



MABOUYA VALLEY
CO-OPERATIVE CREDIT UNION
SOCIETY LTD.

ANNUAL REPORT **2019**

39th

Annual General Meeting

Our **Members** | Our **Community** | Our **Credit Union**

National Anthem

Sons and daughters of St. 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.

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.

Mabouya Valley Basin

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CORPORATE INFO

Date of Registration:	10 th January, 1980
Regulator:	Financial Service Regulatory Authority
Auditor:	Mario Lendor, Cedars Road, Castries
Bankers:	1 st National Bank, Bridge Street, Castries Bank of St Lucia, Bridge Street, Castries
Attorney at Law:	Andra Cookool-Foster, High Street, Castries

NOTICE OF MEETING

NOTICE is hereby given that the 39th Annual General Meeting (AGM) of the Mabouya Valley Cooperative Credit Union Society Ltd. is scheduled for 2:00 p.m. on Saturday 24th, October 2020 at Charlie's Rooftop.

AGENDA

OPENING SESSION

1. Call to Order
2. National Anthem
3. Prayer/Invocation
4. Welcome Address: Ms. Alymphie Lionel, President
5. Greetings from Fraternal Organizations
6. Feature Address
7. Vote of Thanks

CLOSED SESSION

1. Ascertainment of Quorum
2. Apologies of Absence
3. Reading and confirmation of Minutes of the 38th Annual General Meeting
4. Matters arising from Minutes
5. Adoption/ Confirmation of Reports: -
 - (i) Board of Directors,
 - (ii) Treasurer
 - (iii) Auditor
 - (iv) Credit Committee
 - (v) Supervisory Committee
6. Elections to:
 - (i) Board of Directors
 - (ii) Credit Committee
 - (iii) Supervisory Committee
7. Appointment of Auditor for the ensuing year
8. Declaration of Dividends and Patronage Refund
9. Adjournment

Refreshments will be provided

BY ORDER OF THE BOARD


Ms. Maria Mombelli
Secretary

MESSAGE FROM THE PRESIDENT



*“With the adaptation of **THE NEW NORMAL** comes a shift in our individual mind-sets, recalibration of strategies and a renewed focus on creating a customer centric environment for our credit union.”*

I welcome you to the 39th Annual General Meeting (AGM), under the theme “Our Members. Our Community. Our Credit Union.” This occasion also marks the Mabouya Valley Cooperative Credit Union Society Limited’s (MVCCUSL), 40th year of existence. We have grown from the brainchild of Mr. Lucus Felix, Ms. Catherin Francis, Ms. Patricia Herman, Mr. Sylvester Felix, Mr. John Felix and Mr. Stanislaus Hippolyte to an institution that has weathered difficult financial times and a looming global pandemic. **What a milestone!**

After **six (6) years**, this AGM also marks my last as your President. A capacity I served with integrity and confidence in the delivery of service to the credit union. My term as President would not have been effective without the combined efforts of my fellow Board and Committee members, as well as the Management and Staff. It has been a rewarding educational experience, which allowed me to effectively contribute to the growth and development of our credit union.

Over the past four years, it has been our strategy to grow the credit union, on our cooperative principles, financial regulations and the desire to serve the needs of our members and our communities. The focus has been on increasing member participation in the activities of our credit union, with the assurance that the credit union is there to meet, if not all but most of their financial and development needs.

We recognize our priority is to ensure that you are not disadvantaged as a member, and that we remain relevant and viable in the new financial and technological landscape confronting us. Therefore, I am imploring all members to **take a greater interest in their business** and to make a greater contribution to our communities.

While we await the enactment of the Harmonized Cooperative Societies Bill, we must continue to prepare and take the appropriate steps to mitigate any adverse effects, this piece of legislation may have on our operations and survival. As a credit union that continues to grow in assets and membership, it is our responsibility to account and properly protect, the confidence that our members have placed in the Executive and Management of our society.

During the financial year ended 31 December 2019, the assets of our society stood at **\$16.5 million** compared to **\$14 million** in 2018. This shows **growth by \$2.6 million** over the previous year. **When compared to the previous financial year, member deposits and withdrawal shares** increased by less than \$400,000.00. On the other hand, while gross income increased by \$127,000.00, net income decrease by \$53,000.00.

MESSAGE FROM THE PRESIDENT

Continued involvement and active participation, are relevant to the growth and advancement of any credit union. Therefore, we are responsible for driving the opportunities of our credit union to ensure that the needs of each member are met while growing our communities. We need to change the way we perceive our credit union. Our Credit Union is more than just a place to deposit savings and other funds, but a place where we transact all our financial needs and businesses. It is a place where we can borrow with pride, taking a concerted interest in each other and the future generations.

Whilst our AGM focuses on the global activities and the financial position as at 31st December 2019, we must also take into consideration the events of 2020. The Corona virus Pandemic (COVID-19) which started in November 2019, continues to affect and cripple the economies of the whole world; which poses a threat to the survival of our various societies in 2020 and beyond. It is anticipated that the effects of this pandemic will be felt for a very long time. Therefore, we must be cognizant of how we charter the course ahead.

We must be conscious that the team we elect to handle and manage the affairs of our credit union are well rounded and have the greatest interest, in the sustainability and survival of our precious credit union. As the famous term coined by Dr. Kwame Nkrumah, Ghana's first Prime Minister and President says "Foreword ever. Backward never." Let our faith and confidence guide us at this AGM as well as, the future of the Cooperative Movement.

Once again, I thank you, the members of Mabouya Valley Cooperative Credit Union Society Limited (MVCCUSL), for the opportunities you have given me to serve and represent you, as President. It was a indeed an honour to be of service to our favorite credit union. Yes, my term of service comes to an end. I wish the new team well, and expect them to take up the mantle of leadership and lead us to more and greater accomplishments for the membership.

On behalf of the Executive,Management and Staff, I wish our esteemed members a productive, informative and a successful 39th AGM, while we charter the way forward.

Therefore, to all, I say welcome and thank you for being in attendance and making our credit union, the place for your needs and financial services. To our general membership, I want to acknowledge your unwavering support and commitment to the success of our credit union over the years.


Alympia Lionel
PRESIDENT

REPORT BOARD OF DIRECTORS

ALYMPHIA LIONEL
PRESIDENT



SIMONE ST. FORT
VICE PRESIDENT



MARIA MOMBELLI
SECRETARY



PAUL KALLICHARAN
TREASURER



HYGINIS EMMANUEL
ASST. SECRETARY



DEVON STANLEY
ASST. TREASURER



SCHOLASTICA JN. CHARLES
DIRECTOR



BUSINESS OVERVIEW

2019

Management is privileged for another opportunity to report on the financial position of the credit union for the year ended 2019.

We are keen on developing and expanding the credit union's current products and services, fully confident of the ability to continue to operate successfully in the future.

Our goal is to remain successful in this ever-changing environment. We remain focused on delivering quality service and products to our general membership.

The Board of Directors implemented policies to govern the operations of our Credit Union. These policies will ensure internal and external compliance.

On behalf of the Executive, Management and the Staff we wish our members a successful meeting and we look forward to serving you.

MEETING ATTENDANCE RECORD & GENERAL STATISTICS

MEETING ATTENDANCE

Throughout the year the Board of Directors met a total of twelve (12) times, to discuss critical matters and to provide guidance for the effective operations of the society.

Table 1

Board of Directors Meeting Attendance Record 2019

Attendee	Ordinary Meetings		Joint Meetings		Quarterly Meetings	
	Poss	Act	Poss	Act	Poss	Act
Ms. Alymphina Lionel	12	11	7	4	4	4
Mrs. Simone St Fort	12	11	7	5	4	4
Ms. Maria Mombelli	12	6	7	5	4	4
Mrs. Hyginis Emmanuel	6	6	3	2	2	2
Mr. Paul Kallicharan	6	5	3	3	2	2
Mr. Devon Stanley	6	5	3	3	2	2
Ms. Scholastica Jn Charles	6	6	3	3	2	2
Ms. Lissa Daniel	6	6	3	3	2	2
Mr. Luke Edwin	6	6	3	3	2	2
Ms. Thervina Andrew	6	6	3	3	2	2
Mr. Hudus Malcolm	6	3	3	2	2	2

Table 2

Supervisory Committee Meeting Attendance Record 2019

Attendee	Ordinary Meetings		Joint Meetings		Quarterly Meetings	
	Poss	Act	Poss	Act	Poss	Actual
Ms. Sherin Thomas	12	12	7	6	3	3
Mrs. Kedra Charles-Isidore	12	12	7	7	3	3
Ms. Benita Polius	12	12	7	7	3	3
Ms. Teather Thomas	10	10	7	4	3	2
Ms. Servina Eudovic	6	6	4	4	2	2
Ms. Emma Hippolyte	3	2	2	2	2	1

Table 3

Credit Committee Meeting Attendance Record 2019

Attendee	Ordinary Meetings		Joint Meetings		Quarterly Meetings	
	Poss	Act	Poss	Act	Poss	Actual
Ms. Lyester Velinor	20	16	7	6	3	3
Mr. Sabinus Noel	20	16	7	7	3	3
Ms. Kessa Moise	20	14	3	3	2	2
Mrs. Talia Gustave	10	7	3	3	2	2
Mr. Lincoln Budhoo	10	8	3	3	2	2

Table 4
General Statistics

Financial Factors	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assets	5,135,445	5,077,383	5,044,928	5,557,260	5,922,326	7,055,419	9,183,995	11,421,650	14,049,895	16,612,994
Cash Equivalents	1,957,822	2,225,778	2,076,377	2,413,527	2,552,709	2,041,874	1,830,690	2,031,574	1,758,827	4,360,519
Fixed Assets	240,728	218,384	206,187	180,421	158,728	146,809	140,358	229,997	374,568	364,899
Investments Securities	320,698	163,380	168,438	407,597	423,380	1,015,485	1,021,487	2,613,079	2,987,368	2,954,222
Members Loans & Advances	2,549,297	2,373,189	2,460,385	2,446,325	2,680,515	3,674,603	5,885,460	6,332,528	8,088,045	8,336,332
Total Liabilities	4,769,823	4,976,831	4,888,427	5,410,919	5,505,926	6,308,959	8,262,004	9,940,015	12,43,351	14,525,899
Permanent Shares	N/A	N/A	13,250	28,550	59,335	271,895	383,805	461,965	579,418	772,418
Members Deposits	1,111,012	1,288,414	1,367,680	1,529,965	1,915,143	1,645,646	2,575,711	3,289,791	5,589,456	4,304,603
Member's Withdrawal Shares	3,278,594	3,323,136	3,120,314	3,445,105	3,548,019	4,022,918	5,269,036	6,311,215	7,532,578	8,781,018
Members Funds	N/A	99,761	109,355	105,241	115,846	128,272	139,749	249,859	321,104	350,317
Statutory Reserve	N/A	264,479	278,960	282,582	299,008	332,174	350,369	489,266	591,514	680,454
Undivided Earnings	(11,370)	(310,281)	(279,539)	(272,389)	(57,809)	14,119	48,068	280,545	314,508	284,226
Total Members Equity	365,622	100,552	159,501	166,341	416,400	746,460	1,481,635	921,991	1,806,554	2,087,095
Number of Loans	164	178	285	233	288	418	468	569	482	599
Membership	3,572	3,822	4,079	4,262	4,126	4,361	4,737	5,105	5,487	5,744
Net Income	(3,914)	(298,911)	55,893	13,000	63,835	130,778	69,961	552,995	359,334	385,973



STAFF MOVEMENT

THE TEAM

Table 5

Names	Title
Mrs. Sylvia Avril-Wells	Office Manager
Mrs. Herma Charles	Credit Management Officer
Ms. Nilejah Francis	Office Supervisor
Ms. Amana Mentor	Teller
Ms. Chalana Marcel	Teller
Ms. Christy Alexander	Teller
Ms. Tanisha Sandiford	Teller
Ms. Loretta Albert	Office Assistant
Ms. Derdery Clifford-Wells	Office Attendant

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

After nine (9) years of service to our society, Mrs. Herma Charles- Credit Management Officer tendered her resignation to pursue other areas of interest.

