2. HIGHLIGHTS OF CASHFLOW STATEMENT 2021

The highlights and or comments on the cashflow for FY 2021 could be viewed from the perspective of the start of returning to normalcy following the impact of Covid-19.

- Withdrawal shares increased by 140.5% from \$0.43 million to \$1.04 million.
- Members' deposits increased by 46.5% to \$1.54 million.
- The net value of members' loans/advances in the review period was at \$1.74 million which indicated that more loans were issued.
- Investment return rose by 13.8% to \$249,390.
- During the review period, net cash generated from operations was \$1.91 million- the collective impact of continued significant growth in memberships' deposits, withdrawable shares and value of loans issued.
- Of the \$1.91 million, an amount of \$1.62 million or 84.8% were utilized for investment in securities.
- At the end of the review period, cash increased by 15.4% to \$354,564. At the end of the financial year ended December 2021, the cash position grew by 7.6% to \$5.02 million.

3. FINANCIAL POSITION

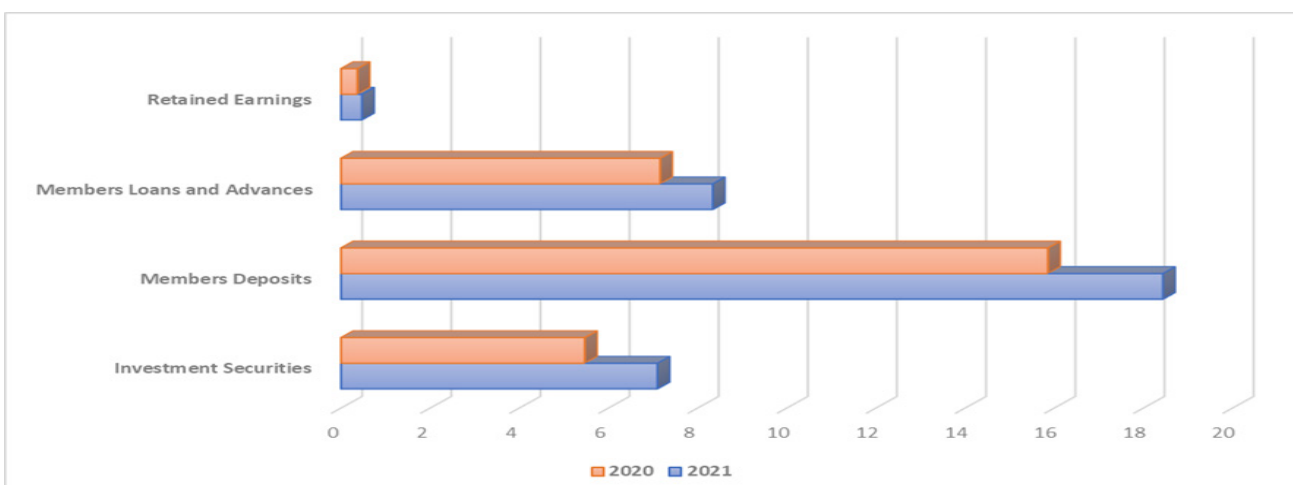
After recording an 18.22% increase in 2019, value of the MVCCU assets increased by approximately 15.0% to \$21.11 million at the end of the financial year 2021. Below is a summary of some key variables/ components of the MVCCU' financial position in 2021:

SUMMARY OF THE MVCCU FINANCIAL POSITION (MILLION \$EC) 2020 - 2021

COMPONENTS	2021	2020	Variance	% Change
Cash	5.02	4.67	0.35	7.49%
Investment Securities	7.1	5.47	1.63	29.80%
Members Loans & Adv.	8.34	7.16	1.18	16.48%
Members Deposits	18.44	15.86	2.58	16.27%
Statutory Fund	1.06	1.02	0.04	3.92%
Retained Earnings	0.47	0.37	0.10	27.03%

- Cash increased by 7.5% to \$5.02 million.
- When compared to the previous year Investment Securities rose by 29.85 \$7.1 million.
- Value of members loans/advances increased by 16.5%.
- Value of members deposits grew by 16.3% to \$18.44 million

Chart: Selected Components of the MVCCU Financial Position-2020-2021



4. KEY PERFORMING AREAS

INVESTMENT SECURITIES

VALUE OF INVESTMENT SECURITIES AND RELATED INTEREST 2018 - 2021

Year	Investment Securities Value (\$Mill)	Interest on Securities % Increase	Variance Value	% Change \$ Increase
2018	2.99		106,673	
2019	2.95	-1.3%	96,492	-9.5%
2020	5.47	85.4%	219,235	127.2%
2021	7.10	29.8%	249,390	13.8%

Note 1: It was a strategic decision of the Board to significantly reduce the liquidity level of the MVCCU with investments in short-term securities (bonds).

CASH POSITION

CASH POSITION OF THE MVCCU: 2018 - 2021

Year	Value (\$ Million)	% Increase
2018	1.76	
2019	4.36	147%
2020	4.67	7.1%
2021	5.02	7.5%

Note 2: The performance of cash position in 2019, 2020 and 2021 was the direct collective impact of investments in Securities and increase in loans issued in 2021.

STATUTORY RESERVE

MVCCU STATUTORY RESERVE: 2018 - 2021

Year	Value (\$ Million)	% Increase
2018	591,514	
2019	680,454	15.0%
2020	1,017,368	49.5%
2021	1,061,734	4.4%

The significant improvement in the institution's Statutory Reserve position was due a Board decision to transfer funds from the Education and Development Fund. I am pleased to report that the minimum requirement for statutory and other reserves to be no less than 10% of total liabilities has improved from 8.7% in 2019 to 9.5% at the end of 2021. It is the Board's commitment that this target will be achieved for the financial year ended December 2022.

MVCCU ASSETS

VALUE OF MVCCU ASSETS: 2018 - 2021

Year	Value (\$ Million)	% Increase
2018	14.05	
2019	16.61	18.2%
2020	18.36	10.5%
2021	21.11	15.0%

Continued expansion of the memberships' deposits and decent rate of return has resulted in rapid growth of the MVCCU assets at an average annual rate of 14.5% over the last four years.

RETURN ON MEMBERS' DEPOSITS

RETURN ON MEMBERS' DEPOSITS: 2018 - 2021

Year	Members' Deposits	Interest Income	Rate of Return
2018	11,837,181	811,974	6.9%
2019	14,370,474	939,341	6.5%
2020	15,885,595	845,300	5.3%
2021	18,440,120	1,057,672	5.7%

IMPAIRMENT LOSSES

LOANS & ADVANCES: 2018 - 2021

Year	Value	% Increase
2018	134,655	
2019	141,781	5.3%
2020	239,502	68.9%
2021	209,105	21.1%

Note 8: Notwithstanding the positive performances in areas of investment in securities, statutory reserve position, return on deposits and asset growth, provisions of bad debts is a growing concern and totaled approximately \$1.1 million over the last four years. This situation should not be allowed to continue and must form part of management' strategic objective to reduce this allocation to an acceptable level in the short term to medium term.

5. OUTLOOK

Rebounding from the negative shocks of Covid-19 is expected in 2022 with increased economic activities and employment in the Hotels and Restaurants Economic Sector returning to pre-covid level. As a result, we expect both the number and value of loans/advances to return to pre-covid level in 2022 and expand further in 2023 given the revision of interest rates on loans and upper limit of mortgage loans. These initiatives/policies will positively impact the size of the mortgage loan portfolio and its level of return in the medium to long-term.

