



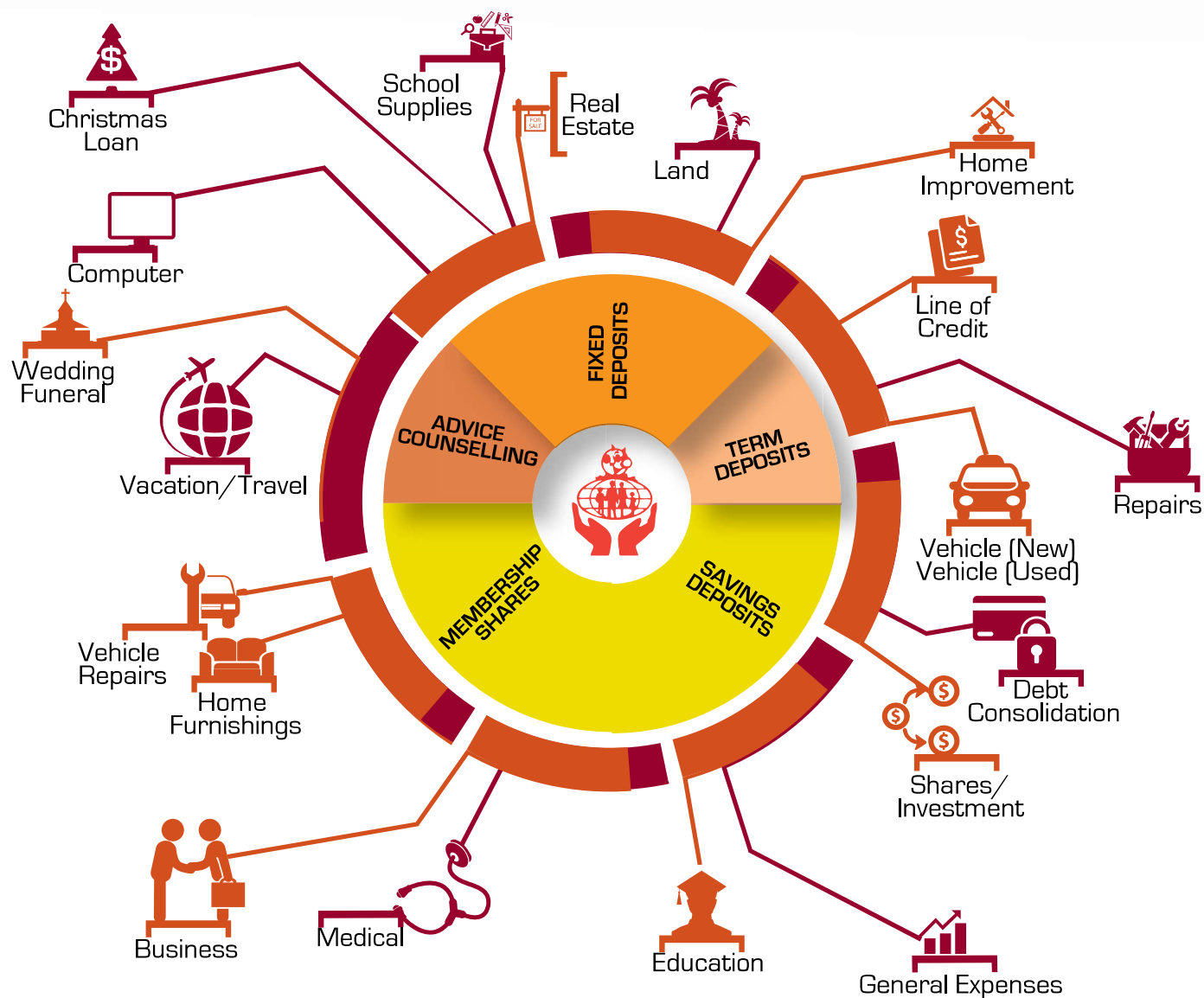
**The Light & Power Employees
Co-operative Credit Union Ltd.**

Technology & Innovation for future growth & development

Annual
Report
2019

The Light and Power Employees Co-operative Credit Union Ltd

Products and Services Suite





**THE LIGHT & POWER
EMPLOYEES
CO-OPERATIVE
CREDIT UNION LTD.**

**ANNUAL REPORT
2019**

OUR VISION

To be a dynamic services provider driven by the needs of our members.

OUR MISSION

We, the Light & Power Employees' Co-operative Credit Union Ltd. are committed to providing quality financial products and services to meet the needs of our members, with the highest level of efficiency.

OUR CORE VALUES

MEMBER FOCUS	- We always strive to do what is best for our members, thereby ensuring deep, long-lasting and beneficial relationships.
INTEGRITY & TRUST	- We employ the highest ethical standards, demonstrating honesty and fairness in every action we take.
COOPERATION	- We work together to achieve common goals. We collaborate, listen and share information within the credit union and with our partners in the credit union movement.
COMMUNITY COMMITMENT	- We are committed to having a positive impact on the community.
PROFESSIONALISM	- Our commitment to professional excellence ensures that our members receive the highest quality service.
ACCOUNTABILITY	- We are responsible for our actions. We make and support business decisions through experience and good judgement.
INNOVATION	- We are creative in delivering value to our members and the community. We anticipate change and capitalise on the many opportunities that arise.

CORPORATE INFORMATION

REGISTERED OFFICE

“Business Complex”
Bush Hill, The Garrison
St. Michael BB14000
Barbados

BANKERS

Republic Bank (Barbados) Ltd
Willey,
St. Michael

CIBC FirstCaribbean International Bank Ltd.
Michael Mansoor Building,
Warrens,
St Michael, BB 22026

ATTORNEYS-AT-LAW

Allsopp & Company
Attorneys-at-Law
Ingleside
Cnr 7th Ave. Belleville & Pine Road
St. Michael

Griffith, Cato & Associates
Attorneys-at-Law
Suite 2, Sunshine Beach Apartment Complex
Hastings,
Christ Church

AUDITORS

Drayton J Cater & Co.
Chartered Accountants
The Annex, “Urim House”
No. 1 Bagatelle Terrace,
St. Thomas, BB23003

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THE LIGHT & POWER EMPLOYEES CO-OPERATIVE CREDIT UNION LTD.

“Business Complex”, Bush Hill, The Garrison, St. Michael

President: Mr Anderson Henry
Secretary: Mr Omar Hunte
Treasurer: Mr Reginald Parris

Telephone: (246) 431-1400
Fax: (246) 228-4643
Email: lp.creditunion@caribsurf.com
Web: www.lpecu.bb

NOTICE is hereby given that the 37th Annual General Meeting of The Light & Power Employees Co-operative Credit Union Ltd. is scheduled to be held on Saturday, 06 June 2020, at the Lloyd Erskine Sandiford Conference Centre, Two Mile Hill, St. Michael, Barbados, at 3:00 P.M.

AGENDA

1. Ascertainment of Quorum and Call to Order
2. Prayers
3. Welcome Remarks
4. Apologies for Absence
5. Greetings from Other Organisations
6. Minutes of the 36th Annual General Meeting
7. Matters Arising from the Minutes of the 36th Annual General Meeting
8. Reports of:
 - i. Board of Directors
 - ii. Auditors and Financial Statements
 - iii. Treasurer and Financial Statements
 - iv. Supervisory Committee
 - v. Credit Committee
 - vi. Delinquency Committee
9. Allocation of Surplus
10. Election of Officers
11. Resolutions
12. Appointment of External Auditors
13. Setting of the Maximum Liability
14. Any Other Business
15. Vote of thanks
16. Termination



.....
Omar Hunte
Secretary

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

This favourite prayer of Saint Francis of Assisi is often used by credit union members at the beginning or the end of their meetings. It is even referred to in some places as the “Credit Union Prayer.”

STANDING ORDERS

1. (a) A member is to stand when addressing the Chair
(b) Speeches are to be clear and relevant to the subject before the meeting
2. A member shall only address the meeting when called upon by the Chairman to do so, after which he shall immediately take his seat.
3. No member shall address the meeting except through the Chairman.
4. A member may not speak twice on the same subject except:
 - (a) The mover of a motion who has the right to reply
 - (b) He rises to object or to explain (with the permission of the Chair.)
5. The Mover of Procedural Motion (Adjournment laid on the table, Motion to postpone) has no right to reply
6. No speeches are to be made after the “question” has been put and carried or defeated.
7. A member rising on a “Point of Order” is to state the point clearly and concisely. (A “Point of Order” must have relevance to the “Standing Order.”)
8. A question should not be put to the vote if a member desires to speak on it or move an amendment to it, except that a “Procedural Motion”, the “Previous Question”, proceed to the “Next Business”, or the closure: “That the Question be NOW PUT”, may be moved at any time.
9. Only one amendment should be before the meeting at one and the same time.
10. When a motion is withdrawn, any amendment to it fails.
11. The Chairman has the right to a “casting vote”.
12. If there is equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
13. Provision is to be made for protection by the Chairman from vilification (personal abuse).
14. No member shall impute improper motives against another member.

International Credit Union Operating Principles

Democratic Structure

Open and Voluntary Membership

Membership in a credit union is voluntary and open to all within the accepted common bond of association that can make use of its services and are willing to accept the corresponding responsibilities.

Democratic Control

Credit union members enjoy equal rights to vote (one member, one vote) and participate in decisions affecting the credit union, without regard to the amount of savings, deposits or the volume of business. Voting in credit union support organisations or associations may be proportional or representational, in keeping with democratic principles. The credit union is autonomous, within the framework of law and regulation, recognising the credit union as a co-operative enterprise serving and controlled by its members. Credit union elected offices are voluntary in nature and incumbents should not receive a salary. However, credit unions may reimburse legitimate expenses incurred by elected officials.

Non-Discrimination

Credit unions are non-discriminatory in relation to race, nationality, sex, religion and politics.

Service to Members

Credit union services are directed to improve the economic and social wellbeing of all members.

Distribution to Members

To encourage thrift through savings and thus to provide loans and other services, a fair rate of interest is paid on savings and deposits, within the capability of the credit union. The surplus arising out of the operations of the credit union after ensuring appropriate reserve levels and after payment of limited dividends on permanent equity capital where it exists belongs to and benefits all members with no member or group of members benefiting to the detriment of others. This surplus may be distributed among members in proportion to their transactions with the credit union as interest or patronage refunds or directed to improved or additional services required by the members.

Building Financial Stability

A prime concern of the credit union is to build the financial strength, capital adequacy and internal controls to ensure continued service to membership.

Social Goals

On-Going Education

Credit unions actively promote the education of their members, officers, and employees, along with the public in general, in the economic, social, democratic, and mutual self-help principles of credit unions. The promotion of thrift and the wise use of credit, as well as education on the rights and responsibilities of members, are essential to the dual social and economic character of credit unions in serving member needs.

Co-operation among Co-operatives

In keeping with their philosophy and the pooling practices of co-operatives, credit unions within their capability actively co-operate with other credit unions, co-operatives and their associations at local, national and international levels in order to best serve the interests of their members and communities.

Social Responsibility

Continuing the ideals and beliefs of the co-operative pioneers, credit unions seek to bring about human and social development. Their vision of social justice extends both to the individual members and to the larger community in which they work and reside. The credit union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interest of the broader community within which the credit union and its members reside.

These Credit Union Operating Principles are founded in the philosophy of co-operation and its central values of equality, equity and mutual self-help. Recognising the varied practices in the implementation of credit union philosophy around the world, at the heart of these principles is the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their community.

PRESIDENT'S MESSAGE

2019 marked the 35th year of existence of The Light & Power Employees Co-operative Credit Union Ltd. In that time the credit union has grown from its humble beginnings and has developed into an institution that continues to serve its members. It has not abandoned two of the core guiding co-operative philosophies of “People helping people”, and “Not for profit, not for charity, but for service.”

The world we live in is relying more and more on technology to provide a higher level of convenience and the ease of performing everyday tasks. Consumers depend on a plethora of available technologies to assist them in satisfying their various needs, including financial. The credit union's Board of Directors has set a mandate to seek out and employ the necessary technologies that will fulfil the needs of our ever “connected” members. To do otherwise will threaten this institution's ability to exist in another 35 years.