As a result, the Board of Directors with the Management took the decision to employ one (1) additional employee in the capacity of Teller. This allowed for one of our long serving employees, Ms. Amana Mentor to act in the capacity of Credit Management Officer.

This initiative was welcomed by the employees as it demonstrated upward mobility within our credit union structure.

TENURE OF EXECUTIVE BOARD OF DIRECTORS

Ms. Alympia Lionel - President and Ms. Scholastica Jn Charles-Director have successfully completed their tenure, and are outgoing. Ms. Lionel, having completed her tenure is statute barred for one (1) year and is therefore not eligible for re-election. Ms. Scholastica Jn Charles was selected to serve on the Board of Directors, upon receipt of the resignation of Mr. Hudus Malcolm-Treasurer. Ms. Jn Charles is eligible for re-election.

Table 6

Director	Designation	Vacant Seat	Current Tenure	To
Ms. Alympia Lionel	President	Yes	2017	2020
Mrs. Simone St. Fort	Vice President	No	2018	2021
Ms. Maria Mombelli	Secretary	No	2019	2022
Mrs. Hyginis Emmanuel	Asst. Secretary	No	2019	2022
Mr. Paul Kallicharan	Treasurer	No	2019	2022
Mr. Devon Stanley	Asst. Treasurer	No	2019	2022
Ms. Scholastica Jn Charles	Director	Yes	2019	2020

SUPERVISORY COMMITTEE

Ms. Sherin Thomas- Chairperson and Mrs. Kerdra Charles-Isidore-Member have successfully completed their tenure. Both Committee members are outgoing and are not eligible for re-election. Ms. Teather Thomas- Assistant Chairperson tendered her resignation on 1st November 2019, as a result of work commitments.

Table 7

Director	Designation	Vacant Seat	Current Tenure	To
Ms. Sherin Thomas	Chairperson	Yes	2017	2020
Ms. Teather Thomas	Asst. Chairperson	Yes	2017	2020
Mrs. Kedra Charles	Secretary	Yes	2017	2020
Ms. Benita Polius	Asst. Secretary	No	2018	2021
Ms. Shervina Eudovic	Director	No	2018	2022

CREDIT COMMITTEE

Mr. Sabinus Noel - Assistant chair person has successfully completed his tenure. Mr. Noel will be statute barred for one (1) year and is therefore, not eligible for re-election.

Table 8

Director	Designation	Vacant Seat	Current Tenure	To
Ms. Lyester Velinor	Chairperson	No	2018	2021
Mr. Sabinus Noel	Asst. Chairperson	Yes	2017	2020
Ms. Kessa Moise	Director	No	2019	2022
Mr. Lincoln Budhoo	Director	No	2019	2022
Mrs. Talia Gustave	Secretary	No	2019	2022



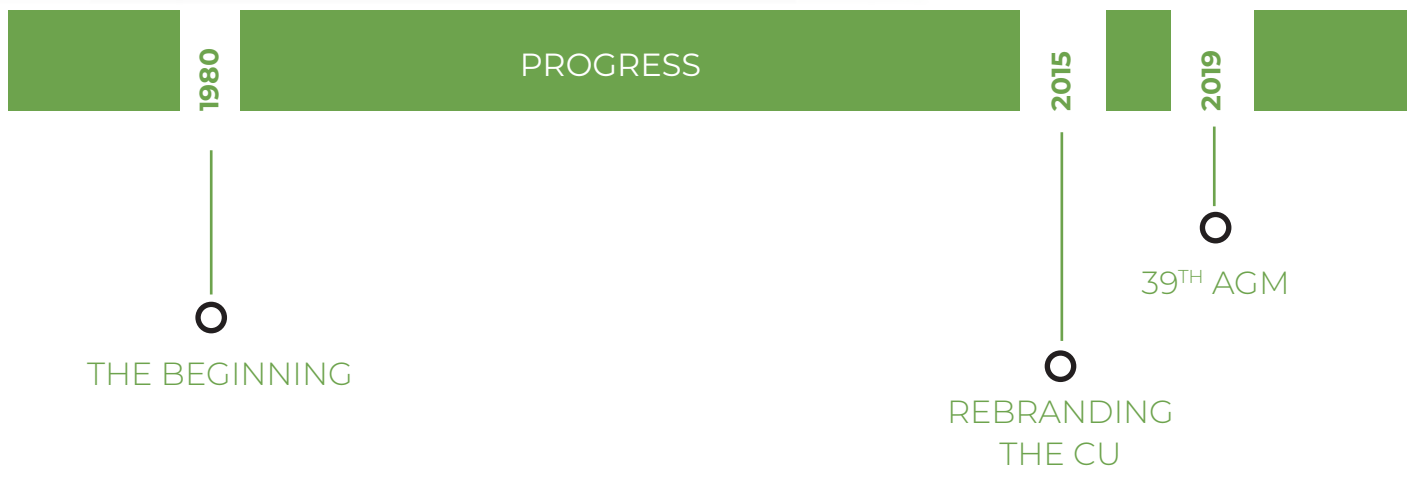
Our 39th Annual General Meeting

The Mabouya Valley Cooperative Credit Union Society Limited has made significant strides since its inception in 1980. Our mission **“To promote sustainable growth through the provision of quality financial and other services”**, remains even truer today than past years.

This year, to continue along the established framework, the credit union focused on executing and assessing the impact of our strategic priorities. This approach has, and is expected to continue to improve our credit union’s overall financial portfolio and rating.

We take this opportunity to express our gratitude for your continued support and trust in our ability to serve you.

Our Members.
Our Community.
Our Credit Union.



TRAINING & DEVELOPMENT 2019

In 2019 Management focused extensively on educating staff and other committees’ member.

Consultancy Update

In keeping with the Credit Union’s Bye-Laws and internal strategic priorities, a decision was taken by the Board of Directors and Management to review existing policies, for the purpose of improving corporate governance and operational efficiency. This review would allow for the alignment of our policies to the new Harmonized Bill; pending implementation. In 2018, under the guidance of the Board of Directors, we contracted the services of a consultant to undertake the relevant changes, relating to our policies.

As per the contractual agreement, the consultant presented four (4) revised policies to the Board of Directors for ratification and implementation:

- Credit Management
- Compliance Policy and Programme
- Anti-Money Laundering (AML) Risk Assessment Report
- Operational & Administrative Policy

With the implementation of the policies, it was necessary to train and develop the Executive, Management and Staff, to ensure compliance and proper administration. Over the course of three (3) months, the Executive, Management & Staff participated in the following training, conducted by the consultant:

- Strategic Planning Workshop
- Delivering Excellent Customer Service

A total of twenty-two thousand, twenty-eight dollars and sixty-six cents (\$22,028.66) was spent on the consultancy services.

The Board of Directors continues to encourage members and staff to take full advantage of training opportunities offered by our Credit Union.



TRAINING & DEVELOPMENT 2019

The theme for this year’s summit was “Empowering OECS Credit Unions for the Future”. A delegation of five (5) attended the summit held at Coco Palm Hotel, Rodney Bay in Gros Islet,from 9- 15 June 2019. The delegation comprised of:

- Ms. Alymphiah Lionel, President
- Mrs. Simone St Fort, Vice President
- Ms. Maria Mombelli, Secretary
- Ms. Shaleen Felicien, Member of Credit Committee
- Ms. Chalana Marcel, Staff Member

The 2019 summit programme afforded the delegation educational and networking opportunities. The three (3) day summit covered the below topics:

- Empowering OECS Credit Unions for the Future - Readiness of Credit Unions and Adaptation of Change
- Events Affecting the Operations and Management of Credit Unions within the OECS
- Block chain Technology: Understanding the impact and technology
- Credit Union Leadership in a changing landscape
- Leadership and Innovation, The Credit Union Way
- IT Issues/ Trends Affecting Credit Unions
- Women in the Leadership of the Credit Union Movement

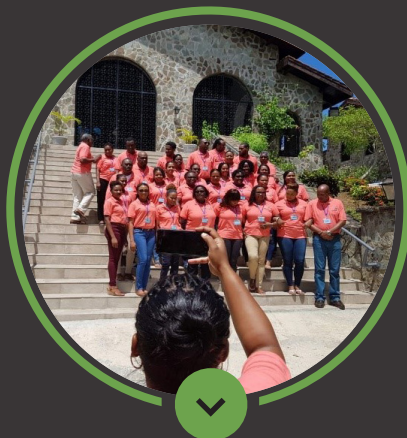
Annual Health Fair at the Grand Riviere Resource Centre

In keeping with our corporate social responsibility, our members health is of utmost importance. We took into consideration the feedback received from our members in attendance at the previous year’s Health Fair. For this reason, the Mabouya Valley Co-operative Credit Union Society Limited partnered with the Ministry of Health in hosting a bigger Annual Health Fair in 2019. Based on the requests, we introduced more testing(pap smears, dental screening, rapid AIDS testing etc.) and also partnered with private entities such as Vision Express. Members present each received a cup of fruits and was treated to a back massage. This event was successfully executed and afforded us the opportunity for one on one interaction with our valued members via our help desk.

Caribbean Credit Union Development Education (CARIBDE)

For the first time in our 40 years of existence the Mabouya Valley Cooperative Credit Union Society Limited, was honoured to endorse two (2) delegates: Ms. Alymphiah Lionel- President and Ms. Nilejah Francis- Office Supervisor, to participate in the 35th Caribbean Credit Union Development (CaribDe) Program. This program was held at the Villa Santa Maria at Coubaril, Castries from 23 – 27 September 2019. The delegates described the experience as educational and rewarding. This programme is regionally recognized, and affords participants the opportunity to network with Executives, Managers, Leagues and other Associates; while obtaining CaribDe certification. It also allows for participants to design and implement a beneficial project for their respective credit union.