We will continue to explore sound short and medium-term investment opportunities in 2023 and beyond to maximize returns. Proper and effective underwriting of loans contribute towards membership satisfaction and is the first step to reduce delinquency. In that regard, continued investment in training of staff will be a priority to significantly improve needed skill set. The objective is to develop a cadre of highly skilled staff that can provide quality financial service to the membership, effective underwriting of loans and management of delinquency.

As the population dynamics change over-time in the Mabouya Valley, it will ultimately redefine the MVCCU membership. How we address the challenges that arises would require effective consultation and appropriate fiscal policy reform.

It has always been a pleasure to serve. Thank you.



Mr. Paul Kallicharan
TREASURER

SUPERVISORY COMMITTEE REPORT



Servina Eudovic Chairman

The Supervisory Committee is pleased to provide a report for the financial year ending December 31, 2021.

For the year under review, the Supervisor committee comprised the following members:

1. Ms. Servina Eudovic – Chairperson
2. Ms. Rebertha Wilfred – Secretary
3. Ms. Ivaline Abbott – Member
4. Ms. Conny Lewis – Member
5. Mr. Kimran Charles - Member

The supervisory committee serves an important function at the Mabouya Valley Co-operative Credit Union Society Ltd. One of the main functions of the supervisory committee is to ensure that the Board of Directors and Management establish and follow procedures and practices which are in accordance with the legal framework that governs the credit union, as well as our own bylaws to protect and safeguard members' assets.

They also endeavor to ensure that effective controls are put in place to protect not just members but all stakeholders of the Credit Union. They are also tasked with asking the tough questions and following up on findings to ensure that changes are made.

During the financial year 2021, the Supervisory Committee continued its work in improving the financial position of the Credit Union, doing so in accordance with the legislative framework.

The committee, however, intensified on the audits conducted with a focus of enhancing cash management, operational efficiency, and the business environment in which the Credit Union operates. The committee reviewed receipt books, cheque books, as well as dormant/inactive accounts.

It was noted that there is a large number of dormant accounts, and recommendations were made to contact the customers to decide on a way forward with these accounts. These robust reviews assisted in determining whether the controls were being adhered to in order to prevent fraud.

Based on these reviews performed during the year, we are satisfied that the controls were followed to protect members' assets and sustain a secure and safe future. The committee will continue to work hard to steer the affairs of the Credit Union appropriately so that members' contributions will yield the needed interest.

On behalf of the entire committee, we appreciate the opportunity to serve you, the members of the Mabouya Valley Co-operative Credit Union Society Ltd. and look forward to a secure and successful 2022.

Ms. Servina Eudovic
CHAIRPERSON

CREDIT COMMITTEE REPORT



Talia Gustave Chairman

For the year under review, the Credit Committee was made up of the following members:

- | | | |
|----|-------------------|-------------|
| 1. | Talia Gustave - | Chairperson |
| 2. | Lyester Velinor - | Secretary |
| 3. | Kessa Moise - | Member |
| 4. | Linus Budhoo - | Member |
| 5. | Cassius Aimable - | Member |

The Credit Committee has an oversight on loan approval with loan applications being individually assessed, taking into consideration the level of risk to the member and the level of exposure to the Credit Union. We must always be cognizant of the fact we are lending other members' money and as such the utmost care and attention is to be adequately maintained. Loan under considerations is evaluated on its own merit. The committee wishes to encourage members to always provide their full financial picture when having discussion with the loans officer. This would allow the committee to make a more comprehensive decision as well as determine the member's ability to repay.

During meeting the Credit Committee were engaged in the following:

1. Reviewing new and add-on loan applications.
2. Ratification of cash covered loans.
3. Reviewing and ratification of Management approved loans.
4. Reviewing Credit Union monthly delinquency summary reports.
5. Providing recommendations to the joint Committee on loans.

1. ANALYSIS OF LOANS

As at December 2021, a total of five hundred and thirty seven (537) loans, were granted totaling nine million, one hundred and forty-nine thousand, one hundred and fifty-nine dollars (\$9,149,159) compared to 2020's figure of seven million, six hundred and seventy-eight thousand and eight-four dollars (\$7,678,084).

This is an increase by one million, four hundred and seventy-one thousand and seventy-five dollars (\$1,471,075).

Our social media presence has undoubtedly made persons more aware of the products and services offered by the Credit Union. The post is being shared constantly resulting in greater exposure. These combined efforts have reaped the rewards of increase in the number and value of loans.

2021

2020

Loans By Number

537

Loans By Number

494

Loans By Value

\$9,149,159

Loans By Value

\$7,678,084

2. DELINQUENT LOANS

Delinquency continues to be worrisome issue, with the numbers rising as shown below. Many members found themselves on this list as the situation has been compounded by the loss of jobs and decrease in salary brought about by the pandemic. The committee encourages members to come into the Credit Union and speak with the Credit Management officer.

DELINQUENT LOAN BY AGE

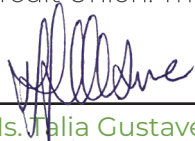
DELINQUENCY AGE	# OF LOANS 2021	LOAN VALUE 2021	# OF LOANS 2020	LOAN VALUE 2020
30 - 60 Days	52	\$1,159,210.45	65	\$1,085,111.50
61 - 90 Days	6	\$67,170.23	8	\$56,478.54
91 - 180 Days	13	\$233,165.89	10	\$198,086.72
181 - 270 Days	5	\$200,896.01	4	\$15,720.12
271 - 365 Days	3	\$33,332.37	2	\$77,6027.22
Over 12 months	8	\$175,066.17	5	\$98,189.87
TOTAL	87	\$1,868,841.12	94	\$1,531,193.97

3. CONCLUSION

The Credit Committee encourages members to borrow wisely, save regularly and to maintain regular and prompt payment on their loan with the Credit Union.

We would like to express our gratitude and appreciation for the dedicated and hard-working staff of the Credit Union led by our Manager Mrs. Sylvia Avril-Wells, for providing a conducive working environment, which ensure a high level of out put form the staff and committee members.

We also encourage members to avail themselves to the many products and services offered by the Credit Union. Thank you!



Ms. Julia Gustave
CHAIRPERSON

Mabouya Valley Co-operative Credit Union Society Limited

Financial Statements
Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Members of Mabouya Valley Co-operative Credit Union Society Limited.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mabouya Valley Co-operative Credit Union Society Limited (the Credit Union), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in equity, comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in St. Lucia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The financial statements for the year ended December 31, 2020 were audited by another auditor whose report was dated September 9, 2021.