In short measure, we will soon witness the decommissioning of the CARIFS Network in September 2020. The network currently allows customers of banks, other financing houses and some larger credit unions to access ATMs and Point of Sales systems island-wide. The owners of the system will be utilising an international provider to facilitate such transactions going forward. This situation will result in increased fees for access and usage for card users.

Currently, the credit union sector is in the process putting solutions in place to mitigate the fallout that will occur due to the change. The solution will allow users to have access to Debit and Credit cards services, and eventually, Prepaid cards. The Board has decided to bring the credit union on board with this initiative to provide a greater level of products and services to our members.

Gaining the ability to give our members access to available funds without having to visit the credit union's location, if they so choose, will be a progressive step for the credit union.

The Board aims to provide members with greater efficiencies in accessing the products services that we are able to deliver. However, the costs associated with adopting world-class technologies can be prohibitive to institutions of our size. Nonetheless, the Board remains optimistic. As the availability and accessibility of new and emerging technologies become more commonplace, costs will become less of a factor in adoption.

It is becoming evident that physical cash will play less of a role in the payments landscape. Financial Technology (FinTech) is gaining in adoption by financial service providers and merchants, with greater acceptance by consumers. Mobile devices have long surpassed their once primary function of portable telecommunication and alarm clocks. Modern portable devices can best be described as a powerful, portable computer. They will only get smarter and more powerful with the advent of artificial intelligence (AI) and other emerging technologies.

Smartphones have become universal and indispensable in the lives of users. Such devices can be used to send and receive emails; access and interact on social media; video chat; get the latest news – real or fake; browse the internet; shop globally; perform mobile banking; use as a digital wallet; a daily planner; or as a GPS tracker.

Technology has made the world more connected than ever. These connections have resulted in reduced software application costs in some ways. Software as a Service (SaaS) assists in improving cash flows and capital expenditure. It provides users

with the ability to access information on multiple devices from almost any location with internet access. Cloud-based applications allow the use of cheaper computers with minimal computing power. Most times, all that is required is a reliable internet connection and a web browser.

The Barbados Government has indicated that it aims to transform the economy from one that is dependent on so-called fossil fuels to one where renewables play a greater part. As part of that thrust, a renewable energy co-operative will be established in Barbados in the very near future. It is expected that the average Barbadian, including our members, will be able to invest in the expanding renewable energy sector by way of this co-operative.

Eventually, the credit union aims to be in a position to provide a full suite of financial products and services to the membership. That may sound like an

ambitious objective. However, nothing ventured, nothing gained.

As a Board, we are committed to leveraging suitable avenues for the growth and advancement of the credit union. The credit union's available resources may inhibit its ability to be able to achieve the fullest potential and provide enhanced service to the membership. There are some things that we may be able to do on our own, and something we cannot.

The current competitive and regulatory landscape, coupled with the rising costs of doing business, will not abate. To accomplish some of our more ambitious goals, forming alliances with other organisations may become necessary.

The Light & Power Employees Co-operative Credit Union Ltd. does not exist in a vacuum. We must be cognizant of our surroundings and our limitations. But we cannot let those limitations define or deter us in our endeavours to achieve growth and success.



.....
Anderson Henry
President, Board of Directors

MINUTES OF THE 36th ANNUAL GENERAL MEETING OF THE LIGHT & POWER EMPLOYEES CO-OPERATIVE CREDIT UNION LTD HELD ON SATURDAY 30 MARCH 2019 AT 3:00 P.M. AT THE BARBADOS HILTON HOTEL, NEEDHAM'S POINT, ST. MICHAEL, BARBADOS

1. **ASCERTAINMENT OF A QUORUM AND CALL TO ORDER**

A quorum was ascertained and President, Mr Anderson Henry called the meeting to order at 3:31 p.m.

2. **PRAYERS**

Prayers were lead by Mr Nigel Harris, after which members present recited the Prayer of St. Francis of Assisi.

3. **WELCOME REMARKS**

The President, Mr Anderson Henry, welcomed members and guests to the 36th Annual General Meeting. Mr Henry apologised for the late circulation of the Annual Report and attributed it to adoption and implementation of the new IFRS9 accounting standard on 1 January 2018, which impacted on the timely completion of the audit. He noted that the process delayed the financial statements being sent to the printer.

Mr Henry assured the members that best efforts would be put in place to prevent a recurrence.

4. **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

5. **GREETINGS FROM OTHER ORGANIZATIONS**

A special welcome was extended to those visitors from other Credit Unions.

- a. Mr Keith Jones extended greetings on behalf of BARTEL Credit Union, the Barbados Co-operative and Credit Union League Ltd and Co-operators General Insurance Co. Ltd. Mr Jones congratulated the Board of Directors on achieving another successful year and wished them a successful Annual General Meeting.
- b. Ms Jennifer Williams extended greetings from Endeavour Co-operative Credit Union Ltd and

best wishes for a successful Annual General Meeting.

- c. Mr Kevin Lashley of United Enterprise Co-operative Credit Union Ltd extended best wishes for a successful Annual General Meeting and commended the Board of Directors for a successful fiscal year.
- d. Miss Natasha Corbin of UWI (Cave Hill) Co-operative Credit Union Ltd extended best wishes for a successful Annual General Meeting and fiscal 2019.

6. **FEATURE PRESENTATION**

The Feature Presentation was delivered by Mr Jeremy Stephen, who engaged the audience on the effects the austerity measures will have on the Barbados economy. In his presentation, Mr Stephens stated that the BERT program was an economic recovery strategy broken down into three steps:

1. Ensuring that the tax base was widened and ensuring that more Barbadians paid taxes;
2. Preparing for growth and;
3. A growth strategy

Mr Stephen stated that Barbadians will reach a stage where the social safety net that they all enjoy, such as the heavily subsidised bus fares, free healthcare, re-instituted tertiary-level education, with those who access such services will have to pay for them.

In conclusion, Mr Stephen stated that it was not the same as before and that business had changed. He also warned members that they could expect to see diminished income as a direct result of the Barbados Government's restructuring programme.

7. MINUTES OF THE 35th ANNUAL GENERAL MEETING

The Minutes of the 35th Annual General Meeting held on 24 March 2018, were taken as read on a motion moved by Mr Grantley Haynes and seconded by Mr Stephen Daniel. The motion was carried.

7.1 ERRORS AND OMISSIONS

a. Pg. 15: Under Allocation of Surplus - change “20%” to “20 cents per share”.

b. Pg. 25: under Regulatory Environment - change “financial period 2019” to “financial year 2019”.

7.2 Mr Grantley Haynes commented that each page had at least 3 typographical errors and suggested that the Credit Union enlist the services of a proofreader.

7.3 Mr Henry thanked him for his suggestion and stated that the Board would look into the services of a professional proofreader for the ensuing year.

7.4 A motion for the acceptance of the Minutes of the 35th Annual General Meeting held on 24 March 2018, as amended was moved by Mr Wesley Trotman and seconded by Mrs Jacqueline Mason-Pile.

8. MATTERS ARISING

Mr Anthony Callender commented on the deplorable state of the Horseshoe Manor property and asked whether the Board could write the Barbados National Trust to find out what could be done with the property?

Chairman of the Horseshoe Manor Committee Mr Reginald Parris replied that the Board was aware of the condition of the property and that the surroundings were maintained on a regular basis.

Mr Parris reminded the meeting that at the last special general meeting members decided to wait to see if market conditions improved before a decision was made on the way forward

for the property. The electric meters and service were recently removed, and the tree to the side of the building would be trimmed to help keep the front of the building tidy.

Mr Henry added that there was constant contact with the realtors in the event that there was interest in a property of that size.

9. REPORTS

1. The Report of the Board of Directors

The Board of Directors Report was taken as read on a motion moved by Mr Grantley Haynes and seconded by Mr Victor Callender. The motion was carried by a majority vote.

1. Miss Bonita Medford noted that the two Directors who retired at the end of 2017, attended overseas conferences in 2018. Miss Medford queried if the trips were planned beforehand and if that were the case, it would indicate that whether they were on the Board or not. She further queried whether such trips were a parting gift to Directors.
2. Mr Henry replied that part of the Credit Union's Principles, and in particular, Number 5, was the education of members. He indicated that any officer whether they were on a committee or a sitting Board member, they could be sent on any various forms of training, whether overseas or local. Mr Henry stated that the sitting Board would make that determination.
3. Miss Medford further commented that it appeared as though only Directors were trained and questioned what about the other Committees?
4. Mr Henry stated that there was training scheduled for 2019 for committee members, and they would have attended courses in previous years.
5. Mrs Marcia Lynch asked if a member left the Board would the Credit Union pay for their education after their exit and if after they were

trained, and do they then come back and train other members?

6. Mr Henry replied in the affirmative. He added that the Credit Union would benefit from the knowledge gained as it would be shared when the member returned.
7. Mr Anthony Callender thanked Mr Henry for sharing the information regarding the overseas training and asked that the costs associated with these conferences be included in the report.
8. Mr Henry welcomed Mr Hally Haynes, President of CCCU and the Barbados Co-operative and Credit Union League, to the meeting.
9. Mr Callender referenced the capital projects on page 29 and in particular that “the property would need major upgrades in the near future” and requested that the Board revert to the members during the year to inform them of the areas to be upgraded and the associated costs. Mr Callender queried whether members would have the benefit of being informed before the commencement of any work. Mr Callender also queried the number of members who closed their accounts during the year and whether enough was being done to retain their membership.
10. Mr Henry stated that the Board would endeavour to update members during the year on the Collymore Rock property. Regarding why members would have closed their accounts during the year, Mr Henry replied that a discussion was held with the member and the reasons varied, including greater financial product offering services from other institutions.
11. Mr Howard Griffith queried whether they were any new members from the association with the Graydon Sealy Secondary School and suggested that similar initiatives be undertaken with our stakeholders.
12. Mr Henry stated that the association with the Graydon Sealy School was discontinued. Mr Henry noted that the Credit Union would, however, review that initiative as it was part of the strategic plan with the possibility of incorporating it into the youth program.
13. Mr Griffith commented that he benefited from the extensive training through attending conventions and conferences. He added that although he was not on the Board anymore that training prepared him for a higher level of understanding of credit unions and financial statements.
14. Mr Griffith noted that although training would have been offered to members who were no longer on the Board that did not mean that they would not return to committees and the Board in the future. While persons may think it was a “going away gift” the training was very intense, and it should not be viewed as an overseas vacation trip. It prepared individuals for other levels of business.
15. Mr Henry stated that part of the training was through the CaribDE program. He noted that Mr Wilfred Clarke received training through the program and was a designated Credit Union Development Educator trainer, who was now seeking his international designation.
16. Mr Wilfred Clarke stated that attention should be on the quality of members who were seeking to serve the Credit Union and therefore, any opportunities for those interested in developing themselves to serve. He noted that such training would assist individuals in that regard. Mr Clarke suggested that it is different when you are sitting at the head table and having to manage an institution with a lot of money, and he wanted the best individuals managing this institution with millions of dollars in assets.
17. Mr Clarke thanked the Credit Union for its assistance in facilitating his attendance to the 2019 WOCCU World Credit Union Conference in The Bahamas, to receive his designation as an international Credit Union Educator. Mr Clarke highlighted that he had served as a mentor in the CaribDE program, which prepared members to serve when they returned to their various credit unions.

18. Mr Henry stated that the Credit Union reviewed its seasonal loan products and made some changes. Particularly converting the Christmas Loan to revolving Christmas LOC.

A motion was moved by Mr Kelvin Whittaker for the adoption of the Report of the Board of Directors and seconded by Ms Gillian Marshall. The motion was carried.

II. Auditor's Report and Financial Statement

The Auditor's Report was presented by Mr Mark Hall of Drayton J. Carter & Co.

The Report was adopted on a motion moved by Mr Omar Hunte and seconded by Mrs Jacqueline Mason-Pile. The motion was carried by a majority vote.

III. Treasurer's Report and Financial Statement

The Treasurer, Mr Reginald Parris, presented the Treasurer's Report and Financial Statements.