With the rebranding of our credit union in mind, we undertook a collective project under the programme “To make MVCCUSL a household name” by recruiting members in every household using the house to house approach.



CORPORATE SOCIAL RESPONSIBILITY

Children’s Christmas Party

On 26th December 2019, the Education Committee of the credit union was charged with responsibility of organizing a Christmas party for the less fortunate children within the various communities.

The party was held at the Mothers and Fathers building at La Ressource, where the children were treated to gifts, music and games.

Donations

1. Schools

The Credit Union continues to lend financial support to the educational institutions and community sporting initiatives, within the Mabouya Valley basin. In the past year we were privileged to sponsor sports meets and graduations for the following schools:

- La Ressource Combined
- Richfond Combined
- Derniere Riviere Combined
- Aux L’yon Combined
- Grand Riviere Secondary

2. Educational Grants

In keeping with the established internal policy, the Board of Directors took a decision to award education assistance to two (2) children of staff members and one (1) executive member. The following children were selected based on the criteria set in the policy:

Student’s Name	School Assigned	Parent’s Name
Sherdai Wells	St. Joseph’s Convent	Sylvia Wells
Prancer Velinor	Spartan Medical School	Deidre Wells
Tassel Eugene	Sir Arthur Lewis Community College	Teather Thomas

We encouraged each child to continue their outstanding performance in the new academic year.

3. Health Assistance

In keeping with cooperative principle 7 “**Concern for Community**” our credit union provided medical assistance to three (3) members who required overseas medical services.



\$9,100 in donations

During the year under review the Credit Union made donation in the amount of Nine Thousand One Hundred Dollars (\$9,100.00) toward educational and medical donations.



MEMBERSHIP DEVELOPMENT

Table 9
Membership Statistics

MEMBERSHIP	2018	2019
New Accounts	334	347
Reactivated Accounts	110	68
Closed Accounts	45	41
Active Accounts	4,644	2,781
Dormant Accounts	753	2963
Total Membership	5,397	5,744

“ In 2019, 347 applications for membership were approved and increased our membership to 5,744.

An increase of 6% in total membership.



As part of our membership drive, the Executive, Management and Staff of the Credit Union partnered with the following community institutions, to sensitize potential members on the products and services of the credit union.

- Gadette Day Care Centre
- Bridge of Hope

The credit union also benefitted from the renewed relationship with our overseas based members, who continue to do business with our institution.

Members were also encouraged to continue setting up ITAL accounts for their children.

LOANS

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

For the period under review the loans granted to members amounted to Eight Million Nine Hundred Forty-six Thousand Nine Hundred and Ninety-eight Dollars (\$8,946,998). Additional information on loans granted is contained in the Credit Committee report.



OUR MEMBERS:
DO MORE

BECOME A
MEMBER
TODAY!



JOIN THE MVCCUSL TODAY
AND ASK ABOUT OUR
LOAN FACILITIES THAT HELP **YOU**

DO MORE

OUR MEMBERS | OUR COMMUNITY | OUR CREDIT UNION

facebook.com/mvccu | 453-8024 | www.mabouyavalleycreditunion.com

DELINQUENCY

Delinquency has been the major problem plaguing our Credit Union. Many members have been entrusted with financial assistance from member’s hard-earned savings, however, a few members have abused this facility by failing to honour their financial commitment. The continuation of this practice will see the erosion of the principle “people helping people” as it will result in the reduction of the loan facility.

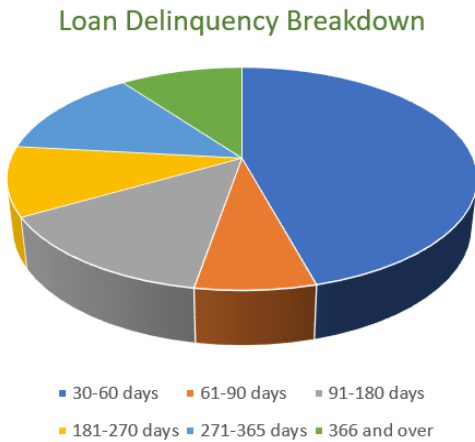
At 31st December 2019, delinquency stood at a value of Three Hundred Forty Thousand Four Hundred Ten Dollars and Sixty-Four Cents (\$340,410.64).

This situation is an unacceptable practice and to date, the Board has taken the position to send a strong message to defaulters, which includes but not limited to posting of names on social media and at the credit union’s office. Despite this, the Board is still committed to extending loan facilities to its members with a good credit history.

We are all faced with challenges. It is for this reason that the Board of Directors would like to implore its general membership to encourage our delinquent members to come in and discuss their situation.

Table 10

Delinquency Age	No. of Loans (2019)	Loan Value (2019)	No. of Loans (2018)	Loan Value (2018)
30-60 days	59	\$39,652.03	61	\$76,405.13
61-90 days	9	\$12,449.03	11	\$13,108.84
91-180 days	18	\$24,580.85	18	\$25,861.64
181-270 days	13	\$64,663.10	16	\$45,978.66
271-365 days	17	\$49,604.28	11	\$19,417.35
366 and over	13	\$116,587.77	17	\$159,639.02
Total	129	\$307,536.06	134	\$340,410.64





The Family Indemnity Plan
IS AH GOOD TING!

Our family is protected with the
BEST funeral insurance plan!



Under the Family Indemnity Plan (FIP) subscribers can access a maximum of XCD\$30,000 towards meeting their funeral and burial cost of up to 6 immediate family members.

The FIP plan offers financial comfort during difficult times providing cash benefits to be used to cover funeral expenses for you and eligible family members.

There are Seven (7) plans that are available and upon payment of the monthly premiums and meeting the required stipulations, a payout is almost guaranteed for each family member covered under the plan.

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

\$79,000 PAID OUT

In 2019, Under the FIP, CUNA paid out XCD\$79,000 for seven (7) death claims received from our members and their families.

These funds go towards assisting with the burial cost of their loved ones, who were contributors to the Family Indemnity Plan (FIP) of CUNA Caribbean Insurance OECS Ltd.

In 2019, we bid farewell to nine (9) members. On behalf the Executive, Management and Staff we take this opportunity to offer heartfelt sympathy to all members and their families who experienced the loss of a loved ones this year.

- Ursula St. Marie
Elizabeth
Iris Johnny
Sharon Daniel

Linda Francois
Theresa Dixon
Sherquan Mahy
Burke Baptiste

CONCLUSION

The Board wishes to acknowledge the services of Mr. Hudus Malcolm- Treasure and Mr. Luke Edwin- Assistant Treasurer for their hard work and dedication to the credit union movement.

We would also like to extend our gratitude to the various organisations that have rendered their services to our credit union, throughout the past financial year. Special mention is made to the following organisations :

- The Financial Service Authority (FSRA)
- Financial Intelligence Authority (FIA)
- CUNA Caribbean Insurance Society
- St Lucia Co-Operative Credit Union League
- Microsoft Design Limited (MSD)
- First National Bank
- Mario Lendor
- Icon Security Services
- Ministry of Health

The attainment of our strategic priorities are dependent on the collective efforts of our Executive, Management and Staff in their respective disciplines. To this end we congratulate our elected and appointed Committees, Management and Staff of the credit union. We also acknowledge the services of our long serving members; Ms. Alymphia Lionel, Ms. Sherin Thomas, Ms. Kerdra Charles-Isidore, Ms. Theather Thomas and Mr. Sabinus Noel, whose contributions over the last six (6) years have made a significant impact on the development of our credit union

On behalf of the Board of Directors, we would like to thank our valued members for allowing us to serve them and for making the Mabouya Valley Cooperative Credit Union Society Limited your premier financial service provider in St Lucia. Your confidence in our credit union has helped us to make significant strides and will enable us to “soar above the challenge” as we remain committed to “enriching the quality of the lives for our members”.

Thank you and may God bless you and your family.

Cooperatively yours,



Maria Mombelli
Secretary

REPORT

TREASURER'S

As per legal requirements, the financial statements of the Mabouya Valley Co-operative Credit Union Society Limited (MVCCUL) for the financial year ended 31 December 2019, was presented to members by Mr. Mario Lendor, Auditor. This is a legal requirement to be fulfilled at the AGM of all Credit Unions.

It should be noted that while the audited financial statements were presented to the Board of Directors, neither his presentation, recommendations nor remarks made today were influenced or biased by the Board. This is a very important aspect of the governance process of the Credit Union, if transparency and confidence of the membership is to be achieved.

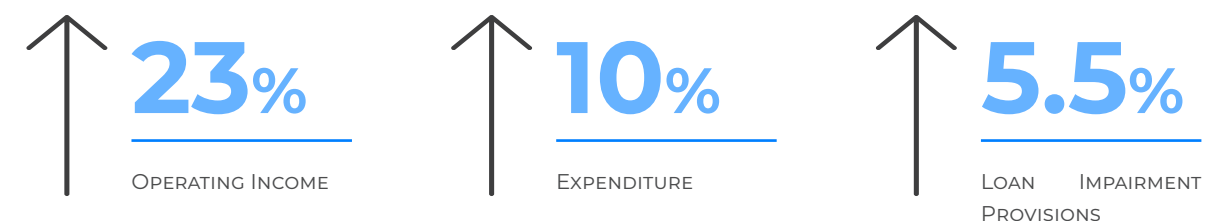
The role of the Treasurer is not to reiterate what the Auditor has already outlined or explained during his presentation. However, the treasurer must ensure that the membership understands the financials presented and outlined implications for each individual member and the credit union as a financial institution. The hope therefore is that when we leave this AGM, everyone will be better informed, and that should ultimately influence actions and decision making.

Table 11

1. Analysis of Income Statement-2019

Variable	2018	2019	Variance	% Variance
Gross Financial Margin	\$810,155	\$937,613	127,458	15.7%
Total Expenditure	\$(500,407)	\$(554,643)	\$(54,236)	10.8%
Operation Income	\$309,748	\$382,970	\$73,222	23.64%
Total Other Income	\$231,225	\$111,805	\$(119,420)	-51.6%
Provision for Loan Impairment	\$(134,655)	\$(141,781)	\$7,126	5.3%
Total Comprehensive Income	\$406,318	\$352,994	\$(53,324)	-13.1%

Income Statement Highlights - 2019



TREASURER'S REPORT

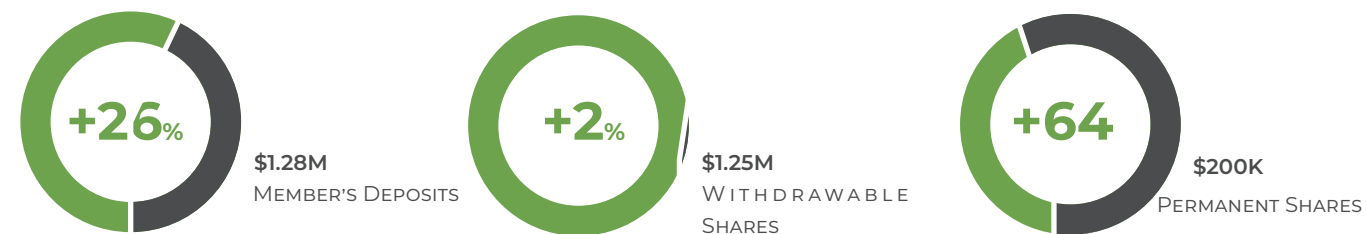
2. Cashflow Statement

When compared to the previous year, members' withdrawable shares increased by 2.5% to \$1.25 million.