Other Information Included in the Credit Union's 2021 Annual Report

Other information consists of the information included in the Credit Union's 2021 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Credit Union's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

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 Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditor's Responsibility 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 auditor's 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 Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (CONT'D)**Auditor's Responsibility for the Audit of the Financial Statements (Cont'd)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Credit Union 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Chartered Accountants
Castries, St. Lucia
February 7, 2023

Mabouya Valley Co-operative Credit Union Society Limited 4

Statement of Financial Position

As at December 31, 2021

(Expressed in Eastern Caribbean Dollars)

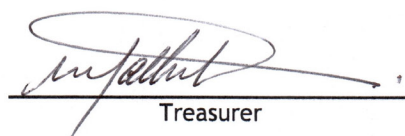
	Notes	2021 \$	2020 \$
ASSETS			
Cash	6	5,022,424	4,667,860
Investment securities	7	7,095,580	5,472,002
Loans and advances to members	8	8,338,979	7,155,002
Receivables and prepayments	10	294,910	689,251
Property and equipment	11	354,692	372,132
TOTAL ASSETS		21,106,585	18,356,247
LIABILITIES AND MEMBERS' EQUITY			
Liabilities			
Members' deposits	12	18,440,120	15,855,595
Accounts payable and accruals	13	80,049	142,938
Total Liabilities		18,520,169	15,998,533
Members' Equity			
Members' shares	14	933,914	864,857
Statutory reserve	15	1,061,734	1,017,368
Members' funds	16-17	125,123	102,164
Retained earnings		465,645	373,325
Total Members' Equity		2,586,416	2,357,714
TOTAL LIABILITIES AND MEMBERS' EQUITY		21,106,585	18,356,247

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

APPROVED ON BEHALF OF THE BOARD:-



President



Treasurer

Mabouya Valley Co-operative Credit Union Society Limited

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Statement of Changes in Members' Equity
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

	Notes	Development Fund \$	Education Fund \$	Statutory Reserve \$	Undivided Earnings \$	Permanent Shares \$	Total \$
Balance as at January 1, 2020		226,233	124,084	680,454	284,266	772,058	2,087,095
Transfer to statutory reserve				280,253			280,253
Transfer from education and development fund	16-17	(180,986)	(99,267)				(280,253)
Total comprehensive income for the year 2020					220,618		220,618
Allocation for:							
- Development fund	16	22,062			(22,062)		-
- Education fund	17		22,062		(22,062)		-
- Statutory reserve	15			55,154	(55,154)		-
Entrance fees	15			1,509			1,509
Members' training expense	16						(12,025)
New shares issued 2020	14		(12,025)			92,799	92,799
Dividends paid on permanent shares					(32,282)		(32,282)
Balance as at December 31, 2020		67,309	34,854	1,017,370	373,324	864,857	2,357,714
Total comprehensive income for the year 2021					167,856		167,856
Allocation for:							
- Development fund	16	16,786			(16,786)		-
- Education fund	17		16,786		(16,786)		-
- Statutory reserve	15			41,964	(41,964)		-
Entrance fees	15			2,400			2,400
Members' training expense	16		(10,611)				(10,611)
New shares issued 2021	14					69,057	69,057
Balance as at December 31, 2021		84,095	41,029	1,061,734	465,645	933,914	2,586,416

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Statement of Comprehensive Income
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

	Notes	2021 \$	2020 \$
Interest income			
Interest on loans		808,282	626,065
Interest on investments		249,390	219,235
		<u>1,057,672</u>	<u>845,300</u>
Interest expense			
Interest on members deposits		55,814	-
Interest on members withdrawable shares		89,543	-
		<u>145,357</u>	<u>-</u>
Net interest income		<u>912,315</u>	<u>845,300</u>
Other income	23	158,133	168,445
Impairment losses - loans and advances to members	9	<u>(290,105)</u>	<u>(239,502)</u>
		<u>(131,972)</u>	<u>(71,057)</u>
Non-interest and operating expenses			
Operating expenses	18	122,711	111,666
Personnel expenses	19	221,649	178,260
Member meeting expenses	20	29,789	29,567
Occupational expenses	21	116,171	112,352
Board and committee expenses	22	13,143	9,359
CUNA insurance		107,490	110,709
Bank charges		1,534	1,712
		<u>612,487</u>	<u>553,625</u>
Net surplus being total comprehensive income for the year		<u>167,856</u>	<u>220,618</u>

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

Mabouya Valley Co-operative Credit Union Society Limited 7

Statement of Cash Flows

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

	Notes	2021 \$	2020 \$
Cash Flows from Operating Activities			
Net surplus for the year		167,856	220,618
Adjustments for:			
Interest income on investments		(249,390)	(219,235)
Interest expense		145,357	-
Impairment losses on loans and advances		290,105	239,502
Depreciation	11	18,382	17,883
Loss on disposal of property and equipment	23	-	9,984
Cash flows before changes in operating assets and liabilities		372,310	268,752
(Increase)/decrease in loans and advances to members		(1,474,082)	987,361
Decrease/(increase) in receivables and prepayments		394,341	(137,762)
Increase in members deposits		1,539,794	1,050,807
Increase in members withdrawal shares		1,044,731	434,314
Training expense		(10,611)	(12,025)
Increase (decrease) in accounts payable and accruals		(62,889)	43,233
Net cash (used in) from operating activities		1,803,593	2,634,680
Interest received from investments		249,390	219,235
Interest paid		(145,357)	-
Net cash generated from operating activities		1,907,626	2,853,915
Cash Flows from Investing Activities			
Purchase of property and equipment	11	(941)	(35,100)
Purchase of investment securities		(1,623,578)	(2,517,780)
Net cash used in investing activities		(1,624,519)	(2,552,880)
Cash Flows from Financing Activities			
Dividends paid	26	-	(32,282)
Borrowings written off		-	(55,720)
Proceeds from share issue	14	69,057	92,799
Entrance fees	15	2,400	1,509
Net cash used in financing activities		71,457	6,306
Increase in Cash		354,564	307,341
Cash - Beginning of the Year		4,667,860	4,360,519
Cash - End of the Year	6	5,022,424	4,667,860

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

Mabouya Valley Co-operative Credit Union Society Limited

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Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

1. Corporate Information

On 23rd December 2010, the La Resource Co-operative Credit Union by a resolution passed in accordance with Section 10 and 48 of the Co-operative Societies Act revised edition Chapter 12.06 of 2001 and regulation 19 of the Co-operative Society regulations amended its name to Mabouya Valley Co-operative Credit Union Society Limited. The La Resource Co-operative Credit Union Limited was previously registered as Society #31 in accordance with the provision of the Co-operative Society Law No 17 of the Laws of Saint Lucia (1946) and the regulations made on the 8th day of January 1980.

The registered office and principal place of business of the credit union is in the Mabouya Valley Basin, Saint Lucia. The objectives of the society are:

- To promote thrift among its members by providing ways and means whereby savings can be affected and whereby shares in the society can be acquired.
- To educate its members in the co-operative on principles and methods in family financial management and in the efficient management of its affairs.
- To undertake all other acts and things as are incidental or conducive to or consequential upon the attainment of the above objects.

2. Date of Authorisation of Issue

These financial statements were authorised for issue by the Board of Directors on February 6, 2023.

3. Significant Accounting Policies

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

(a) Basis of Preparation

The preparation of financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Areas involving a higher degree of judgment or complexity, or areas where estimations and assumptions are significant to the financial statements are disclosed in Note 5.

These financial statements of Mabouya Valley Co-operative Credit Union Society Limited are prepared under the historical cost convention except the following material items in the statement of financial position that are measured at fair value. Equity investments are recognised at fair value through other comprehensive income whereas, land and building measured at revalued amounts.

The Credit Union presents its statements of financial position on a non-classified basis in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the year-end date(current) and more than twelve months after the year-end date (non-current), present in the notes. The Credit Union classifies its expenses by the nature of expenses.

The following are non-current balances: non-current investment securities, property, plant and equipment, long- term portion of members' loans and advances, non-current savings, deposits and borrowing.

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Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

3. Significant Accounting Policies (Cont'd)

(a) Basis of Preparation (Cont'd)

The following are current balances: cash and cash equivalents, current investment securities, current portion of loans and advances due within one year, accounts payables and accruals, and current shares and deposits, accounts receivable and prepaid expenses.

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

(b) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including: cash, treasury bills, deposits with other banks, and other short-term securities.