The Report was taken as read on a motion moved by Mr Trevor Williams and seconded by Miss Bonita Medford. The motion was carried by a majority vote.

- 3.1 Mr Parris highlighted that the Credit Union experienced another year of growth; however, there was declining revenue in most areas. He also pointed out the introduction of the IFRS 9 reporting standard, which came into effect during the period, the process of providing for asset losses has been greatly modified.

- 3.2 Mr Parris further stated that under IFRS 9, provision must be made for any loan once it has reached the commitment stage and does not depend on disbursement having taken place. He stated that this necessitated making provisions for undrawn loan commitments, where funds are yet to be paid out. Mr Parris noted that this also has significant implications for the LOC facility, as provision is made for the approved limit and not the amount utilised. Likewise, a provision is required to be made for investment

undertaken at the time of purchase to account for possible future impairment. Mr Parris stated that this would have an impact on future net income.

- 3.2 Miss Bonita Medford, referencing the last paragraph of the Treasurer's report, queried what plans the Credit Union had as it related to the low-interest rates being offered by the commercial banks and members not receiving a large return on their investments.

- 3.3 Mr Parris stated that the Credit Union would focus on growing membership and was hopeful that members would show greater interest in real estate loans. Additionally, members with large deposits in the Credit Union would be contacted and offered investment opportunities.

- 3.4 Miss Medford asked whether there were members of the Credit Union who worked at Sagicor and if through them, get more members for the Credit Union to sit on Committees.

- 3.5 Mrs Cindy Callender stated that growing membership was not the sole responsibility of the Board or any Committee. Mrs Callender encouraged all members to encourage their family and friends to join the Credit Union.

- 3.6 Mr Parris added that if a survey were done to find out how many persons in Barbados did not belong to a Credit Union, there would not be a significant amount. Mr Parris noted that the Credit Union has always been proactive and strategic in recruiting members.

- 3.7 Mr Anderson Henry stated that as it related to investments, the Credit Union held investments in the Central Fund Facility and that yielded a reasonable return on investments. There wasn't much that the Credit Union could invest in at that time as the market was not that liberalised. He informed that permission for investments must be obtained from the Financial Services Commission.

- 3.8 Mr Anthony Callender queried the increase in meetings and conferences.

3.9 Mr Parris stated that it was attributed to the location of the conferences as some would have incurred a greater cost than others depending on the location for any given year. The meeting would include the Annual General Meeting, Board and Committee meetings.

Mr Victor Callender queried 'non-member' payables.

Mrs Hazelana Mason clarified that the figure represented the estate of deceased former members. The funds were transferred to that account until the estate was settled.

A motion for the adoption of the Treasurer's Report was moved by Mrs Paula Palmer and seconded by Mr Victor Callender. The motion was carried by a majority vote.

IV. Report of the Supervisory Committee

The Chairman, Mr David Lawrence, presented the Supervisory Committee Report.

A motion that the Report be taken as read was moved by Mr Omar Hunte and seconded by Mrs Gillian Marshall.

A motion for the adoption of the Report was moved by Mr Victor Callender and seconded by Mr Wilfred Clarke. The motion was carried by a majority vote.

V. The Report of the Credit Committee

The Chairperson, Mrs Cindy Callender presented the Credit Committee Report.

A motion that the Report be taken as read was moved by Miss Tiffani Straker and seconded by Mr Wesley Trotman.

A motion for the adoption of the Report was moved by Mr Wilfred Clarke and seconded by Mr Omar Hunte. The motion was carried by a majority vote.

VI. The Report of the Delinquency Committee

Mrs Cindy Callender presented the Delinquency Committee Report

A motion that the Report was taken as read was moved by Miss Tiffani Straker and seconded by Mr Howard Griffith.

A motion for the adoption of the Report was moved by Miss Dawn-Marie Clarke and seconded by Mrs Dian Brathwaite.

10. ALLOCATION OF SURPLUS

Mr Reginald Parris stated that the Board recommended a 20% dividend and a 1% top-up on Non-qualifying Shares Savings, which totalled \$256,000.

The motion was adopted on a motion moved by Mr Grantley Haynes and seconded by Mrs Dian Brathwaite. The motion was carried by a majority vote, with 0 votes against and 2 members abstaining.

11. ELECTION OF OFFICERS

The Chairman of Elections Mr Howard Griffith declared the seats vacant on the Board of Directors, Supervisory Committee and Credit Committee for those vacancies listed on page 21 of the 2018 Annual Report.

BOARD OF DIRECTORS

The following members were nominated to stand for election to serve on the Board of Directors:

Mrs Cindy Callender
Miss Andrea Edey
Mr Anderson Henry
Miss Keisha Morris

Elections ensued, and the results were:

Mrs Cindy Callender	-	64 votes
Miss Andrea Edey	-	46 votes
Mr Anderson Henry	-	59 votes
Miss Keisha Morris	-	38 votes

The following members were duly elected to the Board of Directors for terms of three years, each:

Mrs Cindy Callender
Miss Andrea Edey
Mr Anderson Henry

SUPERVISORY COMMITTEE

The following members were nominated to stand for election to serve on the Supervisory Committee:

Miss Keisha Morris
Mrs Rochelle Bowen

Elections ensued, and the results were:

Miss Keisha Morris	-	51 votes
Mrs Rochelle Bowen	-	28 votes

Miss Keisha Morris was duly elected to the Supervisory Committee for a term of three years.

CREDIT COMMITTEE

Mr Griffith stated that there were two vacancies on the Credit Committee and two nominees standing for election to the vacant posts. The nominees being:

Miss Janiel Yearwood
Mrs Rochelle Bowen

Mr Griffith further stated that there being an equal number of vacancies and nominees, he, therefore, declared that Miss Janiel Yearwood and Mrs Rochelle Bowen be duly elected to serve on the Credit Committee.

Mr Griffith informed the meeting that since an officer was not elected to the committee the previous year and that Miss Janiel Yearwood was appointed to the committee until the current AGM, one member would serve a 3-year term and the other would complete the remaining 2 years of the previous vacancy on the committee.

The duly elected officers deliberated and Miss Janiel Yearwood opted to serve for 3 years, while Mrs Rochelle Bowen opted to serve the remaining 2 years of the previous vacancy on the committee.

12. RESOLUTIONS

There were no resolutions presented at the meeting.

13. THE APPOINTMENT OF EXTERNAL AUDITORS

The Board recommended the re-appointment of Drayton J Carter & Co Ltd as external Auditor for 2019. The motion was carried by a majority vote.

The representative of Drayton J Carter & Co Ltd indicated their acceptance of the nomination.

14. SETTING OF THE MAXIMUM LIABILITY

Mr Anderson Henry stated that the Board recommended that the maximum liability remains at twenty-five million dollars.

The motion was moved by Mr Eric Trotman and seconded by Mr Omar Hunte. The motion was carried by a majority vote.

15. ANY OTHER BUSINESS

Mr Anthony Callender asked for an update on the plans to renovate the Credit Union's Customer Service area.

Mr Henry stated that discussions were ongoing with engineers to renovate the area and improve privacy.

Mr Callender asked whether the Credit Union staff could be featured in the annual report and highlight their responsibilities. Mr Henry stated that it was a good idea and would be done for the next report.

Mr Grantley Haynes expressed concern for the lack of security at the Credit Union premises and in particular for those individuals who were on the premises late in the evening. Mr Haynes suggested that there should be further security for the Credit Union.

Mr Henry stated that it would be discussed with the Credit Union Manager to make the necessary arrangements to remedy the situation.



.....
Omar Hunte
Secretary, Board of Directors

16. VOTE OF THANKS

Mrs Gillian Marshall delivered the vote of thanks.

17. TERMINATION

There being no further business, the meeting was terminated at 8:25 p.m.

ATTENDANCE

AT THE 36TH ANNUAL GENERAL MEETING

MEMBERS

- | | |
|-----------------------------|---------------------------|
| 1. ALLEYNE Dylana | 36. GRANT Gloria |
| 2. ALLEYNE Julie | 37. GREEN Evett |
| 3. ALLEYNE Waveney | 38. GREEN Tyeisha |
| 4. BARROW Caryl | 39. GREEN Whitfield |
| 5. BECKLES-PARRIS Elizabeth | 40. GRIFFITH Calista |
| 6. BLACKMAN Paul | 41. GRIFFITH Howard |
| 7. BOWEN Jason | 42. GRIFFITH Joan |
| 8. BOWEN Rochelle | 43. HALL Willis |
| 9. BRADSHAW Veldene | 44. HARRIS Nigel |
| 10. BRATHWAITE Danica | 45. HARRIS Trudi |
| 11. BRATHWAITE Dian | 46. HAYNES Grantley |
| 12. BRATHWAITE Kris | 47. HAYNES Maureen |
| 13. BRISTOL Herman | 48. HAZLEWOOD Samantha |
| 14. BRYAN Cyrlene | 49. HENRY Anderson |
| 15. BRYAN Lena | 50. HOLDER Charles A. |
| 16. CALLENDER Cindy | 51. HOLDER Sandy |
| 17. CALLENDER Suzanne | 52. HOLDER Wendell |
| 18. CALLENDER Tony | 53. HOLFORD June |
| 19. CALLENDER Victor | 54. HUNTE Omar |
| 20. CLARKE Dawn-Marie | 55. JOHNSON Norma |
| 21. CLARKE Harriet | 56. JONES Erwin |
| 22. CLARKE Wilfred | 57. JONES Richardean |
| 23. COPPIN James | 58. JORDAN Linda |
| 24. CORBIN Wayne | 59. LAWRENCE David |
| 25. DANIEL Andrina | 60. LINTON Jeanine |
| 26. DANIEL Bernadine | 61. LUKE Tyson |
| 27. DANIEL Candace | 62. LYNCH Marcia |
| 28. DANIEL Stephen | 63. LYNTON Dave |
| 29. EDEY Andrea | 64. MALONEY Celia |
| 30. ELLIS Kevin | 65. MARKS Roxanne |
| 31. FITZGERALD Angela | 66. MARSHALL Gillian |
| 32. FRANKLIN Ajani | 67. MASON Hazelana |
| 33. GAY Matthew | 68. MASON-PILE Jacqueline |
| 34. GILL Kenrick | 69. MAYERS Darren |
| 35. GRANT Charles | 70. MAYERS Malcolm |

ATTENDANCE

AT THE 36TH ANNUAL GENERAL MEETING

MEMBERS Cont'd

- | | |
|-----------------------|----------------------|
| 71. MEDFORD Bonita | 87. STOUTE Cecile |
| 72. MOORE Ricardo | 88. STOUTE Sherrol |
| 73. MORRIS Keisha | 89. STRAKER Tiffani |
| 74. NIGHTENGALE Dion | 90. STRAUGHN Wayne |
| 75. NILES Rhe-Ann | 91. TAYLOR Demario |
| 76. PALMER Andrea | 92. THOMPSON Roger |
| 77. PALMER Paula | 93. THORPE Clovena |
| 78. PARRIS Aaron | 94. TROTMAN Eric |
| 79. PARRIS Alyssa | 95. TROTMAN Wesley |
| 80. PARRIS Reginald | 96. WALCOTT Dakiya |
| 81. PILE James | 97. WARD Mia |
| 82. PILE John R. | 98. WARD Tricia |
| 83. QUARLESS Tanya | 99. WHITTAKER Kelvin |
| 84. REYNOLDS Jermaine | 100. WILLIAMS Trevor |
| 85. ROACH Pamela | 101. YEARWOOD Janiel |
| 86. SMALL Stephen | |

ATTENDANCE

AT THE 36TH ANNUAL GENERAL MEETING

VISITORS

1. BAYNES Judith - U.W.I. (Cave Hill) Co-operative Credit Union Ltd.
2. CALLENDER Lester
3. CARTER Drayton J. - Drayton J. Carter & Co. Chartered Accountants
4. CAVE Christopher - U.W.I. (Cave Hill) Co-operative Credit Union Ltd.
5. CLARKE Kesharah
6. CORBIN Damien
7. CORBIN Janine
8. CORBIN Maxine
9. CORBIN Natasha - U.W.I. (Cave Hill) Co-operative Credit Union Ltd.
10. CUMBERBATCH Danico
11. CUMBERBATCH Sheana
12. FIELDS Tesha - City of Bridgetown Co-op Credit Union Ltd.
13. FITT Susan - Endeavor Co-operative Credit Union Ltd.
14. HALL Bernetta - United Enterprise Credit Union
15. HALL Mark - Drayton J. Carter & Co. Chartered Accountants
16. HAYNES Hally - Barbados Co-operative & Credit Union League Ltd.
17. HUNTE Shazari
18. HUSBANDS Nikita - Barbados Public Workers Co-op Credit Union Ltd.
19. JOHNSON Cherylann
20. JONES Keith - Bartel Credit Union Ltd.
21. LASHLEY Kevin - United Enterprise Credit Union
22. MCCOLLIN Takeem
23. PARRIS Ashton
24. REIFER Ria-Ashlee
25. ROSS Shirnelle
26. STRAUGHN Victoria
27. TEMPRO Vincent
28. WALCOTT Jamarrio
29. WARD Kimmelle
30. WILLIAMS Jennifer - Endeavor Co-operative Credit Union Ltd.