When compared to the previous year, members' deposits increased by 26.6% to \$1.28 million.

Members' permanent shares in 2019 recorded a significant rise of approximately 64%. This is commendable. I would like to encourage members to do their best in achieving the minimum equity shares requirement of Two Hundred Dollars (\$200.00).

Value of members' loans and advances in the review period was \$248,287.00. When compared to the previous year, this represents a contraction of almost 86%. In part, this explains the high liquidity position at the end of the fiscal year.



3. Financial Position | (A) Assets

In 2019 Assets grew by 18.22% to approximately \$16.61 million with the following sub-classification performance:

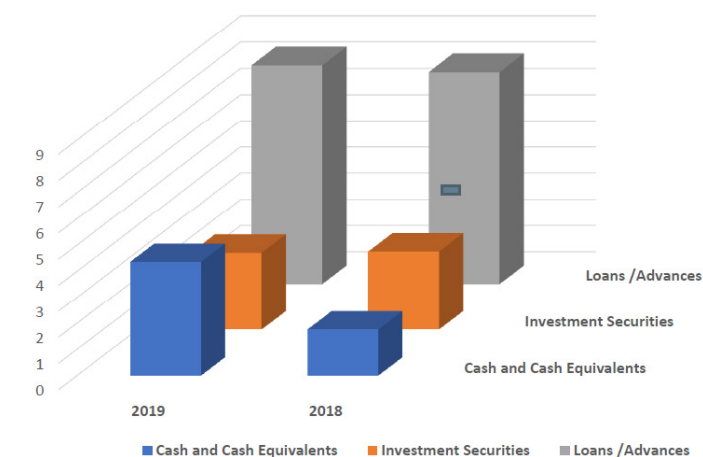
Table 12
ASSET PERFORMANCE 2018-2019 (BY CLASS)

Asset Class	2018	2018	Variance	Variance %	Distribution%
Cash & Cash Equivalents	1.76	4.36	2.6	146%	26.2
Accounts, Receivables Property & Plant	0.84	0.6	-0.24	-28.6%	3.6
Equipment	0.37	0.36	-0.01	-2.7%	2.2
Investment Securities	2.99	2.95	-0.04	-1.3%	17.8
Loans/Advances	8.09	8.34	0.25	3.1%	50.2
TOTAL	14.05	16.61	27884	18.2%	100%

Factors that were very likely to contribute to the above high liquidity situation:

- Lack of growth in investments securities due to tightening of investment opportunities both locally and regionally.
- Loans/advances during the review period contracted by 85.9% when compared to 2018- meaning significantly less loans were awarded (\$248,287 compared to \$1.8 million in 2018).
- Greater efficiency in loans' application review/approval process.
- Decline and greater uncertainty in the banana industry would contribute to corresponding drop in both demand for loans as well as quality of loan applications.

Performance of Selected Asset Class 2018-2019



Pitfalls to Avoid Given High Liquidity

- Increasing interest rates- Credit Union becomes less competitive and the outcome is a gradual decline in demand for loans.
- Tendency to become more lenient with loan approval- leads to high rate of award of 'bad' loans.
- Investment in high risk ventures/securities (countries with low credit ratings).
- Over exposure to local treasury bills and bonds

Opportunities Provided

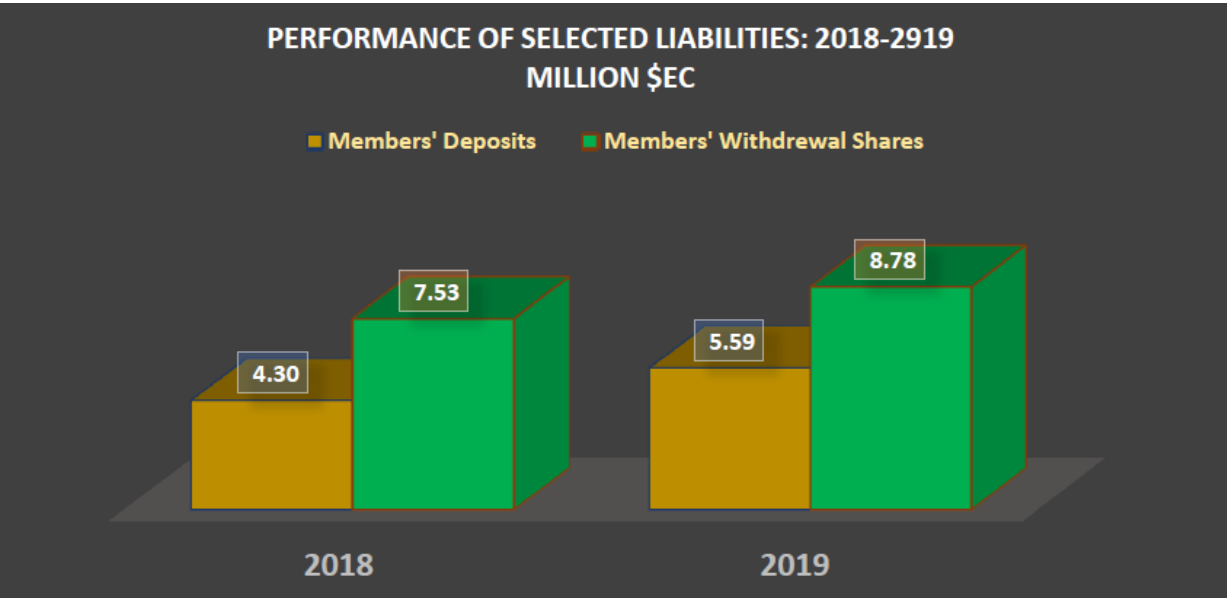
- Aligning the Credit Union to credible investment agencies with experience in market research and strong investment management- highly recommended.
- Vigorous monitoring of membership loan portfolio- significantly reduce delinquency level/rate.
- Consideration for external fund managers.
- Seeking to award more salary deduction loans as opposed to over the counter payments.

3. Financial Position | (B) Liabilities

In total, liabilities rose by 18.71% from \$12.24 million in 2018 to \$14.53 million in 2019. However, collectively, members deposits and withdrawal shares accounted for 86.5% of assets and increased by 21.5% over the previous year.

Table 13
Performance of MVCCU Selected Liabilities for the Period 2018-2019 (Million)

Liabilities	2018	2019	Variance	Variance %	Asset %
Member's Deposits	4.30	5.59	1.29	30%	33.7%
Members Withdrawable Shares	7.53	8.78	1.25	16.6%	52.9%
TOTAL	11.83	14.37	2.54	21.5%	86.5%



Implications for Membership

- The election of board and committee members should be taken very seriously- this process should never be based on friendship or popularity.
- Given that the Credit Union is an investment for its membership, understanding the financial performance is paramount. Ask questions if you are not satisfied, demand clarity and make suggestions.
- Due to the very nature of Credit Unions, prudent management of members loans portfolio is critical to payment of dividend. As such, delinquency of loan payments by some members should be discouraged at all levels.

3. Financial Position | (C) Members' Equity

Members' equity is normally referred to as funds used to run the Credit Union. Members' equity can grow annually due to profits generated from the operation of the Credit Union.

Table 14
Value of Members' Equity Distributed by Type at the End of 2018 and 2019

Members' Equity	Value at the End of 2018	Value at the End of 2019	% Growth
Development Fund (10%)	190,934	226,233	18.49%
Education Fund (10%)	130,170	124,084	-4.68%
Undivided Earnings	314,508	284,226	-9.62%
Permanent Shares	579,418	772,058	33.25%
Statutory Reserve	591,514	680,454	15.04%
TOTAL	1,806,544	2,087,095	15.33%

Highlights of Members' Equity

- Increased by 15.53% to \$2.09 million
- Tremendous effort in permanent share issue- 33% increase and accounted for 4.6% of total assets.
- Statutory reserve also grew by 15% and accounted for 4.1% of total assets.
- At the end of 2019, undivided earnings stood at \$284,266- dividends are paid from this portfolio.

Impact of Provisions for Loan Impairment on Undivided Earnings

Due to acute delinquency issues with some loans, it is mandatory that provisions be made for loan impairment annually. The table below shows the proportion/amount by which our potential net income must be reduced by due to bad loans.

Table 15
Impact of Provisions for loan Impairment on Net Income

Year	Net Income without Provision	Provision of Loan Impairment	
		Amount	% of net income w/o provisions
2018	540,973	134,655	24.9%
2019	494,778	141,781	28.7%

In 2018, net income was negatively impacted by almost 25% followed by 29% in 2019. This negative impact resulted in less allocation to members' funds, statutory reserves and ultimately undivided earnings from which dividends are paid.

4. Treasurer's Report | Overview

- 1. It was another year of modest success for the MVCCUSL. **Total assets grew by 18.2%** to approximately \$16.61 million by the end of 2019.
- 2. The value of deposits and shares accounted for **over 90%** of the Credit Union's assets - means that you own the institution.
- 3. Members must demand performance from management including the Board of Directors and Executive members serving on the various committees.
- 4. The membership is duty bound to meet their financial commitments to the Credit Union. As it has been explicitly explained we have seen, failure to do so will negatively impact/affect the availability or level of dividends to members. It is imperative that we eradicate practice of delinquency which would diminish the requirement to make provisions for bad loans..



Mr. Paul Kallicharan
Treasurer



OUR COMMUNITY:
GROWS MORE



OUR MEMBERS | OUR COMMUNITY | OUR CREDIT UNION

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REPORT

SUPERVISORY COMMITTEE

The Supervisory Committee which served the Mabouya Valley Co-Operative Credit Union Society Limited having being elected after the 38th Annual General Meeting, or continuing a previous term, comprised of the following members:

Ms. Sherin Thomas – Chairperson
 Ms. Teather Thomas – Assistant Chairperson (resigned November, 2019)
 Ms. Benita Polius – Secretary
 Mrs. Kerdra Charles-Isidore – Floor Member
 Ms. Servina Eudovic – Floor Member

Upon commencement of its 2019 term, the Supervisory Committee met to plan the work to be done for the financial year, with the aim of ensuring that member's assets were safeguarded and protected. The team was committed to ensuring that the Board of Directors, Management and Staff adhered to established procedures and practices, in accordance with the legal framework that governs our credit union and its bye laws.