(c) Financial Instruments

The Credit Union classifies financial assets to the following IFRS 9 measurement categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments designated as measured at FVOCI
- Equity instruments at FVTPL

IFRS 9 classification is based on the business model in which a financial asset is managed and its contractual cash flows. As at the reporting date, no financial instruments were measured at FVOCI.

On initial recognition, financial assets are classified by the Credit Union as follows:

Debt Instruments

Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:

- Amortized cost;
- FVOCI; and
- FVTPL

Investments in debt instruments are measured at amortized cost if it meets both of the following conditions and is not designated as fair value through profit or loss (FVTPL).

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the outstanding principal balance.

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Notes to the Financial Statements
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

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

(c) Financial Instruments (Cont'd)

Business model assessment

Business model assessment involves determining how financial assets are managed in order to generate cash flows. The Credit Union's business model assessment is based on the following categories:

- *Hold to Collect* - The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.
- *Hold to collect and sell* - both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.
- *Other Business model* - *this business model is neither hold-to-collect nor hold-to-collect and sell.* The Credit Union determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives. The model is not assessed on an instrument-by-instrument basis, but rather at a portfolio level and based on factors such as:
 - How the performance of the financial assets held within that business model are evaluated and reported to the credit Union's management personnel.
 - The risks that affect the performance of the assets held within a business model (and, in particular, the way those risks are managed).
 - The expected frequency, value and timing of sales activity.

The stated policies and objectives for the portfolio and the operation are those policies in practice, in particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching duration of the financial assets to the duration of the financial liabilities that are funding those assets or realising cash flows through the sale of the assets.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the credit Union's expectations, the Credit Union does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of contractual cash flows

As a second step in the classification process the Credit Union assesses the contractual terms of the financial assets to identify whether they meet the solely payments of principal and interest (SPPI) test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs

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Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

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

(c) Financial Instruments (Cont'd)

Debt instruments measured at amortized cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these investments is recognized in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss (ECL) approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit loss (ACL) in the statement of financial position.

Debt instruments measured at fair value through other comprehensive income.

Investments in debt instruments are measured at fair value through other comprehensive income where they meet the following two conditions and they have not been designated at FVTPL:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognized in profit and loss. Upon disposal, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the income statement.

Impairment on debt instruments at FVOCI is calculated using the expected credit loss (ECL) approach. The ECL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the Statement of Financial Position, which remains at fair value.

Equity instruments

All equity securities are measured at fair value. On initial recognition the Credit Union may make an irrevocable decision to present in OCI gains and losses from changes in fair value of certain equity instruments. When insufficient information is available to measure fair value, then the instrument is measured at cost when it represents the best estimate of fair value. When an equity instrument classified at FVOCI is sold the cumulative profit or loss recorded in OCI is not recycled to profit or loss. Dividends recorded from securities measured at FVOCI are recognised in profit or loss.

A financial instrument with a reliably measurable fair value can be designated at FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or

Mabouya Valley Co-operative Credit Union Society Limited 13

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

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

(c) Financial Instruments (Cont'd)

Financial Liabilities

At initial recognition financial liabilities are measured at fair value plus or minus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. Financial liabilities other than loan commitments, financial guarantees and derivatives are subsequently measured at amortised cost.

Impairment of financial assets

Scope

The adoption of IFRS 9 has fundamentally changed the Credit Union's impairment model by replacing IAS 39's incurred loss approach with a forward looking three-stage expected credit loss (ECL) approach.

Expected credit loss impairment model

The three stage ECL allowance model is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL), unless there has been no significant increase or deterioration in credit risk since origination, in which case, the allowance is based on the 12 months expected credit loss (12m ECL). The 12m ECL is the portion of the LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both lifetime expected credit losses and 12 month expected credit losses are calculated on an individual basis but for purposes of determining the probability of default and loss given default financial assets are grouped according to common characteristics.

The three-stage approach applied by the Credit Union is as follows:

Stage 1: 12-months ECL

The Credit Union assesses ECLs on exposures where there has not been a significant increase in credit risk since initial recognition and that were not credit impaired upon origination. For these exposures, the Credit Union recognises a provision on the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months. Stage 1 loans include those instruments that are in arrears for 30 days or less and those facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: Lifetime ECL-not credit impaired

The Credit Union assesses ECLs on exposures where there has been a significant increase in credit risk since initial recognition but is not credit impaired. This category includes loans which are over 30 days but less than 90 days in arrears. For these exposures, the Credit Union recognises as a provision a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset).

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Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

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

(c) Financial Instruments (Cont'd)

Impairment of financial assets (Cont'd)

Stage 3: Lifetime ECL- credit impaired

The Credit Union identifies, individually, ECLs on those exposures that are assessed as credit impaired based on whether one or more events that have a detrimental effect on the estimated future cash flows of that asset have occurred. Loans that are overdue for 90 days or more are considered credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

Measurement of ECL

ECLs are probability weighted estimates of credit losses. They are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and cash flows that the Credit Union expects to receive);
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *Undrawn loan commitments:* the present value of the difference between contractual cash flows that are due to the Credit Union if the commitment is drawn down and the cash flows that the Credit Union expects to receive.

The inputs used to estimate the expected credit losses are as follows:

- *Probability of Default (PD)* - The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.
- *Exposure at default (EAD)* - The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- *Loss Given Default (LGD)* - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of EAD.

Forward looking information

The standard requires the incorporation of forward-looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk. It considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Mabouya Valley Co-operative Credit Union Society Limited 15

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

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

(c) Financial Instruments (Cont'd)

Impairment of financial assets (Cont'd)

Macroeconomic factors

The standard also requires incorporation of macroeconomic factors in models for ECLs. In its models, the Credit Union conducted an assessment of a range of forward-looking economic information as possible inputs, such as GDP growth, non-performing loans ratios and inflation.

The standard recognises that the inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be used as temporary adjustments using expert credit judgement.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union considers both quantitative and qualitative information and analysis based on its historical experience and credit risk assessment. The Credit Union considers as a backstop that significant increase in credit risk occurs when an asset is more than 30 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECLs to 12-months.

Expected Life

For instruments in Stage 2 or 3, loss allowances reflect expected credit losses over the expected remaining life of the instrument. For most instruments, the expected life is limited to the remaining contractual life.

Presentation of allowances for ECLs

Loss allowances for ECLs are presented in the Statement of Financial Position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- Undrawn loan commitments and financial guarantees generally as a provision in other liabilities.
- Debt instruments measured at fair value through OCI and the ECLs are not recognized in the Statement of Financial Position because the carrying amounts of these assets remain their fair values. However, the loss allowance is disclosed and is recognized in the fair value reserve in equity with a corresponding charge to profit and loss. The accumulated loss recognised in OCI is recycled to profit or loss upon derecognition of the assets.

Mabouya Valley Co-operative Credit Union Society Limited 16

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

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

(c) Financial Instruments (Cont'd)

Impairment of financial assets (Cont'd)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then the assessment is made of whether the financial asset should be derecognized in ECLs and measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discontinued from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit Impaired Financial Assets

At each reporting date the Credit Union assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit impaired (referred to as "Stage 3 financial assets"). A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower;
- A breach of contract such as default or past due events;
- The restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - Adverse changes in the payment status of borrowers in the group; or
 - National or economic conditions that correlate with defaults on the assets in the group.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, loans that are overdue for 90 days or more are considered credit impaired.