TENURE OF OFFICE - 2019

BOARD OF DIRECTORS

				Remaining Years
President	-	Anderson Henry	-	2
Vice President	-	Jason Bowen	-	Nil
Secretary	-	Omar Hunte	-	1
Treasurer	-	Reginald Parris	-	1
Assistant Secretary	-	Andrea Edey	-	2
Assistant Treasurer	-	Kelvin Whittaker	-	Nil
Member	-	Cindy Callender	-	2

SUPERVISORY COMMITTEE

				Remaining Years
Chairperson	-	David Lawrence	-	Nil
Secretary	-	Erwin Jones	-	1
Member	-	Keisha Morris	-	2
Member	-	Samuel Blades	-	Nil
Member	-	Mia Ward	-	1

CREDIT COMMITTEE

				Remaining Years
Chairperson	-	Gloria Grant	-	Nil
Secretary	-	Janiel Yearwood	-	2
Member	-	Rochelle Bowen	-	1

THE BOARD OF DIRECTORS



Anderson Henry
President



Jason Bowen
Vice-President



Omar Hunte
Secretary



Reginald Parris
Treasurer



Kelvin Whittaker
Assistant Treasurer



Andrea Edey
Assistant Secretary



Cindy Callender
Member

SUPERVISORY COMMITTEE



David Lawrence
Chairperson



Erwin Jones
Secretary



Samuel Blades
Member



Mia Ward
Member



Keisha Morris
Member

CREDIT COMMITTEE



Gloria Grant
Chairperson



Janiel Yearwood
Secretary



Rochelle Bowen
Member

CREDIT UNION STAFF



Eric R Trotman
Manager



Hazelana Mason
Accountant



Bernadine Daniel
Member Services
Supervisor



Ria-Ashlée Reifer
Administrative Assistant



Harriet Clarke
Accounting Assistant



Paul Blackman
Accounts Clerk



Ricardo Moore
Credit Officer



Roxanne Marks
Member Services
Representative



Malcolm Mayers
Member Services Officer



Demario Taylor
General Worker

THE REPORT OF THE BOARD OF DIRECTORS

For The Year Ending December 31, 2019

Overview

The Board of Directors of The Light & Power Employees Co-operative Credit Union Ltd (LPECCUL) is pleased to once again report to the membership on the performance of the credit union, for the financial period January 01 to December 31, 2019.

For the period under review, the credit union's overall performance was not as good as expected. The credit union realised a net operating loss for the year of \$134,934. The loss was as a result of various factors. Notably, diminished revenue from loan interest and investments, increased provision for bad debt as a result of increased delinquency and increased interest on members' holdings. Members remain reluctant in their willingness to access loans from the credit union. Though the confidence level of the wider populous is much higher relative to that of the previous year, a "wait and see" attitude persists among many in seeking credit funding for various projects. Many members have chosen to utilise their savings instead.

Austerity measures instituted by the previous and current Government, continue to take a toll on the disposable income of those on the lower end of the economic scale. We have worked with our members in helping them with either the amalgamation or refinancing of their loans. Assistance was also provided to some members in consolidating their debt to lower the monthly payments. These measures allowed members to have access to more money "in hand" to meet their day-to-day needs.

2019 saw no growth in the local economy as projected performance did not materialise due to most sectors, excluding tourism, either remaining stagnant or contracting. Some investors have begun

to initiate new projects, though slowly, while others appear to be taking a "fence" position.

The Barbados Government was able to reach a workable agreement with some of its foreign creditors to restructure its foreign-dominated debt obligations. This outcome increases the possibility of the Government to raise funding from a broader field of international credit providers.

Hopefully, the economy will improve over the short- to medium-term, as projected, giving consumers the confidence to be more inclined to access available credit facilities, and at the same time curtail the depletion of their hard-earned savings.

The credit union continues to face increased operational costs through fees and charges from banks and other service providers. The cost of doing business in Barbados is ever increasing. Over the years, the situation has taken an impact on the bottom line of credit unions because of our limited ability to exploit worthwhile means of accessing other revenue streams. The gains from current investment opportunities do not offer much in offsetting the constant deluge of fees.

Governance

It is the role of the Board to determine the strategic direction of the credit union. The Board implements policies and procedures to ensure that the operation of the society is in keeping with good corporate governance. These policies and procedures are designed to ensure the prudent operation of the credit union as we seek to serve the membership. The Board of Directors met its obligation in holding monthly-scheduled meetings. During that period, 13 meetings were held by the Board. The attendance of Directors is illustrated in the accompanying tables.

Attendance for the Period January to February				
DIRECTOR	POSITION	MEETINGS	ATTENDED	EXCUSED
Anderson Henry	President	3	3	0
Gillian Marshall	Vice-President	3	3	0
Reginald Parris	Treasurer	3	3	0
Omar Hunte	Secretary	3	3	0
Tiffany Straker	Asst. Secretary	3	1	2
Jason Bowen	Asst. Treasurer	3	2	1
Kelvin Whittaker	Director	3	3	0

Attendance for the Period March to December				
DIRECTOR	POSITION	MEETINGS	ATTENDED	EXCUSED
Anderson Henry	President	10	10	0
Jason Bowen	Vice-President	10	10	0
Reginald Parris	Treasurer	10	9	1
Omar Hunte	Secretary	10	10	0
Andrea Edey	Asst. Secretary	10	10	0
Kelvin Whittaker	Asst. Treasurer	10	10	0
Cindy Callender	Director	10	10	0

The Board continues to fulfil its obligation under the Money Laundering and Financing of Terrorism (Prevention and Control) Act, by ensuring that Directors and the officers of the Supervisory and Credit Committees, as well as staff receive the requisite annual AML/CFT training.

Human Resource

It was regrettable that our beloved former Customer Services Supervisor Mrs Ann Austin passed away in May of the year. Our thoughts and well wishes continue to be with Ann's family, colleagues and all those whose lives she would have touched. The contribution that Ann has made to the credit union will live on in the hearts of those who would have had the privilege of interacting with her.

Miss Bernadine Daniel, who acted in the capacity of Customer Services Supervisor during the period of Ann's absence and previously held the position of Administrative Assistant, has assumed the post of Supervisor in the Member Services Department effective October 01. While Mrs Ria-Ashlee Reifer, who joined the credit union staff complement in September 2018 in a temporary capacity, has taken up the post of Administrative Assistant in the Administration Department. As at year-end, the

staff complement of the credit union stood at 10 permanent employees.

During the year, after a review of the current credit union's structure, the Board saw it necessary to rename the Customer Services Department to that of Member Services. This change better reflects the function of that department and those whom it serves.

Training & Education

Co-operative Principle No. 5 advocates that the education of members, officers and staff, form part of the strategy in developing the institution. As an aspect of our strategic goals for the credit union, we seek out viable educational opportunities from available sources. Training opportunities were accessed from a combination of local and international providers. Locally, during 2019 these included the Barbados Co-operative Credit Union League Ltd. and other facilitators of workshops and in-house sessions. Regional and international facilitators included The Co-operative Credit Union League of Trinidad and Tobago, ComplianceAid, the Anti-Money Laundering and Financing Crimes Institute, Development Cooperators (CaribDE), and World Council of Credit Unions (WOCCU).

Below is a list of training courses attended by committees' members and staff during the year.

1. Anti-Money Laundering / Countering of Financing of Terrorism
2. Countering Financing of Terrorism & Anti-Money Laundering
3. Financial Crime
4. Human Trafficking
5. First Aid
6. Safety and Health in the Workplace
7. Customer Service Excellence
8. Sales Excellence
9. Credit and Consumer Lending
10. Business Lending
11. Management Skills Development
12. Regulatory Compliance: Exploring Key Elements of a Robust AML Programme
13. Regulatory Compliance: AML/CTF International Guidance and Barbados regulations Movement

Attendees to overseas training opportunities undertaken were:

1. Co-operative Credit Union League of Trinidad and Tobago Conference – Paramaribo, Suriname, May 30 – June 02, 2019, attended by:
 - Hazelana Mason
2. WOCCU World Credit Union Conference – Paradise Island, The Bahamas, July 27 – 31, 2019, attended by:
 - Anderson Henry
 - Omar Hunte
 - Reginald Parris
 - Eric Trotman
 - Wilfred Clarke
3. ComplianceAid and the Anti-Money Laundering and Financing Crimes (AMLFC) Institute Conference, - Miami Florida, April 03 – 05, 2019, attended by:
 - Eric Trotman
4. Caribbean Development Educator (CaribDE) – Barbados, November 17 – 23, 2019, attended by:
 - Gloria Grant

Mr Wilfred Clarke, a past President of the Board and a past Chairman of the Supervisory Committee, was conferred with the International Credit Union Educator (I-CUDE) designation. Mr Clarke is one of only three individuals in Barbados who have achieved the prestigious I-CUDE designation.

During the year the credit union took advantage of the course offering of Barbados Co-operative &

Credit Union League Ltd (the League). These courses are structured with the view of advancing the development of individuals in the co-operative and credit union sector in Barbados.

League Matters

The League continued its advocacy with the Barbados Deposit Insurance Corporation (BDIC)

and other Government agencies, for Deposit Insurance to be implemented for the credit union sector. Though some progress has been made, there is currently no definitive position on a conclusive timeframe.

The President, Mr Anderson Henry, is a sitting member on the Board of Trustees of the Central Fund Facility Trust (CFFT). Mr Kelvin Whittaker is a Director on the Board of the Barbados Co-operative & Credit Union League's, being elected in 2018. Mr Whittaker is also the Chairman of the Co-operators General Insurance Co. Ltd., as well a Board member of the Co-operators General Management Co. Ltd.

Regulatory Environment

Under the Government's BERT Programme, commencing in 2019 regulated entities under its mandate were charged with the financing of the Financial Services Commission (FSC). An asset-based levy was implemented, staggered over a three-year horizon. 2019 - 0.03% of assets; 2020 - 0.04%; and 2021 - 0.05%, going forward.

The regulatory environment is becoming more challenging and costly, as regulators introduce greater measures in their efforts to meet international standards. Unfortunately, achieving the imposed standards is a neverending process as it appears that the goalposts seem to move constantly upon attaining the prerequisite objective.

Youth Development

The credit union continued to provide its youth members with an opportunity to experience the world of work firsthand, under its Summer Youth Internship programme. For 2019, youth member Leiandra Taitt had the opportunity to take part in the credit union's internship programme. During Leiandra's two-month stint with the credit union, she had the chance to work in both the Member Services and Accounts departments.

For the year's Annual Youth Forum, youth members, parents, guardians and staff engaged in an educational session at the Co-operative General Insurance Training Room. Wilfred Clarke and Cindy Callender had the honour of being facilitators for the exercise. The young members were taught about the history and philosophy of the co-operative movement, and the various committees of the credit union and their functions in the society's hierarchy.