During the year under review, the Committee reviewed the loan procedures and processes, the financial reports, the investment portfolios, payroll, bank reconciliation statements, lodgments, receipts books and registers. Further to those reviews, the committee made some observations and recommendations to the Board and Management for consideration.

We also took the opportunity to review the internal control procedures of the Credit Union to ensure compliance and relevance and have reported findings below:

Cash Reconciliation

During the review period 2019, the Supervisory Committee conducted random cash counts, and was consistently satisfied with the physical cash count against the main cash ledger.

Bank Reconciliation Statements

During the financial year, we conducted monthly reviews of the bank reconciliation statements prepared for the sample of months. These revisions, showed that the bank reconciliations statements were up to date and all reconciling items have been accounted for.

Investments

The Supervisory Committee reviewed the investment schedule of the Credit Union. The investments schedule was verified against the certificates for account balances of the respective investments, interest rates, and maturity dates. We also took that opportunity to calculate the interest income.

Loans

The committee in 2019 performed several loan assessments to corroborate that the newly issued loans were granted in accordance with the loans policy and that all requirements were adhered to. Consequently, notifications were highlighted where loans had the potential of becoming delinquent. Additionally, assessments were conducted on delinquent loans, to ensure that the necessary process and protocols were undertaken to prevent the level of delinquency from intensifying.

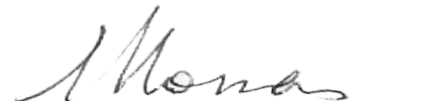
It must be highlighted that delinquency continues to be the biggest challenge for the Credit Union. Therefore, we implore that the Management of the credit union continue to implement robust measures to reduce the current level to a bare minimum.

Receipt Books

The Committee also took the opportunity to review the stock of receipt books and verified that no discrepancies were noted, and all the books were accounted for as recorded on the register.

Conclusion

The Committee also took the opportunity to review the stock of receipt books and verified that no discrepancies were noted, and all the books were accounted for as recorded on the register.



Ms. Sherin Thomas
 Chairperson

REPORT

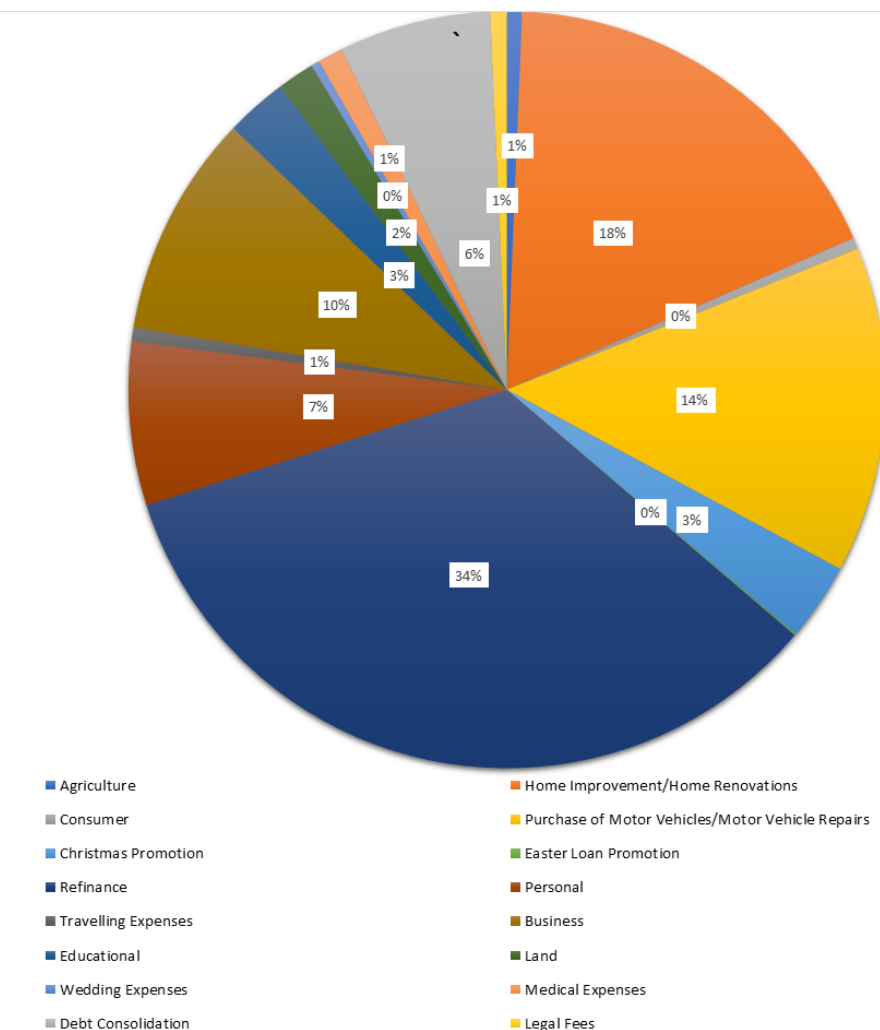
CREDIT COMMITTEE

We are pleased to present our report for the year ending 31st December 2019. This year the committee was comprised of the following members.

Ms. Lyester Velinor	- Chairperson
Mrs. Talia Gustave	- Secretary
Mr. Sabinus Noel	- Member
Ms. Tessa Moise	- Member
Mr. Linus Budhoo	- Member

At our last AGM on 29th June 2019, three (3) new members were elected to serve on the Credit Committee of the Mabouya Valley Co-operative Credit Union Society Limited:

- Mr. Linus Budhoo
- Mrs. Talia Gustave
- Ms. Kessa Moise



The Credit Committee noted that 2019 had its challenges as the Committee fought hard to meet the principles of the credit union based on the information presented by the members. The Credit Committee would like to encourage its members to utilize the financial counselling facility of the credit union before applying for loans.

The Committee also advises our members to review their financial positions, with the goal of decreasing their debt ratio; placing a greater focus on savings.

We welcome all categories of loans; however, we would like to see more long-term loans such as land loans, mortgages and educational loans. It is our hope that we can attach some very attractive incentives which would propel us as being your preferred financial institution.

During the year 2019, a total of 419 loans were granted to members, with a combined total of \$5,003,908.37 accumulatively. The increase in loans granted was as a result of our loan campaigns and the increase in members refinance loans.

We aspire to have more attractive loan products and promotions in order to meet the needs of our members. We would like our cooperative to be a household name and, the first choice for everyone in the Mabouya Valley.

The Credit Committee would like to thank the Management and Staff of the Mabouya Valley Cooperative Credit Union Society Limited for their support over the years and we look forward to working even more closely, to ensure that we strengthen the organization as we seek to holistically support to our members.

Ms. Lyester Velinor
Chairperson

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Thank You For Your Support!

Over the last years, it has been our strategy to grow the credit union, on our cooperative principles, financial regulations and the desires to serve the needs of our members and our communities; while improving the services that are available to them. Our focus has been, on increasing member's participation in the activities of their credit union, with the assurance that their credit union is there to meet, if not all, but most of their financial and development needs.

We recognize our priority is to ensure that you are not disadvantaged as a member, and to remain relevant and viable in the new financial and technological landscape confronting us all. Therefore, I am imploring all members to take a greater interest in their business and participate in most of the activities and services of their credit union, as well as, to make a greater contribution to our communities.

REPORT
AUDITOR

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Statement of Financial Position

As at 31st December, 2019
With comparative figures as at 31st December, 2018
(Expressed in Eastern Caribbean Dollars)

	Notes	2019	2018
Assets			
Cash and cash equivalents	5	\$ 4,360,519	1,758,827
Accounts receivable and prepaid expenses	6	597,022	841,087
Property, plant and equipment	10	364,899	374,568
Investment securities	9	2,954,222	2,987,368
Members' loans and advances	7	8,336,332	8,088,045
Total assets		16,612,994	14,049,895
Liabilities and Members' Equity			
Accounts payable and accruals	12	99,705	350,450
Borrowings	11	55,720	55,720
Members' deposits		5,589,456	4,304,603
Members' withdrawal shares	13	8,781,018	7,532,578
Total liabilities		14,525,899	12,243,351
Members' Equity			
Permanent shares	14	772,058	579,418
Members' funds	16-17	350,317	321,104
Statutory reserve	15	680,454	591,514
Undivided earnings		284,266	314,508
Total members' equity		2,087,095	1,806,544
Total liabilities and members' equity		\$ 16,612,994	14,049,895

Approved on behalf of the board.

----- Director.

----- Director.

1.

2.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Statement of Changes in Members' Equity

For the year ended 31st December, 2019
With comparative figures for the year ended 31st December, 2018
(Expressed in Eastern Caribbean Dollars)

	Notes	Development Fund	Education Fund	Statutory Reserve	Undivided Earnings	Permanent Shares
Balance as at 1 st January, 2018	\$	150,302	99,557	489,266	280,545	461,965
Total comprehensive income for the year 2018						
Allocation for - Development fund	17	40,632	-	-	406,318	-
Education fund	16	-	40,632	-	(40,632)	-
Statutory reserve	15	-	-	101,579	(40,632)	-
Entrance fees		-	-	669	(101,579)	-
Members training		-	(10,019)	-	-	-
Shares issued 2018		-	-	-	-	117,453
Dividends paid on shares		-	-	-	(189,512)	-
Balance as at 31st December, 2018		190,934	130,170	591,514	314,508	579,418
Total comprehensive income for the year 2019						
Allocation for - Development fund	17	35,299	-	-	(35,299)	-
Education fund	16	-	35,299	-	(35,299)	-
Statutory reserve	15	-	-	88,249	(88,249)	-
Entrance fees		-	-	691	-	-
Member's training		-	(41,385)	-	-	-
Shares issued 2019		-	-	-	-	192,640
Dividends Paid on shares		-	-	-	(224,389)	-
Balance as at 31st December, 2019	\$	226,233	124,084	680,454	284,266	772,058

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Statement of Comprehensive Income

For the year ended 31st December, 2019
With comparative figures for the year ended 31st December, 2018
(Expressed in Eastern Caribbean Dollars)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Income:			
Interest on loans		\$ 842,849	705,301
Interest on investments		<u>96,492</u>	<u>106,673</u>
Total Income		<u>939,341</u>	<u>811,974</u>
Less: Cost of Funds:			
Bank charges		<u>1,728</u>	<u>1,819</u>
Total Cost of Funds		<u>1,728</u>	<u>1,819</u>
Gross Financial Margin		<u>937,613</u>	<u>810,155</u>
Less: Expenditure			
Operating expenses	18	81,355	78,555
Personnel expenses	19	216,836	220,534
Marketing expenses	20	30,931	20,874
Occupational expenses	21	101,529	92,716
Board and committee expenses	22	14,450	16,966
CUNA insurance		<u>109,542</u>	<u>70,762</u>
Total expenditure		<u>554,643</u>	<u>500,407</u>
Operating income		382,970	309,748
Other Income	23	144,784	184,241
Provision for loan impairment		<u>(141,781)</u>	<u>(134,655)</u>
Net income for the year		385,973	359,334
Other comprehensive income			
Loss on investment		(32,979)	-
Revaluation of unlisted securities	9	-	46,984
Total comprehensive income for the year		\$ <u>352,994</u>	<u>406,318</u>