Mabouya Valley Co-operative Credit Union Society Limited 17

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

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

(c) Financial Instruments (Cont'd)

Impairment of financial assets (Cont'd)

Definition of default

The Credit Union considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- Significant financial difficulty of the borrower;
- Default or delinquency of principal and interest by a borrower;
- Restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not normally consider;
- Measurable decrease in the estimated cash flows from the loan or the underlying assets that secure the loan; or
- The disappearance of an active market for a security because of financial difficulties.

The Credit Union considers that default has occurred and classifies the financial asset as credit impaired when it is more than 90 days past due.

Write-offs

The write-off of a financial asset is a derecognition event. Loans and related impairment losses are either written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realization of collateral. In circumstances where the new realizable value on any collateral has been determined and there is no reasonable expectation of recovery, write-off may be earlier.

(d) Property and Equipment

Property and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Co-operative and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the declining balance method to allocate cost to their residual values over their estimated useful lives, as follows:

Assets	Depreciation Rate
Leasehold Improvement	20%
Furniture and equipment	10% - 25%
Computer Software	33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of income.

Mabouya Valley Co-operative Credit Union Society Limited 18

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

3. Significant Accounting Policies (Cont'd)

(e) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method.

(f) Members' Shares

Members' shares issued by the Co-operative are classified as equity to the extent that they do not meet the definition of a financial liability. Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, from the proceeds.

(g) Dividend on Members' Shares

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(h) Interest Income and Expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Co-operative estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(i) Fee and Commission Income

Fees, commissions and other income are recognised on an accruals basis when the related service has been provided.

(j) Dividend Income

Dividend income from available-for-sale equities is recognised when the right to receive payment is established.

Mabouya Valley Co-operative Credit Union Society Limited 19

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

3. Significant Accounting Policies (Cont'd)

(k) Foreign Currency Translation

(i) Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Co-operative's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary items are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity, if any.

(l) Provisions

Provisions are recognized when the Co-operative has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(m) Taxation

The Co-operative is not liable to income taxes in accordance with Section 25(1) (q) of the Income Tax Act Cap 15.02.

(n) Financial Instruments

Financial instruments carried on the statement of financial position include cash, investment securities, loans and advances to members, deposits and shares from members, borrowings, accounts payable and accruals. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

(o) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year.

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Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management

Objectives, policies and processes

The Board of Directors has overall responsibility for risk management. The authority for designing and operating the processes that addresses the objectives is delegated to the Treasurer.

Strategy in using financial instruments

By its nature, the Co-operative's activities are principally related to the use of financial instruments. The Co-operative accepts deposits and shares from members and seeks to earn an interest margin by lending to members while maintaining sufficient liquidity to meet all claims that may fall due.

The Co-operative also seeks to raise its interest margins by obtaining above average margins, net of allowances, through investing in various financial instruments.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency and interest rate risks.

(a) Credit Risk

The Co-operative takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the reporting date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Co-operative's portfolio, could result in losses that are different from those provided at the reporting date. Management therefore carefully manages its exposure to credit risk.

The Co-operative structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Such risks are monitored on a revolving basis. Limits on the level of credit risk by products are approved by the Board of Directors.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

Impairment and Provisioning Policies

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment. Some accounts are reviewed monthly and others quarterly and sometimes when individual circumstances require.

Impairment losses on individually assessed accounts are determined by an evaluation of the incurred loss at the financial reporting date on a case by case basis and are applied to all individually significant accounts. The assessment encompasses collateral held and the anticipated receipts for those individual accounts. This forms our specific provisioning.

The collective provisioning requires our judgment about the risks of default and loss associated with a pool of accounts. These accounts are in a segment that is considered to be "Pass" and or "Special Mention". Management determines whether objective evidence of impairment exist based on the following criteria:

- Delinquency in payments of principal and interest
- Cash flow constraints of members
- Breach of loan covenants
- Deterioration of members competitive position
- Deterioration in the value of collateral
- Economic conditions

Mabouya Valley Co-operative Credit Union Society Limited 21

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

Maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	2021 \$	2020 \$
Maximum exposure to credit risk:-		
Cash at bank	5,022,424	4,667,860
Investment securities	7,095,580	5,472,002
Loans and advances to members	8,338,979	7,155,003
Receivables	294,910	689,252
	<u>20,751,893</u>	<u>17,984,117</u>

Credit risk from financial assets is minimised through advancing loans only after careful assessment of the borrower, obtaining collateral before advancing loans, and placing deposits with financial institutions with a strong capital base. The risk accepted in relation to one borrower is restricted to 10% of the shareholder's equity. Exposure to credit risk is also managed in part by obtaining collateral and guarantees for loans receivable. The collateral may consist of real estate, member deposits and shares, equipment or vehicles. The credit quality of each individual investment is internally assessed based on the financial strength, reputation and market position of the issuing company and the ability of that company to service the debt.

The above table represents a worst case scenario of credit risk exposure to the Co-operative at December 31, 2021 and 2020, without taking account of any collateral held. For financial assets included in the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

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Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

(i) Loans and advances to members past due but not impaired

Loans up to 90 days past due are not considered impaired unless information is available to indicate otherwise. Therefore, the gross amount of loans and advances by class to members that were past due but not impaired were as follows:

	2021 \$	2020 \$
Past due up to 30 days	1,270,309	967,744
Past due 31 - 60 days	469,671	719,822
Past due 61 - 90 days	348,310	521,322
	<u>2,088,290</u>	<u>2,208,888</u>

(i) Loans and advances to members individually impaired

The table below shows the individually impaired loans and advances to members before taking into consideration the cash flows from collateral held.

The breakdown of the gross amount of individually impaired loans and advances by class are as follows:

	Manufacturing And Business \$	Personal \$	Education \$	Mortgage \$	Total \$
As at December 31, 2021					
Individually impaired loans	73,224	787,063	12,942	443,334	1,316,563
As at December 31, 2020					
Individually impaired loans	107,508	905,948	-	359,357	1,372,813

Notes to the Financial Statements
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(a) Credit Risk (Cont'd)

The Co-operative operates primarily in Saint Lucia. Based on the country of domicile of its counterparties, exposure to credit risk is concentrated in this location, except for investments which have other exposures.

The following table breaks down the Co-operative's credit exposure at gross amounts without taking into account any collateral held or other credit support by the industry sectors of the Co-operative's counterparties.

	Financial Institutions \$	Manufac- turing Business \$	Personal \$	Govern- ment \$	Education \$	Mortgage \$	Other \$	Total \$
As at December 31, 2021								
Financial assets								
Cash at bank	4,625,218							4,625,218
Investments securities	3,243,227			3,852,353				7,095,580
Loans and advances to members		285,289	4,728,724		31,545	4,103,606	36,597	9,149,164
Receivables	258,313							294,910
	<u>8,126,758</u>	<u>285,289</u>	<u>4,728,724</u>	<u>3,852,353</u>	<u>31,545</u>	<u>4,103,606</u>	<u>36,597</u>	<u>21,164,872</u>
As at December 31, 2020								
Financial assets								
Cash at bank	4,204,026							4,204,026
Investments securities	2,638,002			2,834,000				5,472,002
Loans and advances to members		202,660	3,679,009		42,034	3,754,560	51,432	7,678,263
Receivables	637,821							689,253
	<u>7,479,849</u>	<u>202,660</u>	<u>3,679,009</u>	<u>2,834,000</u>	<u>42,034</u>	<u>3,754,560</u>	<u>51,432</u>	<u>18,043,544</u>

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Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Co-operative is exposed to equity securities, price risk arising from available-for-sale investments securities

(c) Currency Risk

The Co-operative takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The co-operative's exposure to currency risk is minimal since most of its assets and liabilities in foreign currencies are held in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.70 = US\$1.00 since 1974.