Following the educational session, lunch was held at the recently renovated Sunbury Great House. The visit to Sunbury culminated with a tour of the historic mansion. After lunch, participants travelled to the PEG Farm and Nature Reserve at Easy Hall, St. Joseph, where they toured the compound.

The tour buses took the scenic route on the way back to the credit union. This gave Tour Guides, Zwena and Dario of the Barbados Museum, the opportunity to educate the youngsters on various historic sites and points of interest along the way. Youth members were quizzed afterwards on what they learned during the exercise.

Eleven youth members who had successfully completed the 2019 Barbados Secondary Schools' Entrance Examination were recipients of the Annual Julie Alleyne 11-Plus Awards, while Miss Dylana Alleyne was the recipient of the Trevor Browne Scholarship. Dylana is currently studying Law at the University of the West Indies, Cave Hill Campus.

Community Outreach

The credit union aims to be a good corporate citizen by supporting the endeavours of the various organisations and individuals in our community. We contribute by providing assistance through monetary means and "in-kind". The credit union usually makes provision in its annual operating budget to support such worthy causes.

During the year, LPECCUL donated a total of \$9,008 to various organisations and individuals, in cash and in-kind. Causes supported by the credit union during 2019 included:

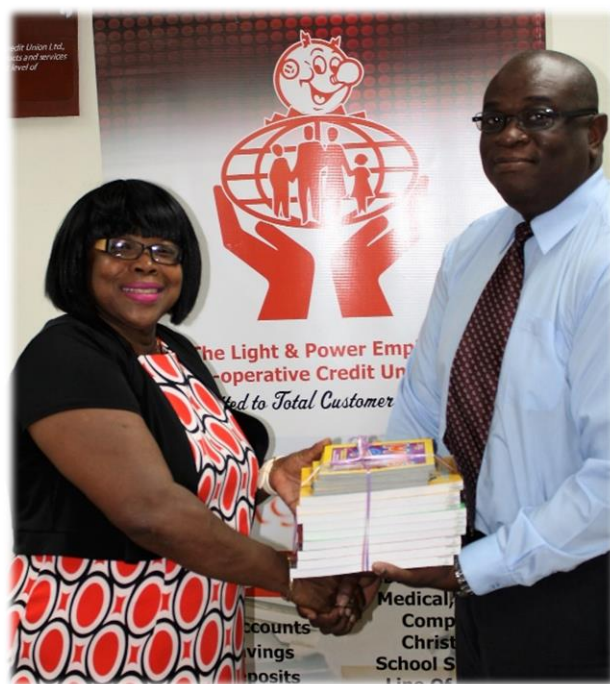
Rotary Club West – the QEH Benefit Bingo
 Bentham Wesleyan Holiness Church – Concert tickets
 Myasthenia Gravis Association of Barbados
 Twisterz All-Star Gym – C/o Dakiya Walcott
 Bayley's Primary School – Graduation
 St. Philip's Primary School – Graduation
 St. Elizabeth Primary School – Graduation lunch
 Barbados Netball Association – Concert tickets

The Annual Co-operative Day Celebration
 West St. Joseph Old Scholars Assc. Fish Fry
 Kendal Cricket Club – Balls
 Wilfred Clarke – WOCCU Int'l Conference
 Christ Church Foundation School sports
 Barbados Cancer Society – Raffle tickets
 St Aidan's Church – Luncheon tickets
 St Patricks Anglican Church – Concert tickets



March 24, 2019 - Rodnico Carrington, center, of the Christ Church Foundation School receiving a donation from Administrative Assistant Ria-Ashlée Reifer, to assist with his participation in the International Youth Track and Field Championships in Landover, Maryland, USA.

May 15, 2019 - Credit Union Manager Eric Trotman presenting Mrs. Palmetto Bhamjee, Principal of St. Philip's Primary School, with a donation of book for students of the school's graduating class of 2019.





May 22, 2019 - The Principal, Mr. Alfred Cox, left, of the Bayley's Primary School receiving sponsorship from Mr. Trotman, for two (2) of the school's 2019 graduands.

May 28, 2019 - Ms. Gaynell Small, left, of the Parents Committee of the St. Elizabeth School receiving a donation from, Ria-Ashl   Reifer to assist the graduating students.



June 6, 2019 – Member, Ms. Samantha Browne of Barbados Netball Association receiving sponsorship from Credit Officer, Ricardo Moore, to assist in her travel to represent Barbados at the Netball World Cup in Liverpool, UK.

August 5, 2019 - Youth member, Dakiya Walcott, of Twisterz All-Star Gym receiving her donation from Ria-Ashlee Reifer, to facilitate her travel to compete in the 2020 UCA International All-Star Championship to be held at the ESPN World Wide of Sport, Orlando, Florida.



Youth members, being led by Wilfred Clarke and Cindy Callender, showing their enthusiasm in the educational segment of the Annual Youth Forum.



Youth members as they participated in the 2019 Annual Youth Forum.

Part of the day's exercise included them making presentations to their peers.



Miss Julie Alleyne with the 2019 11-Plus Award recipients.



Dylana Alleyne is presented with her Scholarship by Lt. Col. Trevor Browne



Director and Treasurer, Reginald Parris educating 11-Plus awardees in the credit union philosophy.

Capital Projects

The constant call by some members for increased privacy in the transaction hall of the Member Services Department was answered during the year. The area was renovated to offer separate teller booths and the inclusion of a Services Desk.

The credit union's server will reach the end of its support life in mid-2020. In light of this, the Board were pre-emptive in ensuring that a new ICT infrastructure is in place before that threshold arrives.

The new equipment was purchased and installed in the latter part of the year.

During the period under review, the furniture in the Accounts and Administrative Departments was replaced. Some of the items decommissioned predated the credit union's move to the current location to Bush Hill. The chairs in the Board room were also replaced after more than 15 years.

To augment the credit union's physical document storage capacity, an improved shelving structure was installed in the storage building at the Bush Hill compound. The improved layout more than doubled the pre-upgraded storage capacity.

Property Management

The Archive remains vacant due to the difficulty in finding a tenant that can utilise a structure of its characteristics. The Barbados Association of Professional Engineers (BAPE) occupied the upstairs of the credit union office building for a short period. Though there has been some interest, the area remained vacant at yearend.

Upgrades were made to the electrical wiring at the Collymore Rock Building. The property is now better lit after hours. Minor maintenance continued to be carried out on the property as necessary. The Barbados Association of Office Professionals vacated a unit during the year. The unit was subsequently let, and the property remains fully tenanted.

Membership

Membership growth for the year was flat. This area of growth continues to prove to be challenging for the credit union. The challenge is due mainly to prospective members, beyond its "named demographic", being of the perception that membership is only open to individuals associated with the Barbados Light & Power Co. Ltd. Additionally, it is not an easy task to find members

who are not already active members of other credit unions.

During 2019, 50 new members were accepted into the society, while 16 members closed their accounts, and 3 members became deceased. This resulted in a net membership increase of 31 members. The Board of Directors extends condolences to the relatives, friends and colleagues of those who would have passed during the year.

The Credit Union Sector

As the financial landscape continues to evolve, the credit union sector faces greater challenges in accessing some aspects of the market. The fierce pricing regime makes it difficult to compete against the larger players, who derive success from economies of scale. The available revenue streams for credit unions are narrow at best and restrictively limited. Though many forces are pushing against the sector; which is nothing new. Credit unions have always found ways to overcome adversity and privation. Though we may sometimes emerge bruised and battered, we are stronger for the experience.

The costs associated with regulatory compliance, accessing service and the seemingly neverending fees that are becoming commonplace across sectors, are having a greater impact on the bottom line of credit unions. Recognising that there is strength in numbers, in the past few years, there have been some mergers and acquisition of credit unions. Such mergers and acquisition is a trend that is expected to gain greater traction in the near to medium term.

LPECCUL is viewed as a medium-sized credit union in the sector. However, in reality, it is but a speck in the financial industry. Some of the institutions that LPECCUL are competing with have assets greater than that of the entire credit union sector, combined. As such, consideration may

need to be given to the acquisition of, or a merger with one or more credit unions of similar synergies to achieve greater scope.

Outlook

2019 proved to be a trying year for the society, and 2020 is gearing up to be on a similar course. In a recent press article, the Prime Minister of Barbados, Mia Mottley, stated that the costs associated with accessing Government services will indeed increase going forward. The Prime Minister also hinted at the possibility of additional taxes and further public sector layoffs under the Government's economic restructuring process. It is hoped that very few, if any, of our members are affected as a result of the fallout.

The credit union will continue to do its best in assisting members wherever it can as they seek to achieve their financial goals and secure a viable future for them and their families. It is the intention of the credit union to provide a reasonable degree of support for its members that are experiencing financial stress. However, in our efforts, it is never feasible to sacrifice unduly for a few at the expense of the many.



.....
Anderson Henry
President, Board of Directors

The Board is cognizant of the fact that there may not be any major economic improvement in the short term. This will not, however, cloud our focus in ensuring that the credit union is in a position to continue to weather the current atmosphere of uncertainty. Our members have too much invested for us to waver at this stage in our development.

Acknowledgements

The Board wishes to thank the Supervisory and Credit Committees, the Manager and his staff, and all those who hold a vested interest in LPECCUL's success, for the support received during the year under review. We also thank the Barbados Light & Power Co. Ltd. for their continued support of the credit union.

We offer sincerest thanks to the membership for continuing to patronise the credit union and contributing to its success over the past 35 years. Thank you for affording this Board the opportunity to serve you over the past year. The success of the credit union would not be possible without your benefaction and consideration.

The Light & Power Employees Co-operative Credit Union Limited

PEARLS Analysis

PEARLS is an analysis of a Credit Union's performance. PEARLS is the acronym for Protection, Earnings, Asset Quality, Rate of Growth, Liquidity and Structure. Following is a comparison of our position as represented by The PEARLS ANALYSIS FOR THE PERIOD ENDED December 2019 as compared to December 2018

Description	Ratios	December 2019	PEARLS Attained	December 2018	PEARLS Attained	PEARLS Benchmark
<i>Capital/Total Assets</i> <i>A measure of the Credit Union's ability to absorb losses</i>	<u>Capital</u> Total Assets	8,235,868 55,650,019	14.80%	6,340,930 54,636,657	15.27%	8% or greater
<i>Net Income/Average Asstes</i> <i>Measures the Credit Union's ability to generate capital</i>	<u>Net income</u> Average Assets	(134,934) 55,143,338	-0.24%	2,480,608 52,892,064	4.69%	1% or greater
<i>Operating Expense/Income</i> <i>Measures the Credit Union's ability to generate capital</i>	<u>Operating Exp.</u> Total Income	2,009,803 2,621,458	76.67%	1,877,972 3,390,263	55.39%	50% or less
<i>Loans/total Assets</i> <i>Indicates the Credit Union's ability to meet short-term cash obligations</i>	<u>Loans</u> Total Assets	29,959,354 55,650,019	53.84%	31,484,508 54,636,657	57.63%	70% to 80%
<i>Loans/Savings</i> <i>Indicates the Credit Union's ability to meet short-term cash obligations</i>	<u>Loans</u> Savings	29,959,354 46,690,297	64.17%	31,484,508 45,577,345	69.08%	70% to 85%
<i>Delinquent Loans/Total Loans</i> <i>Indicates the quality of the loan portfolio</i>	<u>Delinquent Loans</u> Total Loans	1,550,709 29,959,354	5.18%	1,629,804 31,484,508	5.18%	5% or less
<i>Non-earning Assets/Total Assets</i> <i>A high ratio that will have an adverse effect on the Credit Union's profitability</i>	<u>Non-Earning Assets</u> Total Assets	3,641,537 55,650,019	6.54%	2,243,521 54,636,657	4.11%	6% or less
<i>Savings Growth Rate</i> <i>Indicates the success of the Credit Union in providing services to its members</i>	<u>Net Growth</u> P/Y Savings	1,112,952 45,577,345	2.44%	1,524,487 44,052,858	3.46%	10% to 20%
<i>Loan Growth Rate</i> <i>Indicates the success of the Credit Union in providing services to its members</i>	<u>Net Growth</u> P/Y Loan Balance	(898,095) 31,484,509	-2.85%	8,391 31,476,117	-0.38%	8% to 15%



Drayton J. Carter & Co.