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Statement of Cash Flows

For the year ended 31st December, 2019
With comparative figures for the year ended 31st December, 2018
(Expressed in Eastern Caribbean Dollars)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Net surplus being total comprehensive income for the year	\$ 352,994	406,318
Add/(deduct): Charges to income not involving cash		
Loss on disposal	756	3,603
Depreciation	<u>22,803</u>	<u>13,390</u>
Net change in non-cash working capital balances	376,553	423,311
Accounts receivable	244,065	(626,615)
Accounts payable	(250,745)	67,161
Training expense	(41,385)	(10,019)
Members' withdrawal shares	1,248,440	1,221,363
Members' deposits	1,284,853	1,014,812
Members' loans and advances	(248,287)	(1,755,517)
Permanent shares	<u>192,640</u>	<u>117,453</u>
Net cash provided by operating activities	<u>2,806,134</u>	<u>451,949</u>
Cash Flows from Financing Activities		
Entrance fees	691	669
Dividends paid	<u>(224,389)</u>	<u>(189,512)</u>
Net cash used in financing activities	<u>(223,698)</u>	<u>(188,843)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(13,890)	(161,564)
Investments	<u>33,146</u>	<u>(374,289)</u>
Net cash (used in)/ generated from investing activities	<u>19,256</u>	<u>(535,853)</u>
Net change in cash and cash equivalents	2,601,692	(272,747)
Cash and cash equivalents - beginning of year	<u>1,758,827</u>	<u>2,031,574</u>
Cash and cash equivalents - end of year	\$ <u>4,360,519</u>	<u>1,758,827</u>

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

1. Activities and Incorporation

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.

The Financial Statements were approved for Issuance by the Board of Directors on 5th August, 2020.

2. Significant Accounting Policies

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.

a. Statement of compliance

Mabouya Valley Co-operative Credit Union Society Limited have been prepared in accordance with International Financial Reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB) as at 31st December 2019 (The reporting date).

b. Basis of Preparation

These financial statements of Mabouya Valley Co-operative Credit Union Society Limited are prepared under the historical cost convention. The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. A material estimates which is particularly susceptible to significant change is provision for loan losses. Areas where assumptions and estimates are significant to the statements are disclosed in Note 8 of the financial statements.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

c. Financial Assets

The Credit Union classifies its financial assets into the following categories: Loans and advances, held-to-maturity investments and available-for-sale investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Loans and Advances

Loans and advances are non-derivative financial assets with fixed or determinable payments. They arise when the Credit Union provides money, goods or services directly to a member with no intention of trading the receivable.

(ii) Held-to-Maturity investments

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

(iii) Available-for-sale investments

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are subsequently carried at fair value. Loans and advances and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category is included in the statement of comprehensive income in the period in which they arise. Gains and losses arising from changes in the fair value of "available-for-sale" financial assets are recognised in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. Interest calculated using the effective interest method is recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the equity's right to receive payment is established.

Purchase and sales of held-to-maturity and available-for-sale investments are recognised on trade date - the date on which the Credit Union commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Credit Union has transferred substantially all risks and rewards or ownership.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

c. Financial Assets... (Cont'd)

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Credit Union establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, and other valuation techniques commonly used by market participants.

d. Interest Income and Expense

The accruals basis has been used for recording of income and expenses. Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the accrual method, except for held-to-maturity investments which use 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 instruments 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 Credit Union estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or discounts received between parties to the contract that are an integral part of the effective interest rate.

Once a financial asset has been written down as a result of a provision for loan loss, interest income is not recognised until received.

e. Fees and Commission Income

Fees and commission are generally recognised on an accrual basis when the service has been provided.

f. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition including cash on hand and non restricted cash balances.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

g. Borrowings

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

h. Members' Withdrawal Shares

Members' withdrawal shares are the savings and deposits accounts of the owners of the Credit Union. Share ownership of more than twenty permanent shares allows the member to vote in the election of the board of directors and other corporate matters. Each member has one vote and is subordinate to other liabilities in the Credit Union upon liquidation. Dividends are based on the available earnings and are declared by the board of directors.

i. Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union 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.

Land is not depreciated. Depreciation is calculated using the reducing balance method for property, plant and equipment to allocate their cost or re-valued amounts to their residual values over their estimated useful lives, as follows:

Leasehold Improvement	20%	Computer Software	33.3%
Furniture and Equipment	10&15%	Computer and Equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

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

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

j. Impairment of Financial Assets *Assets carried at amortised cost*

The Credit Union assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence that impairment was as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or that can be reliably estimated. Objective evidence that a financial asset is impaired includes observable data that comes to the attention of the Credit Union about the following loss events:

- i. significant financial difficulty of the issuer or obligor;
- ii. a breach of contract, such as a default or delinquency in interest or principal payments;
- iii. the Credit Union granting to the member, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- iv. it becoming probable that the members will enter bankruptcy or other financial reorganisation;
- v. the disappearance of an active market for that financial asset because of financial difficulties; or
- vi. observable data indicating that there is a measurable decrease in the estimated future cash flows from 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:

The Credit Union first assesses whether objective evidence of impairment individually for financial assets. If the credit union determines that no objective evidence or impairment exists for an individually assessed financial asset, whether significant or not it assesses the asset for impairment.

If there is objective evidence that an impairment on loans and advances or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment is the current effective interest rate determined under the contract.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

j. Impairment of Financial Assets... (Cont'd) *Assets carried at amortised cost*

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the asset being evaluated.

When a loan is uncollectible, it is written off against the related provision for loan losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan losses in the statement of comprehensive income.

If in a subsequent period, the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the member's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

The Credit Union assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity - is removed from equity and recognised in the statement of comprehensive income.

Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. If in a subsequent period, the fair value of debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

Impairment of other non-financial asset

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

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

2. Significant Accounting Policies... (Cont'd)

k. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

l. Foreign Currency Translation

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 Credit Union's functional and presentation currency.

Transactions balance

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.

m. Provisions

Provisions are recognised when the Credit Union 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.

n. Taxation

The Credit Union is not liable to income taxes in accordance with section 25 (1) of the Income Tax Act Cap 15.02 of the Revised Law of Saint Lucia.

o. Financial Instruments

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

p. Comparatives

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

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Financial Risk Management

Strategy in using Financial Instruments

By its nature, the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts deposits from members and seeks to earn an interest margins by lending to members, while maintaining sufficient liquidity to meet claims as that may fall due. The Credit Union also seeks to raise its interest margins by obtaining above average margins, net of allowances, through investing in various financial instruments.

(a) Credit Risk

The Credit Union 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 Credit Union's portfolio could result in losses that are different from those provided for at the reporting date. Management therefore carefully manages its exposure to credit risk.

The Credit Union structures the levels of credit risks, 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.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Financial Risk Management... (Cont'd)

Credit Risk ... (Cont'd)

(a) Credit risk exposure relating to on-statement of financial position:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 4,360,519	1,758,827
Investments	2,954,222	2,987,368
Account receivables and prepaid expenses	597,022	841,087
Loans and advances to members	<u>8,336,332</u>	<u>8,088,045</u>
	<u>16,248,095</u>	<u>13,675,327</u>

Credit risks in respect of loans and advances are limited as this balance is shown net of impairment losses on loans and advances. The maximum exposure to credit risk for loans and advances to members at the reporting date by category was: -

	<u>2019</u>	<u>2018</u>
Personal loans	781,812	808,117
Mortgages and real estate	3,820,980	3,553,014
Vehicle	1,926,470	2,091,757
Business	177,407	249,555
Agricultural	27,977	16,392
Refinancing	202,791	277,936
Promotional	1,038,931	907,885
Education	60,830	86,717
Debt consolidation	<u>909,800</u>	<u>565,557</u>
	<u>\$ 8,946,998</u>	<u>8,556,930</u>

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Financial Risk Management... (Cont'd)

(a) Credit Risk (Cont'd)

(i) Past due and impaired financial assets

A financial asset is past due when a counterparty has failed to make payments when contractually due. The Credit Union is mostly exposed to the risk of past due assets with respect to its loans and advances to members.

The table below summarises the carrying value of financial assets which are past due and impaired.

Loans and advances to members are summarized as follows:-

	<u>2019</u>	<u>2018</u>
Members' loans and advances : -		
Neither past due nor impaired	\$ 6,768,949	6,614,678
Past due but not impaired	1,562,798	1,066,760
Impaired	<u>615,251</u>	<u>875,492</u>
Gross amount	8,946,998	8,556,930
Less: Allowance for loan losses	<u>610,666</u>	<u>468,885</u>
Net	\$ 8,336,332	8,088,045

(ii) Loans and advances past due but not impaired

	<u>2019</u>	<u>2018</u>
Past due up to 30 days	\$ 274,566	450,032
Past due 31 – 60 days	993,350	446,482
Past due 61 – 89 days	<u>294,882</u>	<u>170,246</u>
	<u>\$ 1,562,798</u>	<u>1,066,760</u>

(iii) Impaired

The total allowance for loan losses is **\$610,666** (2018 - \$468,885) of which **\$130,747** (2018 - \$157,168) represents the individually impaired loans and the remaining amount of **\$479,919** (2018 - \$311,717) represents the collective provision. Interest is not accrued on impaired financial assets. Further information of the allowance for loan losses is provided in Note 7 and 8.

(iv) Reposessed assets

The Credit Union may foreclose on overdue loans by repossessing the pledged asset. The pledged asset may consist of real estate equipment or vehicles which the Credit Union will seek to dispose of by sale. In some instances, the Credit Union may provide refinancing.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Financial Risk Management... (Cont'd)

(b) Liquidity Risk

The Credit Union is exposed to daily calls on its available cash resources from members' shares, deposits and loan draw downs. The Credit Union 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 sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level borrowing facilities that should be placed to cover withdrawals at unexpected levels of demand.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Credit Union. It is unusual for Credit Union 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 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 Credit Union and its exposure to changes in interest rates.

The table below presents the cash flow payable by the Credit Union for financial liabilities by remaining contractual maturity dates at the date of the financial statements. The amounts disclosed in the table are the contractual undiscounted cash flow, whereas Credit Union manages the inherent liquidity.