Notes to the Financial Statements
For the Year Ended December 31, 2021
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4. Financial Risk Management (Cont'd)

(d) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Co-operative takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The table below summarises the Co-operative's exposure to interest rate risks. Included in the table are the Co-operative's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 6 months \$	6 to 12 months \$	1 to 5 Years \$	Over 5 Years \$	Non-interest bearing \$	Total \$
As at December 31, 2021						
Financial assets						
Cash at bank	3,654,181	-	-	-	971,037	4,625,218
Investment securities	2,200,727	2,891,500	1,000,000	1,003,353	-	7,095,580
Loans and advances to Members	53,398	324,532	4,574,201	4,197,033	-	9,149,164
Receivables	110,768	-	-	-	184,142	294,910
Total financial assets	6,019,074	3,216,032	5,574,201	5,200,386	1,155,179	21,164,872
Financial liabilities						
Members' deposits and withdrawable shares	18,440,120	-	-	-	-	18,440,120
Accounts payable and accruals	-	-	-	-	80,049	80,049
Total financial liabilities	18,440,120	-	-	-	80,049	18,520,169
Total interest repricing gap	(12,421,046)	3,216,032	5,574,201	5,200,386	1,075,130	2,644,703

Mabouya Valley Co-operative Credit Union Society Limited

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Notes to the Financial Statements
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(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(d) Interest Rate Risk (Cont'd)

As at December 31, 2020

Financial assets

Cash at bank	2,324,935	-	-	-	-	1,879,091	4,204,026
Investment securities	1,638,002	2,834,000	1,000,000	-	-	-	5,472,002
Loans and advances to Members	456,903	328,310	3,571,590	3,321,461	-	-	7,678,264
Receivables	100,151	-	-	-	584,747	-	684,898
Total financial assets	4,519,991	3,162,310	4,571,590	3,321,461	2,463,838	18,039,190	

Financial liabilities

Members' deposits and withdrawable shares

	15,855,595	-	-	-	-	-	15,855,595
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Accounts payable and accruals

	15,855,595	-	-	-	-	142,940	142,940
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Total financial liabilities

	(11,335,604)	3,162,310	4,571,590	3,321,461	2,320,898	15,998,535	2,040,655
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Total interest repricing gap

Mabouya Valley Co-operative Credit Union Society Limited 27

Notes to the Financial Statements
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(d) Interest Rate Risk (Cont'd)

The Co-operative manages part of its credit risk through the insistence of borrowing members acquiring Savings.

The table below summaries the interest rates on the financial assets and liabilities held at the reporting date:

	2021 %	2020 %
<u>Financial Assets</u>		
Cash and cash equivalents	0- 0.50	0-0.50
Investments	3.00-7.10	3.00-5.25
Member loans and advances	7.00-12.00	9.00-12.00
<u>Financial Liabilities</u>		
Deposits from members	1.00	-
Withdrawable shares	1.00	-

(e) Liquidity Risk

Liquidity risk is the risk that the Co-operative is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Co-operative is exposed to daily calls on its available cash resources from maturing members' deposits and loan draw downs. The Co-operative does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board of Directors sets limits on the minimum proportion of maturing funds available to meets such calls and on the minimum level of borrowing facilities that should be in placed to cover withdrawals at unexpected levels of demand.

(f) Liquidity Risk Management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Co-operative. It is unusual for the Co-operative to be completely matched as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses

The contractual maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Co-operative and its exposure to changes in interest rates.

Mabouya Valley Co-operative Credit Union Society Limited 28

Notes to the Financial Statements
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(g) Non-derivatives Cash Flows

The table below presents the cash flows payable by the Co-operative under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Co-operative manages the inherent liquidity risk based on expected undiscounted cash inflows.

	Up to 1 Month \$	2 months to 1 year \$	Over 1 year \$	Total \$
As at December 31, 2021				
Financial liabilities				
Members' deposits	8,180,157			8,180,157
Members' withdrawable shares	10,259,963			10,259,963
Accounts payable and accruals	80,049			80,049
Total financial liabilities	18,520,169			18,520,169
As at December 31, 2020				
Financial liabilities				
Members' deposits	6,640,363			6,640,363
Members' withdrawable shares	9,215,232			9,215,232
Accounts payable and accruals	142,938			142,938
Total financial liabilities	15,998,533			15,998,533

(h) Fair Values of Financial Assets and Liabilities

Fair Value Hierarchy

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market value if one exists. The following methods and assumptions were used to estimate the fair value of financial instruments.

The fair values of cash, accounts receivable and accounts payable and accruals, members' deposits, members' SSSA and other short-term instruments are assumed to approximate their carrying amounts due to their short-term nature. The fair value of off-statement of financial position commitments are also assumed to approximate the amounts disclosed in Note 32 due to their short-term nature.

Mabouya Valley Co-operative Credit Union Society Limited 29

Notes to the Financial Statements
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(h) Fair Values of Financial Assets and Liabilities (Cont'd)

Investment Securities

Assets classified as available for sale are at fair value based on market prices or broker price quotations. For unlisted securities, fair value is estimated on their cost as the amounts are immaterial. For investment securities classified as loans and receivables fair value is estimated using discounted cash flows.

Loans and Advances to Members

Loans and advances are net of their provision for impairment. The estimated fair values of loans and advances represent the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

	Level 2 \$	Level 3 \$	Total \$
As at December 31, 2021			
Financial Assets for which at fair values are disclosed			
Investment securities	7,586,355	-	7,586,355
Loan and advances to members	-	9,690,152	9,690,152
	<u>7,586,355</u>	<u>9,690,152</u>	<u>17,276,507</u>
As at December 31, 2020			
Financial Assets for which at fair values are disclosed			
Investment securities	5,730,822	-	5,730,822
Loan and advances to members	-	6,180,731	6,180,731
	<u>5,730,822</u>	<u>6,180,731</u>	<u>11,911,553</u>

There were no financial instruments that traded in an active market. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available. If all significant inputs required to fair value an instrument are observable, the instrument is Level 2.

If one or more significant inputs is not based on observable market data, the instrument is included in Level 3.

Mabouya Valley Co-operative Credit Union Society Limited 30

Notes to the Financial Statements
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(h) Fair Values of Financial Assets and Liabilities (Cont'd)

The table below summarises the carrying amounts and fair values of those financial assets and financial liabilities not presented on the Co-operative's statement of financial position at their fair value.

	Carrying amount		Fair value	
	2021	2020	2021	2020
	\$	\$	\$	\$
Financial assets				
Loans and advances to members	9,149,164	7,678,263	9,690,152	6,180,731
Investments				
Investment securities	7,095,580	5,472,002	7,586,355	5,730,822

The carrying amounts of all financial liabilities are assumed to approximate their fair values.

(i) Capital Management

The Co-operative's objectives when managing capital are:-

- To comply with the statutory capital requirements of the Co-operative Societies Act of Saint Lucia and enforced by the Financial Services Regulatory Authority (FSRA);
- To safeguard the Co-operative's ability to continue as a going concern so that it can continue to provide returns for members and benefits for other stakeholders;
- To maintain a strong capital base in an effort to maintain members, creditors and other parties' confidence and to sustain future development of the Co-operative and;
- To provide cushion in the event of market instability.

The Board of Directors monitors the return on capital, which is defined as surplus for the year divided by average total assets, and also the level of dividends paid to members. Section 119 of the Co-operative Societies Act Cap 12:06 requires the Co-operative to maintain statutory and other reserves at not less than 10% of its liabilities. As at the year end the minimum reserve requirement was \$1,837,481 (2020 - \$1,599,853). The Co-operative was not in compliance at December 31, 2021.