Chartered Accountants



Independent Auditors' Report

To the Members of **The Light & Power Employees Co-operative Credit Union Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **The Light & Power Employees Co-operative Credit Union Limited** (the "Society") which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 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 in compliance with the Co-operative Societies Act and its accompanying regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society 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 Society's 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.

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.

Independent Auditors' Report (continued)

To the Members of **The Light & Power Employees Co-operative Credit Union Limited**

Responsibilities of Management and Those Charged with Governance for the Financial Statements

In preparing the financial statements, management is responsible for assessing the Society's stability 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 Society or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 risk, 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 Society'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 Society's stability to continue as a going concern.

Independent Auditors' Report (continued)

To the Members of **The Light & Power Employees Co-operative Credit Union Limited**

Auditors' Responsibilities for the Audit of the Financial Statements

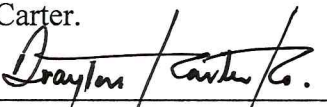
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit finding, 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 with those charged 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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Drayton J. Carter.


Drayton J. Carter & Co.

BARBADOS
March 17th, 2020

The Light & Power Employees Co-operative Credit Union Limited
Statement of Financial Position
As of December 31, 2019

	Notes	2019 \$	2018 \$
Assets			
Cash and bank balances	4	6,738,624	4,998,213
Amounts receivable	5	370,883	315,684
Due from affiliate	6	-	3,231
Investments	7	15,551,972	15,326,166
Loans to members	8	29,959,354	31,039,424
Investment property	9	891,494	914,621
Property, plant and equipment	10	2,137,692	2,039,318
		-----	-----
Total Assets		55,650,019	54,636,657
		=====	=====
Liabilities and Members' Equity			
Accounts payable	11	723,854	718,382
Demand deposits	12	20,667,593	19,973,683
		-----	-----
		21,391,447	20,692,065
Non-qualifying shares	13	26,022,704	25,603,662
		-----	-----
Total liabilities		47,414,151	46,295,727
		-----	-----
Members' Equity (Pages 7 and 8)			
Equity shares		189,100	185,600
Statutory reserves		5,355,885	5,355,610
Undivided surplus		1,130,908	1,302,962
Other reserves		1,559,975	1,496,758
		-----	-----
Total members' equity		8,235,868	8,340,930
		-----	-----
Total Liabilities and Members' Equity		55,650,019	54,636,657
		=====	=====

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

Approved by the Board on March 17, 2020 and signed on its behalf by:

 Director
 Director

The Light & Power Employees Co-operative Credit Union Limited
Statement of Income and Comprehensive Income
December 31, 2019

	Notes	2019 \$	2018 \$
Interest income			
Loan interest		2,256,221	2,297,858
Other interest		1,562	948
		-----	-----
		2,257,783	2,298,806
		-----	-----
Interest expenses			
Interest on deposits		214,671	232,187
Interest on non-qualifying shares		531,918	279,337
		-----	-----
		746,589	511,524
		-----	-----
Net interest income		1,511,194	1,787,282
Other income			
Rental income		69,675	99,769
Dividends received		59,784	37,218
Investment income		218,679	382,781
Other income		15,537	13,799
Gain on de-recognition of government instruments	7	-	557,890
		-----	-----
Net income after interest expense		1,874,869	2,878,739
		-----	-----
Expenses			
Staff cost (Schedule 1)		817,805	769,898
Operating and administrative (Schedule 1)		391,723	492,876
Depreciation	9 &10	123,777	106,136
Membership security		247,915	191,808
Meetings		121,357	116,476
Conventions & Conferences		99,292	75,635
Provision for credit losses		181,975	104,245
Youth community and social welfare		25,959	20,898
		-----	-----
Total other expenses		2,009,803	1,877,972
		-----	-----
Net operating (loss)/ income for the year		(134,934)	1,007,767
		=====	=====

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

The Light & Power Employees Co-operative Credit Union Limited
Statement of Income and Comprehensive Income
December 31, 2019

	Notes	2019 \$	2018 \$
Net operating (loss)/ income for the year		(134,934) -----	1,000,767 -----
Items that will not be reclassified subsequently to profit and loss:			
Fair value gain/ (loss) on investments in equity instruments designated as at FVTOCI	7	63,217 -----	1,479,841 -----
Other comprehensive income for the year		63,217 -----	1,479,841 -----
Total comprehensive (loss)\income for the year		(71,717) =====	2,480,608 =====

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

The Light & Power Employees Co-operative Credit Union Limited
Statement of Changes in Members Equity
December 31, 2019

		Share Capital	Statutory Reserve	Other Reserves	Undivided Surplus	Total
Balance at January 1, 2018	\$	180,900	5,355,280	34,824	1,095,795	6,666,799
Effect of adoption of IFRS 9		-	-	-	(789,295)	(789,295)
Balance at January 1, 2018 - restated		180,900	5,355,280	34,824	306,500	5,877,504
Net income		-	-	-	1,000,767	1,000,767
Other comprehensive income		-	-	1,479,841	-	1,479,841
<u>Transfers:</u>						
Additional transfer		-	-	-	-	-
Dividends paid		-	-	-	(7,212)	(7,212)
Net increase in share capital		4,700	-	-	-	4,700
<u>Appropriations:</u>						
Co-op Education fund		-	-	(17,907)	2,907	(15,000)
Social, education and welfare funds		-	-	-	-	-
Entrance fees & fines		-	330	-	-	330
Balance at December 31, 2018	\$	185,600	5,355,610	1,496,758	1,302,962	8,340,930
Balance at January 1, 2019		185,600	5,355,610	1,496,758	1,302,962	8,340,930
Net loss	-	-	-	-	(134,934)	(134,934)
Other comprehensive income		-	-	63,217	-	63,217
<u>Transfers:</u>						
Additional transfer		-	-	-	-	-
Dividends paid		-	-	-	(37,120)	(37,120)
Net increase in share capital		3,500	-	-	-	3,500
<u>Appropriations:</u>						
Entrance fees & fines		-	275	-	-	275
Balance at December 31, 2019	\$	189,100	5,355,885	1,559,975	1,130,908	8,235,868

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

The Light & Power Employees Co-operative Credit Union Limited
Statement of Changes in Members Equity
December 31, 2019

	2019	2018
	\$	\$
Other reserves comprise:		
Fair value reserves	1,559,975	1,496,758
	=====	=====

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

The Light & Power Employees Co-operative Credit Union Limited
Statement of Cash Flows
December 31, 2019

	2019 \$	2018 \$
Cash flows from operating activities		
Net operating (loss)\income for the year	(134,934)	1,000,767
Adjustments for non-cash income and expenses		
Depreciation	123,777	106,136
Loss on disposal of asset	2,109	19,353
Gain on de-recognition of government instruments	-	(557,890)
Change in provision for credit losses	181,975	104,245
Loss allowance on impairment of financial assets	(76,665)	136,823
Changes in operating assets and liabilities		
Increase in amounts receivable	(55,199)	(17,176)
Decrease (increase) in amounts due from affiliate	3,231	(3,164)
Increase in accounts payable	5,472	290,570
Net cash from operating activities	49,766	1,079,664
Cash flows from investing activities		
Loans to members	898,095	119,994
Investments	(85,922)	(769,244)
Additions to property and equipment	(201,480)	(88,389)
Proceeds from sale of fixed asset	345	280
Net cash from (used in) investing activities	611,038	(737,359)
Cash flows from financing activities		
Members' deposits	693,910	(160,443)
Non-qualifying shares	419,042	1,684,930
Share capital	3,500	4,700
Dividends paid	(37,120)	(7,212)
Education fund	-	(15,000)
Entrance fees and fines	275	330
Net cash from financing activities	1,079,607	1,507,305
Net change in cash and cash equivalents	1,740,411	1,849,610
Cash and cash equivalents, beginning of year	4,998,213	3,148,603
Cash and cash equivalents, end of year	6,738,624	4,998,213

1. Registration and Principal Activity:

The Light & Power Employees Co-operative Credit Union Limited was registered on January 11, 1984 and continued under the Co-operative Societies Act 1990-23. The Credit Union exists principally to promote the economic interest of its members in accordance with co-operative principles.

2. Statement of accounting policies

Basis of preparation

These financial statements are stated in Barbados dollars and have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

Adoption of new and revised Standards and Interpretations

In the current year, the Society has adopted all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB, that are relevant to its operations and effective for the current fiscal year. The society has applied IFRS 9 Financial instruments (as revised in July 2014) and the related consequential amendments to other IFRS standards that are effective for an annual period that begins on or after 1 January 2018. The transition provision allows an entity to restate comparatives and the Society has not elected to do so.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities
2. Impairment of financial assets

Details of these new requirements as well as their impact on the Society's financial statements are described below.

The Society has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Society has assessed its existing financial assets and financial liabilities in terms of the requirement of IFRS 9) is 1 January 2018. Accordingly, the Society has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the Society's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows that are solely payments of the principal and interest on the principal amount outstanding are measured subsequently at amortised costs.

2. Statement of accounting policies *(continued)*

In the current year, the Society has not designated any debt instruments that meet the amortised costs or at fair value through other comprehensive income (FVTOCI) criteria as measured at fair value through profit and loss (FVTPL).

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or losses previously recognized in other comprehensive income is reclassified from equity to profit and loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

The Board of Directors has reviewed and assessed the Society's existing financial assets at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has the following impact on the Society's financial assets as regards their classification and measurement;

- the Society's investment in redeemable notes were classified as available-for-sale financial assets under IAS 39 Financial Instruments: Recognition and Measurement. The notes have been reclassified as financial assets at amortised cost because they are held within a business model whose objective is to collect contractual cash flows and it has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding;
- the Society's investment in equity instruments (neither held for trading nor a contingent consideration arising from business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve;
- financial assets classified as held-to-maturity and loans and receivables under IAS 39 that were measured at amortised cost continues to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

2. Statement of accounting policies (*continued*)

Impairment of financial assets

In relation to the impairment of financial assets, IFRS9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Society to account for expected credit losses and changes in those credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Society to recognize a loss allowance for expected credit losses on:

1. Debt investments measured subsequently at amortised cost or at FVTOCI; and
2. Trade receivables and contract assets.

In particular, IFRS 9 requires the Society to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on the financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchase or originated credit-impaired financial asset), the Society is required to measure the loss allowance for the initial financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at amount equal to lifetime ECL for trade receivables and contract assets in certain circumstances.

IFRS 9 was generally adopted without restating comparative information. The adjustment arising from the new impairment rules are therefore recognized in the opening balance sheet on 1 January 2018.

Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position of the Society when it becomes a party to contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets or liabilities are added or deducted from the fair value of the of the financial asset as appropriate on initial recognition. Transaction cost directly attributable to the acquisition of the financial asset or liability at fair value through profit loss are recognized immediately in profit or loss.

All regular way purchases or sale of financial assets are recognized or derecognized on a trade date basis.

All recognised financial assets are measured subsequently in their entirety at amortised cost or fair value depending on the classification of the financial asset.

2. Statement of accounting policies (*continued*)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held with the business model whose objective is to hold the financial asset to collect contractual cash flows; and
- The contractual terms of the asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(1) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective rate of interest to the gross carrying amount of the financial asset.

(2) Equity instruments designated at FVTOCI

On initial recognition, the Society may make an irrevocable election (on an instrument – by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Society manages together and has evidence of a recent actual pattern of short-term profit taking.

2. Statement of accounting policies *(continued)*

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit and loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Society has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount as at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Society in accordance with the contract and all cash flows that the Society expects to receive discounted at the original effective interest rate.

If the Society has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines the current reporting date that the conditions for lifetime ECL are no longer met, the Society measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Society recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment in the carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserves, and does not reduce the carrying amount of the financial asset in the statement of financial position.

De-recognition of financial assets

The Society de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity.

2. Statement of accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment, excluding land, is provided over the estimated lives of the respective assets on the straight-line basis.