Carrying Amounts	6 Months or less	6- 12 Months	1 - 2 Years	2 - 5 Years	More than 5 years
\$	\$	\$	\$	\$	\$
As at December 31, 2019					
Account payables	99,705	84,705	15,000	-	-
Deposits from members	5,589,456	5,589,456	-	-	-
Withdrawable shares	8,781,018	8,781,018	-	-	-
14,470,179	14,455,179	15,000	-	-	-
As at December 31, 2018					
Accounts payables	350,450	88,450	18,000	36,000	108,000
Deposits from members	4,304,603	4,304,603	-	-	-
Withdrawable shares	7,532,578	7,532,578	-	-	-
12,187,631	11,925,631	18,000	36,000	108,000	100,000

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Financial Risk Management... (Cont'd)

(c) Currency Risk

The Credit Union takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Credit Union's exposure to currency risk is minimal since most of its assets and liabilities are held in Eastern Caribbean 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.

(d) Interest Rate Risk

The Credit Union takes on the effects of fluctuations in prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

The table below summaries the exposures to interest rate risks on the Credit Unions Financial assets and financial liabilities. Amounts are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

Immediately rate Sensitive \$	1-3 Months \$	3-12 Months \$	Greater than 12 months \$	Non- interest Bearing \$	Total \$
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Risk

As at December 31, 2019

Financial Assets

Cash and cash equivalents	-	-	-	-	4,360,519	4,360,519
Investments	-	-	2,954,222	-	-	2,954,222
Accounts receivables and prepayments	-	1,631	26,890	-	568,501	597,022
Loans and advances to members	-	275,508	405,007	8,266,483	-	8,946,998

Financial Liabilities

Accounts payables	-	-	-	-	(99,705)	(99,705)
Deposits from members	(5,589,456)	-	-	-	-	(5,589,456)
Withdrawable shares	(8,781,018)	-	-	-	-	(8,781,018)
Total interest sensitivity gap	(14,370,474)	277,139	3,386,119	8,266,483	4,829,315	2,388,582
Net liquidity gap	(14,370,474)	(14,093,335)	(10,707,216)	(2,440,733)	2,388,582	-

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Financial Risk Management... (Cont'd)

(d) Interest Rate Risk ... (Cont'd)

	Immediately rate Sensitive	1-3 Months	3-12 Months	Greater than 12 months	Non- interest Bearing	Total
	\$	\$	\$	\$	\$	\$
Risk						
As at December 31, 2018						
Financial Assets						
Cash and cash equivalents	-	-	-	-	1,758,827	1,758,827
Investments	-	-	2,872,750	-	114,618	2,987,368
Accounts receivables and prepayments	-	1,631	53,926	-	785,530	841,087
Loans and advances to members	-	106,084	512,616	7,938,230	-	8,556,930
Financial Liabilities						
Accounts payables	-	-	-	-	(350,450)	(350,450)
Deposits from members	(4,304,603)	-	-	-	-	(4,304,603)
Withdrawable shares	(7,532,578)	-	-	-	-	(7,532,578)
Total interest sensitivity gap	(11,837,181)	107,715	3,439,292	7,938,230	2,308,525	1,956,581
Net liquidity gap	(11,837,181)	(11,729,466)	(8,290,174)	(351,944)	1,956,581	-

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Financial Risk Management... (Cont'd)

(d) Interest Rate Risk... (Cont'd)

At the reporting date, the carrying values of the Credit Union's interest-bearing, fixed – rate financial instruments were:

	2019	2018
Financial Assets		
Cash at bank – savings accounts only	\$ 261,818	242,384
Investments – Held to Maturity	2,954,222	2,872,750
Loans and advances to members	8,336,332	8,088,045
	<u>11,552,372</u>	<u>11,203,179</u>
Financial Liabilities		
Deposits from members	5,589,456	4,304,603
Withdrawable shares	8,781,018	7,532,578
	<u>\$ 14,370,474</u>	<u>11,837,181</u>

The table below summarises the interest rates on financial assets and liabilities held at the reporting date.

	2019 %	2018 %
Financial Assets		
Cash and cash equivalents	0 – 0.50	0 – 0.50
Investments	3.15	2.50 – 4.50
Members Loans and advances	9 – 12	9 -12
Financial Liabilities		
Deposits from members	0	0
Withdrawable shares	2	2

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Financial Risk Management... (Cont'd)

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

(e) Fair Value Hierarchy

IFRS 7 specifies a hierarchy valuation technique based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Credit Union's market assumptions.

Where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the reporting date. The values derived from applying these techniques are significantly affected by the underlying assumption used concerning both amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used: -

- The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of variable-rate financial instruments is assumed to approximate their carrying amounts.

Observable and unobservable inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (that is, as prices) or indirectly (that is derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

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

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

3. Financial Risk Management... (Cont'd)

(e) Fair Value Hierarchy... (Cont'd)

The following table shows the analysis of financial instruments measured at their fair value by level of the fair value hierarchy:

	Level 1	Level 3	Total
	\$	\$	\$
As at December 31, 2019			
Securities available for sale unlisted	32,979	-	32,979
Loss on investment	(32,979)	-	(32,979)
	-	-	-
As at December 31, 2018			
Securities available for sale unlisted	114,618	-	114,618
	114,618	-	114,618

(f) Market Risk

The Credit Union is exposed to equity securities price risk because of investments held by the Credit Union classified on the statement of financial position as available-for-sale.

(g) Geographical Concentration of Risk

The area of operations of the Credit Union is the Mabouya Valley basin. Membership in the Credit Union is restricted primarily to residents not younger than 16 years of age. As a result of the restriction, its risk is concentrated to members in that area.

(h) 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 Co-operative's exposure to currency risk is minimal since most of its assets and liabilities are held in Eastern Caribbean 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.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

4. Capital Risk Management

The Credit Union's objectives when managing capital are:

- To comply with statutory capital requirements of the Co-operative Societies Act Cap 12.06 of the revised laws of Saint Lucia;
- The Credit Union is guided by its loan policy and the regulations in the Co-operative Societies Act, taking into consideration changes in the economy or any particular segment that may represent a concentration in the Credit Union's portfolio.
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for members and benefits of other stakeholders; and
- To maintain a strong capital base to maintain members, creditors and other parties' confidence and to sustain future development of the Credit Union.

The Board of Directors monitors the return on members investment, which is defined as surplus for the year divided by total shares, as well as the level of dividends to members.

Section 119 of the Co-operative Societies Act Cap 12.06 requires the Credit Union to maintain statutory and other reserves at not less than 10% of its liabilities. The Credit Union is in compliance as at December 31, 2019.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

When management identifies the loan as doubtful, provision is made on specific identification of doubtful loans and advances. Additions to the provision are charged to current operations. When it becomes uncollectible, they are written off against the provisions. The provision is calculated in accordance with the third schedule of the Co-operative Societies Regulations. In calculating the provision, the amount of the loan principal outstanding is deducted from any money standing to the credit of the member on the books of the Credit Union in the share or deposit account less the market value of any security held by the Credit Union in respect of the loan.

b. Impairment of available-for-sale equity investments

The Credit Union 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 Credit Union evaluates among other factors, when there is evidence of deterioration in the financial health of the investee industry and sector performance, changes in technology and operational and financing cash flows.

c. Held-to-maturity investments

The Credit Union follows guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Credit union evaluates its intention and ability to hold such investments to maturity. If the Credit Union fails to keep these investments to maturity other than for the specific circumstances - for example selling an insignificant amount close to maturity - it will reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

	2019	2018
5. Cash and Cash Equivalents		
For the purpose of the cash flows cash and cash equivalents comprise the following balances with less than three months maturity.		
Cash on hand	\$ 366,532	583,104
Bank of St. Lucia Limited - Current Account	230,945	154,326
1 st National Bank St. Lucia Limited - Savings Account	261,818	242,384
1 st National Bank St. Lucia Limited - Current Account	3,501,224	779,013
	<u>4,360,519</u>	<u>1,758,827</u>
6. Accounts Receivable and Prepaid Expenses		
Interest Receivable	72,423	53,926
Other	522,968	785,530
Prepaid Expenses	1,631	1,631
	<u>597,022</u>	<u>841,087</u>
7. Members' Loans and Advances		
Members' Loans and Advances	8,946,998	8,556,930
Less: Provisions for Impairment of Loans		
-specific provision	(130,747)	(157,168)
-collective provision	(479,919)	(311,717)
	<u>8,336,332</u>	<u>8,088,045</u>
8. Provision for Impairment of Loans		
Movements in the provision for bad debts are as follows:		
Balance - at beginning of year	468,885	334,230
Charges for the year	141,781	134,655
Balance - at end of year	\$ <u>610,666</u>	<u>468,885</u>

The Credit Union adopted the International Financial Reporting Standard #9 IFRS (9) which took effect for accounting periods beginning on or after January 01, 2018. Accordingly, the Credit Union implemented an Expected Credit Loss (ECL) Impairment Model which was fully implemented for 2018. The result of this model is reflected in the Credit Union impairment provision.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

9. Investment Securities			
Available for sale - at fair value unlisted	(i)	\$ -	114,618
Held to Maturity	(ii)	<u>2,954,222</u>	<u>2,872,750</u>
Total Investment Securities		<u>2,954,222</u>	<u>2,987,368</u>
(i) Securities available-for-sale-unlisted			
The unlisted securities comprise of investments in the following:			
St. Lucia Co-operative League	(iv)	-	114,618
Total securities available-for-sale-unlisted		-	<u>114,618</u>
(ii) Held to Maturity			
Capita Finance Investment		534,319	517,500
Financial Investment & Consultancy Services Ltd.		1,585,903	1,521,250
British American - Fixed deposit (BAICO)		102,292	102,292
First Citizen's Investments Services Ltd.		834,000	834,000
Less: Fixed deposit impairment	(iii)	<u>102,292</u>	<u>102,292</u>
Total held to maturity investment		\$ <u>2,954,222</u>	<u>2,872,750</u>
Total investments		<u>3,056,514</u>	<u>2,975,042</u>
The fixed deposit held support the requirements for the liquidity reserves required to be maintained under section 119 (3) of the Co-operative Societies Act. Interest rates on fixed deposits range from 2.5% to 4.25% per annum.			
(iii) BAICO			
The investments for BAICO have been fully provided for against impairment.			
Available for sale at fair value unlisted			
(iv) The credit Union adopted the International Financial Reporting Standard #9 (IFRS9), which took effect for the accounting periods beginning on or after January 01, 2018. Accordingly, the available-for-sale, unquoted equity investments are shown at their fair value and the resulting unrealized gain is included in the Statement of Comprehensive Income. The fair value of unquotable equity investments is based on a valuation done by the Management of the Credit Union. The best estimate of fair market value was estimated on the book value basis. The directors consider that the valuation of the unquoted equity investments arrived at by the process describe above reflects their fair value as at the statement of financial position date.			