Mabouya Valley Co-operative Credit Union Society Limited 31

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

4. Financial Risk Management (Cont'd)

(i) Capital Management (Cont'd)

Capital adequacy is monitored quarterly using the PEARLS ratios prescribed by the World Council of Credit Unions for determining capital adequacy and which has been adopted by the Financial Services Regulatory Authority (FSRA). PEARLS require that each credit union maintain minimum of 10% total assets as its capital base. As at year end the minimum capital required was \$2,110,659 (2020 - \$1,835,625). The regulatory capital is divided into two levels:-

- Institutional Capital: Share Capital, Retained Earnings, Statutory Reserves: and
- Transitional Capital: Education and Development Fund.

	2021 \$	2020 \$
Institutional capital		
Share capital	933,914	864,857
Retained earnings	465,645	373,325
Statutory reserve	1,061,734	1,017,368
Total institutional capital	2,461,293	2,255,550
Transitional capital		
Education fund	41,029	34,855
Development fund	84,095	67,309
Total transitional fund	125,123	102,163
Total regulatory capital	<u>2,586,416</u>	<u>2,357,714</u>

The risk-weighted assets are measured by an estimation of market, credit, interest and other risk associated with each asset and with due consideration to the collateral proffered. In addition, management and Board of Directors monitor movements in asset levels on a monthly basis.

The Co-operative was in compliance with this requirement at year-end.

Mabouya Valley Co-operative Credit Union Society Limited 32

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

5. Critical Accounting Judgements, Estimates and Assumptions

The Co-operative makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

The Co-operative reviews its loan portfolio to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the statement of income, the Co-operative makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before a decrease can be identified with an individual loan in that portfolio.

(b) Impairment of available-for-sale equity investments

The Co-operative determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Co-operative evaluates among other factors, when there is evidence of deterioration in the financial health of investee industry and sector performance, changes in technology and operational and financial cash flows.

6. Cash

	2021 \$	2020 \$
Cash on hand	397,206	463,834
Cash at bank	4,625,218	4,204,026
	<u>5,022,424</u>	<u>4,667,860</u>

Interest earned on bank balances at an average rate of 0.50% (2020 - 0.50%) per annum. Under section 119 (3) of the Act, the Co-operative is required to maintain a liquidity reserve calculated as 15% of members shares and deposits. As at year end this amounted to \$2,884,302 (2020 - \$2,508,068).

The following bank deposits and investments securities have been identified to meet the requirements of the Act.

	2021 \$	2020 \$
Cash at bank - FNB	4,158,310	3,809,989
Cash at bank - BOSL	466,908	394,037
Capita Financial Services Inc. - Fixed Deposit	1,067,732	551,196
Financial Investments & Consultancy Services Ltd. - Fixed Deposit	2,175,496	2,086,806
First Citizens Investment Services Ltd -Government Treasury Bills	3,852,353	2,834,000
	<u>11,720,799</u>	<u>9,676,028</u>

The liquid assets that have been identified by the Co-operative to meet the requirements of the Act amount to \$11,720,799 (2020 - \$9,676,028). As at the year end, the Co-operative met the liquidity reserve requirement.

Mabouya Valley Co-operative Credit Union Society Limited 33

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

7. Investment Securities

	2021 \$	2020 \$
Held to Maturity		
Capita Finance Investment	1,067,732	551,196
Financial Investment & Consultancy Services Ltd	2,175,496	2,086,806
British American- Fixed deposit (BAICO)	102,292	102,292
First Citizen's Investments Services Ltd.	3,852,353	2,834,000
	<u>7,197,873</u>	<u>5,574,294</u>
Less: Fixed deposit impairment	(102,292)	(102,292)
Total investment securities	<u><u>7,095,581</u></u>	<u><u>5,472,002</u></u>

8. Loans and Advances to Members

	2021 \$	2020 \$
Loans and advances to members	9,149,159	7,678,084
Provision for impairment of loans	(869,110)	(579,005)
	<u>8,280,049</u>	<u>7,099,079</u>
Interest receivable on loans	58,930	55,923
	<u><u>8,338,979</u></u>	<u><u>7,155,002</u></u>

Interest is earned at rates ranging between 9% - 12% (2020: 9%-12%) per annum.

9. Provision for Impairment of Loans

Movement in provision for impairment of loans is as follows:-

	2021 \$	2020 \$
Balance - at beginning of year	579,005	610,666
Written-off during the year	-	(271,163)
Provision made during the year	290,105	239,502
Balance - at end of year	<u><u>869,110</u></u>	<u><u>579,005</u></u>

Mabouya Valley Co-operative Credit Union Society Limited 34

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

9. Provision for Impairment of Loans (Cont'd)

Provision for Loans and advances to members are summarized as follows: -

Year: 2021

	Value	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$	\$
Personal loans	1,575,771	75,415	10,981	117,125	203,521
Mortgages and real estate	4,103,606	212,546	1,757	116,135	330,438
Vehicle	1,941,783	30,883	873	109,065	140,821
Business	257,407	21,691	-	33,205	54,896
Promotional	55,453	-	-	-	-
Education	77,460	3,119	-	-	3,119
Debt consolidation	912,562	74,367	-	-	74,367
Agriculture	48,552	826	-	-	826
Refinancing	173,054	707	23,470	36,945	61,122
Other	3,519	-	-	-	-
	9,149,164	419,554	37,081	412,475	869,110
Allowance for loss	8,280,054	419,554	37,081	412,475	869,110

Year: 2020

	Value	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$	\$
Personal loans	979,962	47,893	-	15,769	63,662
Mortgages and real estate	3,753,995	264,028	-	20,721	284,749
Vehicle	1,558,601	50,221	-	7,382	57,603
Business	202,862	10,450	-	29,251	39,701
Promotional	82,517	10,342	-	16,059	26,401
Education	68,461	6,780	-	-	6,780
Debt consolidation	754,044	83,197	-	-	83,197
Agriculture	36,793	2,051	-	-	2,051
Refinancing	240,463	4,327	-	10,534	14,861
Other	386	-	-	-	-
	7,678,084	479,289	-	99,716	579,005
Allowance for loss	7,099,079	479,289	-	99,716	579,005

10. Receivables and Prepayments

	2021	2020
	\$	\$
Investment interest receivable	110,768	100,151
Western union receivable	147,545	537,669
Prepaid expenses	5,354	1,553
Other	31,243	49,878
	294,910	689,251

Mabouya Valley Co-operative Credit Union Society Limited

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Notes to the Financial Statements
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

11. Property and Equipment

	Furniture and Equipment \$	Computer and Equipment \$	Land \$	Computer Software \$	Leasehold Improvement \$	Total \$
Cost						
At December 31, 2019	76,369	99,588	275,591	25,199	96,325	573,072
Additions	31,398	3,702	-	-	-	35,100
Disposals	(29,361)	-	-	-	-	(29,361)
At December 31, 2020	78,406	103,290	275,591	25,199	96,325	578,811
Additions	941	-	-	-	-	941
Disposals	-	-	-	-	-	-
At December 31, 2021	79,347	103,290	275,591	25,199	96,325	579,752
Accumulated Depreciation						
At December 31, 2019	45,802	69,113	-	8,391	84,867	208,173
Charge for the year (Note 21)	3,094	6,900	-	5,597	2,292	17,883
Depreciation disposal	(19,377)	-	-	-	-	(19,377)
At December 31, 2020	29,519	76,013	-	13,988	87,159	206,679
Charge for the year (Note 21)	7,340	5,475	-	3,733	1,833	18,381
Depreciation disposal	-	-	-	-	-	-
At December 31, 2021	36,859	81,488	-	17,721	88,992	225,060
Net Book Value						
At December 31, 2021	42,488	21,802	275,591	7,478	7,333	354,692
At December 31, 2020	48,887	27,277	275,591	11,211	9,166	372,132
At December 31, 2019	30,567	30,475	275,591	16,808	11,458	364,899

Mabouya Valley Co-operative Credit Union Society Limited 36

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

12. Members' Deposits

	2021 \$	2020 \$
Members' deposits	8,180,157	6,640,363
Members' withdrawable shares	10,259,963	9,215,232
	<u>18,440,120</u>	<u>15,855,595</u>

Interest paid on members' deposits and withdrawable shares were at a rate of 1.0% (2020: nil) per annum.