The annual depreciation rates are applicable:-

Building	2%
Furniture and equipment	10%
Computer system	25%
Motor vehicle	20%

Impairment of assets

At each reporting date fixed and other assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected assets or group of assets is estimated and compared with their carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the income statement.

Entrance fees

Entrance fees and fines are credited directly to the Statutory Reserves.

Corporation Tax

The Credit Union is exempt from taxation under Section 9(g) of the Income Tax Act of Barbados, Chapter 73.

Group pension plan

The Society has established a group pension plan termed a “Defined Contribution Plan” on behalf of its permanent employees. All pension cost in relation to this scheme is expensed when incurred in accordance with IAS 19.

Foreign currency transactions

Foreign currency transactions completed during the year are recorded at the actual rates of exchange prevailing at the dates of such transactions.

Investment property

Investment property comprises land and buildings owned but not occupied by the Credit Union and held to earn rental income or held for capital appreciation with possible future development potential. Investment property is recognized at cost. Depreciation on buildings is provided over the estimated lives of the assets on the straight-line basis at 2% per annum.

2. Statement of accounting policies *(continued)*

Transfers to or from investment property are recorded when there is a change in the use of the property. If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. If any action is taken to develop or sell investment property it is classified as development property.

Rental income from investment property is recognized on the accrual basis.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be measured reliably. Interest on loans to members is recognized on the cash received basis.

Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individual or corporate entities.

3. Critical accounting judgements and key sources of estimation

In the applications of the Society's accounting policies, which are described in note 2, the board of directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is expected to affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Society's accounting policies

The following are the critical judgements, apart from those involving estimates (which are dealt with separately below), that the board of directors has made in the process of applying the Society's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

- **Business model assessments:** Classification and measurement of financial assets depends on the results of the solely for the purpose of principal and interest (SPPI) and the business model test. The society determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgements reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risk that affect the performance of the assets and how they are managed and how the managers of the assets are compensated. The Society monitors the financial assets measured at amortised cost or fair value through other comprehensive income that are de-recognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the assets are held. Monitoring is part of the Society's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.
- **Significant increase of credit risk:** Expected credit losses (ECL) are measured as an allowance equal to 12-months ECL for stage 1 assets, or lifetime ECL for stage 2 and stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitute a significant increase in risk. In assessing whether the credit risk of an asset has significantly increased the society takes into account qualitative and quantitative reasonable and forward looking information.
- **Models and assumptions used:** The Society uses various models and assumptions in measuring fair value of financial assets as well as estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

3. Critical accounting judgements and key sources of estimation *(continued)*

Key sources of estimation

The following are key estimations that the board of directors has used in the process of applying the Society's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- Establishing the number and relative weightings for forward-looking scenarios for each type of the product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Society uses reasonable and forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- Probability of default (PD): PD constitutes a key input in measuring ECL. PD is an estimate of the probability of default over a given time horizon, the calculation includes historical data, assumptions and expectations of future conditions.
- Loss given default (LGD): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.
- Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Society uses market-observable data to the extent that it is available. Where such level 1 inputs are not available, the Society uses valuation models to determine the fair value of its financial instruments.

4. Cash and bank balances

	2019	2018
Cash holdings	\$ 193,666	103,656
Savings account	3,700,584	3,212,455
Current account	2,844,374	1,682,102
	-----	-----
	\$ 6,738,624	4,998,213
	=====	=====

The Society earned interest on its savings account and current accounts at 0.025% (2018: 0.0048% to 0.15%) during the financial year.

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2019

5. Amounts Receivable

	2019	2018
Trade receivables & prepayments	\$ 66,655	50,823
Accrued interest	95,668	93,654
Rent receivable	8,108	9,458
VAT refundable	200,452	161,749
	-----	-----
	\$ 370,883	315,684
	=====	=====

6. Due from affiliate

	2019	2018
Reddy Kilowatt Co-operative Society Ltd.	\$ -	3,231
	=====	=====

The amount due from Reddy Kilowatt Co-operative Society Ltd. is unsecured, interest free and has no specific terms of repayment.

7. Investments

	2019	2018
	\$	\$
Investments in equity instruments designated as at FVTOCI		
Barbados Co-operative & Credit Union League Ltd.	59,370	59,370
Cable & Wireless (Barbados) Ltd- 33,360 shares	76,394	76,394
Co-operators General Insurance Co. Ltd.-5,455 shares	1,786,895	1,668,407
Co-operators General Management Co. Inc.-4,232 shares	662,393	591,364
Insurance Corporation of Barbados - 50,000 shares	162,500	237,500
	-----	-----
	2,747,552	2,633,035
	-----	-----

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2019

7. Investments (continued)	2019	2018
	\$	\$
Investment assets measured at amortised cost		
Government Savings Bonds (5.5%- 2020)	152,480	152,480
Government of Barbados bonds series B	8,995,091	8,995,091
Term deposits	3,404,996	3,340,908
Mortgage loan	330,962	360,426
	-----	-----
	12,883,529	12,848,905
Loss allowance	(79,109)	(155,774)
	-----	-----
	12,804,420	12,693,131
	-----	-----
Total Investments	15,551,972	15,326,166
	=====	=====

The Society adjusted the carrying value of its shares in Co-operators General Management Co. Inc. and Co-operators General Insurance Co. Ltd. to reflect the share value resulting from a valuation commissioned by the investee companies, resulting in an unrealised gain as noted below:

	Fair value Dec31, 2018	Shares ac- quired	Unrealised gain/(loss)	Fair value at Dec 31, 19
Co-operators General Management Co. Inc.	591,364	19,500	51,529	662,393
Co-operators General Insurance Co. Ltd.	1,668,407	31,800	86,688	1,786,895
Insurance Corporation of Barbados	237,500	-	(75,000)	162,500
Barbados Co-operative & Credit Union League Ltd.	59,370	-	-	59,370
Cable & Wireless (Bar- bados) Ltd	76,394	-	-	76,394
	-----	-----	-----	-----
Total	2,633,035	51,300	63,217	2,747,552
	=====	=====	=====	=====

7. Investments (continued)

During the year ended 31 December 2018, the Government of Barbados offered to exchange treasury notes and debentures and debentures totaling \$8,933,250 and interest of \$61,841 for eleven (11) series B amortising strips with maturities of 5,6,7,8,9,10,11,12,13,14 and 15 years.

The interest rates are as follows:

Issuance through year 3	1.0%
Year 4	2.5%
Year 5 –maturity	3.75%

Interest will be paid quarterly and the principal of each strip will be repaid in four equal quarterly installments beginning one year prior to the final maturity of the strip.

The allocation of aggregate principal amount among strips are as follows:

5-Year: 7.49%	11-Year: 9.37%
6-Year: 7.78%	12- Year: 9.72%
7-Year: 8.07%	13- Year: 10.10%
8-Year: 8.38%	14- Year 10.48%
9-Year: 8.70%	15- Year 10.88%
10- Year: 9.03%	

The debt exchange resulted in a de-recognition of the treasury bills and debenture and a recognition of a new bond. The resulting gain from de-recognition is as follows:

	2019	2018
	\$	\$
Book value of treasury notes and debentures exchanged	-	8,995,091
Less: Credit losses recognized at 1 Jan 2018 on adoption of IFRS 9	-	(557,890)
	-----	-----
	-	8,437,201
Fair value of new bond	-	8,995,091
	-----	-----
Gain on de-recognition	-	557,890
	=====	=====

Impairment of investments measured at amortised cost

In determining the credit losses for the Government of Barbados bonds, the board has determined that there has been no significant increase in credit risk between the acquisition and the reporting date. As a result the loss allowance has been measured at an amount equal to 12 months expected credit losses.

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2019

The following table show the movement in expected credit losses that have been recognised for financial assets at amortised cost and loans and receivables:

Investments

	<i>12-month Expected Credit Losses</i>			<i>Lifetime Expected Credit Losses</i>		
	Government Savings Bonds	Term Deposits	Government Bonds - Other	Loans to other entities	Government Bonds – Other/Treasury Bills	Total
	\$	\$	\$	\$	\$	\$
Balances at 1 January 2018 under IAS 39	-	-	-	-	-	-
Adjustments upon application of IFRS 9	<u>10,900</u>	<u>6,305</u>	-	<u>1,746</u>	<u>557,890</u>	<u>576,841</u>
Balances as at 1 January 2018 – As restated	10,900	6,305	-	1,746	557,890	576,841
Increase in allowance arising from new assets recognised during the year	-	-	140,323	-	-	140,323
Decrease in allowance from derecognition of financial assets in the year	-	-	-	-	(557,890)	(557,890)
Increase (decrease) in allowances	<u>(8,521)</u>	<u>5,145</u>	-	<u>(124)</u>	-	<u>(3,500)</u>
Balance as at 31 December 2018	2,379	11,450	140,323	1,622	-	155,774
Increase (decrease) in allowances	<u>2,854</u>	<u>(7,939)</u>	<u>(70,161)</u>	<u>(1,419)</u>	-	<u>(76,665)</u>
Balance as at 31 December 2018	<u>5,233</u>	<u>3,511</u>	<u>70,162</u>	<u>203</u>	-	<u>79,109</u>

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2019

8. Loans to members

		2019	2018
Loan portfolio	\$	30,586,413	31,484,508
Expected credit losses		(627,059)	(445,084)
		-----	-----
	\$	29,959,354	31,039,424
		=====	=====
		<i>12-month Ex- pected Credit Losses</i>	<i>Lifetime Expected Credit Losses</i>
		Loans to members	Loans to members
	\$		
Balances at 1 January 2018 under IAS 39		128,385	-
Adjustments upon application of IFRS 9		<u>142,199</u>	<u>70,255</u>
Balances as at 1 January 2018 – As restated		270,584	70,255
(Decrease)\ increase in allowances		<u>(18,615)</u>	<u>122,860</u>
Balance as at 31 December 2018		251,969	193,115
(Decrease)\ increase in allowance		<u>(95,593)</u>	<u>277,568</u>
Balance as at 31 December 2019		<u>156,593</u>	<u>470,683</u>
			Total
	\$		\$

The Society offers ordinary loans to members at rates varying from 6% to 12% (2018: 6% to 12%) per annum. The maximum loan limit is 10% of the entity's equity base. A line of credit facility is also in place offering members revolving credit up to \$15,000 (2018: \$15,000) at the interest rate of 15% (2018: 15%) per annum. Interest charged by the Society is computed on the reducing balance basis.

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2019

9. Investment property

		2019	2018
<u>Cost</u>			
Balance at start	\$	1,367,955	1,367,955
		-----	-----
Balance at end		1,367,955	1,367,955
<u>Depreciation</u>			
Balance at start		453,334	430,207
Additions		23,127	23,127
		-----	-----
Balance at end		476,461	453,334
		-----	-----
Net book value	\$	891,494	914,621
		=====	=====
Direct rental income from investment property	\$	69,675	99,769
Operating expenses		(55,873)	(32,316)
		-----	-----
Net profit on investment property	\$	13,802	67,453
		=====	=====

Investment property shown at the net cost of \$ 891,494 (2019: \$ 914,621) as at December 31, 2019 has a current valuation of \$ 2,200,000 as determined by the Barbados Revenue Authority. The appraisal excess of \$ 1,308,506 is not accounted for in these financial statements.