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

Land and Equipment:

fixed assets is as follows:

	Furniture & Equipment	Computer & Equipment	Land	Computer Software	Leasehold Improvement	Total
1/12/17	\$ 70,392	87,611	162,091	11,028	96,325	427,447
	9,035	13,830	113,500	25,199	-	161,564
	(7,454)	(9,930)	-	(11,028)	-	(28,412)
1/12/18	71,973	91,511	275,591	25,199	96,325	560,599
	5,218	8,672	-	-	-	13,890
	(822)	(595)	-	-	-	(1,417)
1/12/19	76,369	99,588	275,591	25,199	96,325	573,072
ated depreciation						
ited depreciation - 31/12/17	43,178	66,278	-	9,572	78,422	197,450
or the year	3,992	5,333	-	485	3,580	13,390
expense	(5,329)	(9,423)	-	(10,057)	-	(24,809)
ited depreciation - 31/12/18	41,841	62,188	-	-	82,002	186,031
or the year	4,473	7,074	-	8,391	2,865	22,803
expense	(512)	(149)	-	-	-	(661)
ited depreciation - 31/12/19	45,802	69,113	-	8,391	84,867	208,173
Value						
Value - 31/12/19	30,567	30,475	275,591	16,808	11,458	364,899
Value - 31/12/18	30,132	29,323	275,591	25,199	14,323	374,568
Value - 31/12/17	27,214	21,333	162,091	1,456	17,903	229,997

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

11. Borrowing

This is a 1.0% per annum interest bearing loan from the Mabouya Valley Development Program for the purpose of facilitating a micro project program. The loan is payable in quarterly instalments. The loan has been outstanding for over fifteen (15) years. The Credit Union proposes to obtain forgiveness from the Government of Saint Lucia.

	2019	2018
Trade payable	\$ 19,062	22,614
Other payable	20,643	45,836
Rent payable	60,000	282,000
	\$ 99,705	350,450

13. Members' Shares

	2019 Number of Shares	2019 Share Capital	2018 Number of Shares	2018 Share Capital
Balance - beginning of year	\$ 1,506,516	7,532,578	1,262,243	6,311,215
Shares purchased	743,424	3,717,120	723,859	3,619,293
Shares withdrawn	(493,736)	(2,468,680)	(479,586)	(2,397,930)
Balance - end of year	\$ 1,756,204	8,781,018	1,506,516	7,532,578

14. Permanent Shares

At a special meeting dated 18th August 2012, By-Law 14 was amended to incorporate a By-Law relating to permanent shares to be included as By-Law 14 (2). The applicant upon acceptance and payment of at least twenty (20) permanent shares shall be enrolled as a member and shall be entitled to any of the rights or privileges of membership.

	2019	2018
Number of Shares	154,412	115,884
Share Capital	\$ 772,058	579,418

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

15. Statutory Reserve

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

	2019	2018
Opening balance	\$ 591,514	489,266
Entrance fee	691	669
Add: 25% net surplus for the year	88,249	101,579
Closing Balance	<u>680,454</u>	<u>591,514</u>

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.

Opening balance	\$ 130,170	99,557
Add: 10% net surplus for the year	35,299	40,632
Less: Training	<u>41,385</u>	<u>10,019</u>
Closing balance	<u>124,084</u>	<u>130,170</u>

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 realised surplus to the National League.

Opening balance	190,934	150,302
Add: 10% net surplus for the year	<u>35,299</u>	<u>40,632</u>
Closing balance	<u>\$ 226,233</u>	<u>190,934</u>

18. Operating Expenses

Stationery and office supplies	46,246	41,719
League dues	5,000	10,000
Auditing fees	13,500	13,500
Insurance	6,472	6,480
Bad debt	4,700	-
Special events	<u>5,437</u>	<u>6,856</u>
Total operating expenses	<u>\$ 81,355</u>	<u>78,555</u>

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

19. Personnel Expenses

	2019	2018
Salaries and wages	\$ 172,681	177,358
Security expenses	37,044	37,717
Staff expenses	<u>7,111</u>	<u>5,459</u>
Total personnel expenses	<u>216,836</u>	<u>220,534</u>
Average number of employees	<u>8</u>	<u>7</u>

20. Marketing Expenses

Advertising and promotions	-	5,180
Donation	8,350	3,400
AGM expenses	16,062	8,932
Credit union week	2,370	-
Licence fees	<u>4,149</u>	<u>3,362</u>
Total marketing expenses	<u>30,931</u>	<u>20,874</u>

21. Occupational Expenses

Utilities	\$ 32,729	28,267
Repairs and maintenance	8,929	14,371
Depreciation expense	22,803	13,390
Rent expense	36,000	36,000
Travelling expense	<u>1,068</u>	<u>688</u>
Total occupational expenses	<u>101,529</u>	<u>92,716</u>

22. Board and Committee Expenses

Meeting and other expenses	\$ 14,450	16,966
Total board and committee expenses	<u>14,450</u>	<u>16,966</u>

23. Other Income

Commission and foreign exchange gains	60,361	61,351
Fees for statement and other income	24,967	8,957
Sale of passbooks	2,380	1,995
Recovered loans	50,582	44,770
Sub lease	7,250	7,000
(Loss)/Gain on assets	<u>(756)</u>	<u>60,168</u>
Total other income	<u>\$ 144,784</u>	<u>184,241</u>

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

24. Fair Values of Financial Assets and Liabilities

Fair Value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. The estimated fair values have been arrived at by the credit union using available market information and appropriate valuation methods. However, considerable judgement is necessarily required to interpret market data to develop an estimate of market values. Accordingly, the estimates presented herein are not indicative of the amount that the credit union would realise in a market exchange.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is possible to estimate market values.

Cash resources and other assets and liabilities

The fair values of cash resources and other assets and liabilities are assumed to approximate their carrying values due to their short-term nature.

Investment Securities

The fair values of securities are assumed to be equal to the estimated market value. The fair values of unquoted securities are estimated at book value which is not significantly different from their carrying values.

Loans and advances to members

The estimated fair value of loans and advances to members are determined by discounting contractual future cash flows, over the remaining term to maturity, at current interest rates. The impact of delinquent loans on the estimation of fair values is not expected to have a material effect on delinquent loans are valued at net of provisions made. The estimated fair values of loans are not significantly different from their carrying values.

Members Shares and Deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

25. Commitments and Contingencies

The Credit Union is a party to various legal actions associated with collecting loan and associated with financial institutions, the aggregate of which, in management opinion, would not have a material adverse effect on the financial condition or results of operation on the credit union. The credit union has no outstanding commitments to sell investments at 31st December 2019.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

26. Related Party Transactions

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

In the normal course of business, the Credit Union extends credit to members of the Board of Directors, credit committee, supervisory committee members and other key management personnel. These transactions are entered into with related parties at Credit Union lending rates.

	Management Personnel	Committee Members	Board of Directors	Total
Loan outstanding at 1 st January, 2017	\$ 75,566	170,162	196,291	442,019
Net issued during the year	(4,537)	40,427	(8,047)	27,843
Loan outstanding at 1 st January, 2018	71,029	210,589	188,244	469,862
Net issued during the year	(3,730)	(109,007)	(95,771)	(208,508)
Loan outstanding at 31 st December, 2019	<u>67,299</u>	<u>101,582</u>	<u>92,473</u>	<u>261,354</u>

The following are the aggregate of Shares and Deposits of Board of Directors, members of the supervisory and credit committees and other management personnel.

	Management Personnel	Committee Members	Board of Directors	Total
Shares & Deposits at 1 st January, 2017	21,362	120,474	117,017	258,853
Net savings during the year	6,214	4,526	(15,689)	(4,949)
Shares & Deposits at 1 st January, 2018	27,576	125,000	101,328	253,904
Net savings during the year	5,177	(60,881)	(40,367)	(96,071)
Shares & Deposits at 31 st December, 2019	<u>\$ 32,753</u>	<u>64,119</u>	<u>60,961</u>	<u>157,833</u>

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Notes to Financial Statements... (Cont'd)

31st December, 2019
(Expressed in Eastern Caribbean Dollars)

27. Co-operative Societies Act Compliance Requirements

Under section 119 (3a) of the Act the Credit Union is to maintain a liquidity investment calculated as 15% of members' shares and deposits as at the year end and this amounted to \$2,155,571 (2018: \$1,775,577).

The liquid assets at the year-end comprised:

	2019	2018
Cash	\$ 4,360,519	1,758,827
Investment Securities	2,954,222	2,987,368
Total securities available-for-sale-unlisted	\$ 7,314,741	4,746,195

The Credit Union is therefore in compliance with the liquidity reserve requirement as at the December 31st, 2019 (2018: in compliance).

Section 119 (3b) of The Co-operative Societies Act requires that statutory and other reserves at no stage be less than 10% of its total liabilities.

The Credit Union's reserves to liabilities ratio is as follows: -

	2019	2018
Statutory and other reserves	\$ 1,030,771	912,618
Total liabilities	14,525,899	12,243,351
Reserves to liabilities ratio	7%	7.5%

The Credit Union is therefore not in compliance with the reserve requirement as at December 31, 2019 and 2018.

28. Subsequent Events

There were no subsequent events that occurred after the financial reporting date but before financial statements were issued.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

Index to Financial Statements

31st December, 2019

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Mario Lendor

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MABOUYA VALLEY CO-OPERATIVE CREDIT UNION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Mabouya Valley Co-operative Credit Union Limited. ("the Credit Union"), which comprise the statement of Financial Position as at December 31, 2019, the statement of Comprehensive Income, statement of Changes in Members' Equity and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and comply with the Credit Union Societies Act Cap 12:06.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

MABOUYA VALLEY CO-OPERATIVE CREDIT UNION SOCIETY LIMITED

FINANCIAL STATEMENTS

31st DECEMBER, 2019

- MARIO LENDOR -

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF MABOUYA VALLEY CO-OPERATIVE CREDIT UNION LIMITED

Report on the Audit of the Financial Statements
(Continued)

Other information included in the Credit Union’s 2019 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Credit Union’s 2019 Annual Report, other than the financial statements and our auditor’s report thereon. The Credit Union’s 2019 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.

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 is responsible for overseeing the Credit Union’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.
- 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

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF MABOUYA VALLEY CO-OPERATIVE CREDIT UNION LIMITED

Report on the Audit of the Financial Statements
(Continued)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

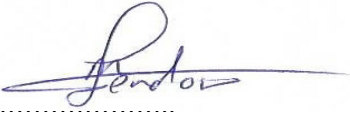
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

From the matters communicated to charge with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the Credit Union’s members, as a body, in accordance with the Co-operative Societies Act revised edition Chapter 12.06 of 2001. Our audit work has been undertaken so that we might state to the Credit Union’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union’s members as a body, for our audit work, for this report, or for the opinion we have formed.



Mario Lendor
Chartered Accountants
Castries, Saint Lucia



Jolly Xmas **LOAN**

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