13. Accounts Payable and Accruals

	2021 \$	2020 \$
Trade payables	17,622	21,444
Rent payable	-	96,000
Other payable	62,427	25,494
	<u>80,049</u>	<u>142,938</u>

14. Members' Shares

Below shows the movement in members' shares for the year: -

	2021		2020	
	Number of Shares	Share capital \$	Number of shares	Share capital \$
Balance - beginning of year	172,971	864,857	154,412	772,058
Net shares purchased	13,811	69,057	18,559	92,799
Balance - end of year	<u>186,782</u>	<u>933,914</u>	<u>172,971</u>	<u>864,857</u>

15. Statutory Reserve

The Co-operative maintains a reserve fund pursuant to Section 119 (2) of the Act, in which not less than twenty percent (25%) of the net surplus before dividends are carried. In addition, all entrance fees, transfer and other fines are carried to this fund.

	2021 \$	2020 \$
Opening balance	1,017,370	680,454
Transfer from education and development fund		280,253
	<u>1,017,370</u>	<u>960,707</u>
Entrance fee	2,400	1,509
Add: 25% net surplus for the year	41,964	55,154
Closing balance	<u>1,061,734</u>	<u>1,017,370</u>

Mabouya Valley Co-operative Credit Union Society Limited 37

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

16. Education Fund

In accordance with a resolution passed by members, when the society indicates a surplus at least 10% of the surplus will be transferred to the education fund.

	2021 \$	2020 \$
Opening balance	34,854	124,084
Transfer to statutory reserve	-	(99,267)
	34,854	24,817
Add: 10% net surplus for the year	16,786	22,062
Less: training	(10,611)	(12,025)
Closing balance	41,029	34,854

17. Development Fund

In accordance with Section 120 of the Act, the society shall establish and maintain a development fund by contributing an amount not exceeding 10% of the society's realized surplus to the National League.

	2021 \$	2020 \$
Opening balance	67,309	226,233
Transfer to statutory reserve	-	(180,986)
	67,309	45,247
Add: 10% net surplus for the year	16,786	22,062
Closing balance	84,095	67,309

18. Operating Expenses

	2021 \$	2020 \$
Security expenses	36,690	36,206
License fees	5,515	4,015
Legal fees	3,700	5,000
Stationery and office supplies	42,280	43,591
League dues	920	-
Auditing fees	18,125	15,000
Insurance	8,477	6,549
Scholarship	3,000	-
Special Events	4,004	1,305
	122,711	111,666

19. Personnel Expenses

	2021 \$	2020 \$
Salaries and wages	218,755	166,988
Staff expenses	2,894	11,272
	221,649	178,260
Average number of employees	8	8

Mabouya Valley Co-operative Credit Union Society Limited 38

Notes to the Financial Statements
For the Year Ended December 31, 2021
(Expressed in Eastern Caribbean Dollars)

20. Member Meeting Expenses

	2021 \$	2020 \$
Advertising and promotions	15,380	8,157
Donation	350	1,600
AGM expenses	14,059	19,810
	<u>29,789</u>	<u>29,567</u>

21. Occupational expenses

	2021 \$	2020 \$
Utilities	37,902	34,792
Repairs and maintenance	23,131	22,971
Depreciation (Note 11)	18,382	17,883
Rent expense	36,000	36,000
Travelling expense	756	706
	<u>116,171</u>	<u>112,352</u>

22. Board and Committee Expenses

	2021 \$	2020 \$
Meeting and other expenses	<u>13,143</u>	<u>9,359</u>

23. Other Income

	2021 \$	2020 \$
Commission and foreign exchange gains	79,982	76,405
Other income	26,837	77,899
Sale of passbooks	3,235	2,270
Recovered loans	48,079	21,855
Loss on assets	-	(9,984)
	<u>158,133</u>	<u>168,445</u>

24. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, the Co-operative extends credit to members of the board of directors, credit committee, supervisory committee and members and other key management personnel. These transactions are entered into with related parties on commercial terms and conditions, at market rates.

The following are the loan balances of board of directors, members of the supervisory committee and credit committee and other management personnel.

	Management Personnel \$	Committee Members \$	Board of Directors \$	Total \$
Loans outstanding at January 1, 2021	58,279	121,511	55,181	234,971
Net issued/(repaid) during the year	(18,807)	(121,511)	(23,795)	(164,113)
Loans outstanding at December 31, 2021	<u>39,472</u>	<u>-</u>	<u>31,386</u>	<u>70,858</u>
Loans outstanding at January 1, 2020	67,299	101,582	92,473	261,354
Net issued/(repaid) during the year	(9,020)	19,929	(37,292)	(26,383)
Loans outstanding at December 31, 2020	<u>58,279</u>	<u>121,511</u>	<u>55,181</u>	<u>234,971</u>

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Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

24. Related Party Transactions (Cont'd)

The following are the aggregate of shares and deposits of board of directors, members of the supervisory committee and credit committee and other management personnel.

	Management Personnel \$	Committee Members \$	Board of Directors \$	Total \$
Shares and deposits at January 1, 2021	34,178	93,703	50,751	178,632
Net savings/(withdrawals) during the year	(6,887)	(91,474)	1,765	(96,596)
Shares and deposits at December 31, 2021	27,291	2,229	52,516	82,036
Shares and deposits at January 1, 2020	32,753	64,119	60,961	157,833
Net savings/(withdrawals) during the year	1,425	29,584	(10,210)	20,799
Shares and deposits at December 31, 2020	34,178	93,703	50,751	178,632

Key Management Compensation

	2021 \$	2020 \$
Salaries and other short-term benefits	91,756	75,600

25. Co-operative Societies Act Compliance Requirements

Liquidity Reserve Requirements. The liquid assets at the year-end comprised:

	2021 \$	2020 \$
Cash	5,022,424	4,667,860
Investment securities	7,095,580	5,472,002
	12,118,004	10,139,862
Total investment securities and cash	12,118,004	10,139,862
Total members savings and deposit	18,440,120	15,855,595
Liquidity ratio	66%	64%

Statutory Reserve Requirements

	2021 \$	2020 \$
Statutory and other reserves	1,186,857	1,119,532
Total liabilities	18,520,169	15,998,533
Reserve to liability ratio	6%	7%

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Notes to the Financial Statements

For the Year Ended December 31, 2021

(Expressed in Eastern Caribbean Dollars)

26. Dividends

No dividend was paid for the year (2020: 14.6%).

27. Subsequent Event

There were no subsequent events that occurred after the financial reporting date and up to the date of the audit report.