10. Property, Plant & Equipment

<u>2019</u>	Total	Land & Buildings	Furniture & Equip.	Computer Equip.	Motor Vehicle
	\$	\$	\$	\$	\$
<u>Cost</u>					
Balance at start	3,156,703	2,693,024	214,607	207,072	42,000
Additions	201,480	68,821	31,250	101,409	-
Disposals	(20,875)	-	(7,536)	(13,339)	-
	-----	-----	-----	-----	-----
Balance at end	3,337,308	2,761,845	238,321	295,142	42,000
	-----	-----	-----	-----	-----
<u>Depreciation</u>					
Balance at start	1,117,385	816,562	132,600	147,923	20,300
Additions	100,650	45,395	14,211	32,644	8,400
Disposals	(18,419)	-	(7,289)	(11,130)	-
	-----	-----	-----	-----	-----
Balance at end	1,199,616	861,957	139,522	169,437	28,700
	-----	-----	-----	-----	-----
Dec 31, 2019	2,137,692	1,899,888	98,799	125,705	13,300
	=====	=====	=====	=====	=====

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2019

10. Property, Plant & Equipment *(continued)*

2018	Total	Land & Buildings	Furniture & Equip.	Computer Equip.	Motor Vehicle
	\$	\$	\$	\$	\$
<u>Cost</u>					
Balance at start	3,214,839	2,693,024	282,750	197,065	42,000
Additions	88,389	-	58,539	29,850	-
Disposals	(146,525)	-	(126,682)	(19,843)	-
	-----	-----	-----	-----	-----
Balance at end	3,156,703	2,693,024	214,607	207,072	42,000
	-----	-----	-----	-----	-----
<u>Depreciation</u>					
Balance at start	1,161,268	771,855	228,742	148,771	11,900
Additions	83,009	44,707	12,550	17,352	8,400
Disposals	(126,892)	-	(108,692)	(18,200)	-
	-----	-----	-----	-----	-----
Balance at end	1,117,385	816,562	132,600	147,923	20,300
	-----	-----	-----	-----	-----
Dec 31, 2018	2,039,318	1,876,462	82,007	59,149	21,700
	=====	=====	=====	=====	=====

Lands and buildings shown at the net cost of \$ 1,899,888 (2018: \$1,876,462) as at December 31, 2019 have a current valuation of \$ 4,500,000 as determined by the Barbados Revenue Authority. The appraisal excess of \$ 2,600,112 is not accounted for in these financial statements.

11. Accounts Payable

	2019	2018
Trade payables	\$ 74,210	62,683
Interest payable	72,804	83,711
Non-members payables	555,272	545,627
National insurance payable`	10,716	11,316
PAYE payable	10,852	15,045
	-----	-----
	\$ 723,854	718,382
	=====	=====

12. Demand Deposits

	2019	2018
Savings deposits	\$ 14,192,839	13,475,445
Term deposits	361,965	310,119
Fixed deposits	6,112,789	6,188,119
	-----	-----
	\$ 20,667,593	19,973,683
	=====	=====

Interest paid on deposits varied between 1.00% and 1.25% per annum (2018: 1.00% and 2.50%).

13. Non-qualifying shares

International Accounting Standard (IAS) 32 requires that shares capable of being withdrawn from the credit union be classified as liabilities and payments to members based on these shares be classified as an interest expense and presented as a charge in arriving at net surplus. The Co-operatives Societies Regulations, 2008 at section 32, set a minimum value for qualifying shares to be shown as equity of \$50. The Society at its Special General Meeting held on September 24, 2008 approved its minimum amount for qualifying shares at \$100.

14. Commitments

Commitments in respect of loans approved but not disbursed as at December 31, 2019 were \$1,558,539 (2018: \$ 1,505,192).

15. Financial instruments and risk management

Financial risk factors

The Society's activities expose it to a variety of financial risk: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Society takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates.

15. Financial instruments and risk management (continued)

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Concentrations of currency risk

The Society provides all its services to members in the Island of Barbados and has limited exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to the nature of the Society's business there is a significant exposure to interest rate risk.

Credit risk

Credit risk arises from the possibility that counter-parties may default on their obligations to the Society. Credit exposures arise principally from loans, amount due from affiliate, receivables and cash held with financial institutions.

Maximum exposure to credit risk

	2019	2018
Bank balances	\$ 6,738,624	4,998,213
Amounts receivable	370,883	315,684
Due from affiliate	-	3,231
Investments	15,551,972	15,326,166
Loans to members - net	29,959,354	31,039,424
	-----	-----
	\$ 52,620,833	51,682,718
	=====	=====

14. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Society is unable to meet its payment obligations associated with its financial liabilities when they fall due.

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 Society and its exposure to changes in interest rates and exchange rates.

The table below summarises the Society current financial liabilities at December 31, 2019 based on contractual undiscounted payments.

	2019	2018
Accounts payable	\$ 723,854	718,382
Demand deposits	20,667,593	19,973,683
	-----	-----
	21,391,447	20,692,065
Non-qualifying shares	26,022,704	25,603,662
	-----	-----
Total liabilities	\$ 47,414,151	46,295,727
	=====	=====

Fair value

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. Fair value of financial instruments is assumed to approximate their carrying values.

The Light & Power Employees Co-operative Credit Union Limited
Details of Operating and Administrative Expenses
December 31, 2019

(Schedule 1)

	2019	2018
Staff cost		
Salaries and wages	\$ 660,248	657,125
National insurance	62,472	55,427
Pension fund	25,730	23,243
Uniforms	8,312	4,276
Medical insurance	11,630	(7,626)
Group life insurance	(130)	949
Education/training	28,657	16,471
Staff well-being	20,886	20,033
	-----	-----
	\$ 817,805	769,898
	=====	=====
Number of employees	10	10
	-----	-----
Office Expenses		
Stationery, office expenses and advertising	\$ 67,125	44,050
Cleaning	10,282	11,022
Utilities	30,509	25,719
Insurance	5,717	4,773
Security	9,670	8,150
	-----	-----
	\$ 123,303	93,714
	-----	-----
Property Management		
Repairs and maintenance	\$ 75,882	41,017
Utilities	2,119	1,841
Insurance	18,095	15,094
Land tax	55,903	42,210
Property valuation	-	-
	-----	-----
	\$ 151,999	100,162
	-----	-----
Motor Vehicle Expenses	\$ 6,432	7,355
	-----	-----

The Light & Power Employees Co-operative Credit Union Limited
Details of Operating and Administrative Expenses
December 31, 2019

(Schedule 1)

	2019	2018
Other Administrative Expenses		
Audit fees	\$ 37,200	37,900
Bank charges	14,317	4,889
Donation and subscriptions	11,321	9,357
Education fund	15,000	-
League dues	38,986	36,840
Legal fees	-	1,200
Loss on disposal of fixed assets	2,109	19,353
(Decrease) / increase in loss allowance	(76,665)	136,823
Member relations	2,836	6,206
Miscellaneous	24,992	28,448
Professional Fees	23,950	-
Regulatory fees	15,943	-
Strategic planning	-	10,629
	-----	-----
	\$ 109,989	291,645
	-----	-----
 Total Operating and Administrative Expenses	 \$ 391,723	 492,876
	=====	=====

TREASURER'S REPORT

For the Year Ended December 31, 2019

Overview

The Board of Directors of the Light & Power Employees Co-operative Credit Union Ltd. present to the membership, the Annual Report for the income year 2019.

For the period under review, The Light & Power Employees Co-operative Credit Union Ltd. (LPECCUL) experienced another year of growth, though marginally. Competition in the Barbados financial services sector has proven increasingly aggressive. Some providers of credit are taking the rates offered on their products to new lows.

Net loss

2019, saw a loss of \$0.13M in comparison to a net income of \$1.0M for the previous year. The declining demand for loans and reduced investments revenue, along with the increased provision for losses, were significant contributors to the impact on income during the period.

Interest from loans to members continues to be the credit union's core revenue earner. Loan interest contributed \$2.26M for 2019 compared to \$2.3M in 2018, a decline of \$0.04M or 1.8%. The reduction is as a result of continued depressed loan demand by members. Revenue from investments totalled \$0.22M, compared to \$0.38M a decrease of \$0.16M or 42.89%.

The upstairs of the Bush Hill complex was partially tenanted on a short-term basis. The commercial rental market is reflective of the past few years as the supply of available units continues to outpace

the demand. Unfortunately, our location is also a disadvantage when compared to other properties.

Interest from loans to members, being the core revenue earner for the credit union declined to The credit union continues to experience the effects of the Government's debt reprofiling exercise of the previous period. Hence, the decline in revenue from the converted securities will be noticeable for the foreseeable future. Consequential to that, a provision is required for investments undertaken to account for any possible future impairment.

Assets

Assets under management for the year just ended stands at \$55.65M, an increase of \$1.01M or 1.85%, compared to that of the previous year of \$54.64M.

Expenditure

Total expenditure for the year was \$2.76M compared to \$2.39M for 2018. an increase of \$0.37M or 15.35%. Costs related to human resources along with interest expense on members' holdings, continue to be the highest expenditure items. Staff costs increased by \$0.05M to \$0.82M from \$0.77M in 2018. Interest expense increased by \$0.24M to \$0.75M from \$0.51M, previously.

Operating and administrative expenses decreased by \$0.10M or 20.52% to \$0.39M from \$0.49M for 2018. Mutual Benefit Plan (MBP) premiums totalled \$0.25M an increase from the previous period of \$0.19M. Provision for losses increased by \$0.18M to \$0.71M from \$0.52M for 2018. The provision for losses included \$0.63M for loans to members and \$0.08M for investments.

Year (\$000)	Total Assets (\$000)	Loans (\$000)	Deposits (\$000)	Shares (\$000)	Net Income (\$000)	Capital (\$000)	Statutory Reserves (\$000)
2019	55,650	29,959	14,193	26,023	(135)	8,236	5,356
2018	54,640	31,039	13,551	25,647	1,000	8,341	5,356
2017	51,147	31,476	13,419	23,919	584	6,667	5,355
2016	49,338	31,115	13,294	23,607	678	6,069	5,331
2015	47,423	30,742	12,921	23,503	514	5,527	4,730

Loans

Members continue to be hesitant in accessing loans from the credit union during the year under review. As a result, loan growth was negative during the year, with net loans decreasing by \$1.08M or 3.48%. The loan balance as at yearend stood at \$29.96M compared to \$31.04M for the previous period.

Again this year, caution appears to be the order of the day as members utilised Share Savings and Deposits as the preferred choice for funding. During the latter part of the year, the aggregate loan limit was increased to \$700,000. This increase is to accommodate those members seeking financing above the previous limit of \$450,000.

The Line of Credit (LOC) facility grew by \$0.28M, or 37.04% over the period due primarily to the conversion of Seasonal loans (Christmas and School) to LOCs. LOCs now balance \$1.02M.

The credit union continues to realise increased delinquency as more members continue to find greater difficulty in fulfilling their obligation to the credit union. The difficulty for some members arose because of retrenchment, while for others from a decline in reduced household income. The delinquency situation is expected to be evident over the next few financial periods relative to the protracted economic environment.

Likewise, the adoption of IFRS 9 has changed how the credit union measures delinquency and the resultant provisioning. Previously, delinquency was

recognised at 90 days after a missed payment; delinquency is now recognised once a payment is missed.

Those who have a credit obligation to the credit union, eventually, fall into one of four categories.

1. Those who are “able and willing” to repay – these individuals are always current with their payments.
2. Those who are “unable and willing” to repay – we generally work with these members to find ways to assist them where we can.
3. Those who are “unable and unwilling” to repay – these are usually the most difficult to work with as they have no motivation to honour their obligation, and efforts often prove futile.
4. Those who are “able and unwilling” to repay – unfortunately, the Law Courts are usually the only remedy in such cases.

The Board has commenced the process of reviewing the Loan Policy to reflect current market conditions and demands – a process that is currently ongoing. The aim is to make the loan application and underwriting process more efficient and timely.

Liabilities

For the year under review members’ total savings in the credit union increased by \$1.11M or 2.44% from \$45.58M the previous year to \$46.69M.

The rate of growth of members' overall savings declined during the year as members seek to secure funding by withdrawing their savings instead of accessing loans from the credit union.

Equity

The credit union's capital adequacy level remained robust at 14.80% of assets, above the regulatory requirement of 10%.



.....
Treasurer, Board of Directors

Reginald Parris

The current level of capital ensures that the credit union is able to withstand any possible adverse shock caused by weakened financial performance. The credit union is required under Section 197 (2) of the Co-operative Societies Act, to annually allocate the greater of 0.5% of assets or 25% of Net Income towards Statutory Reserves, until the capital of the society equals 10% of the total assets.

Statutory Reserves stands at to \$5.36M; Retained Earnings increased to \$1.56 from \$1.50 in 2018.

SUPERVISORY COMMITTEE'S REPORT

For the Year Ended December 31, 2019

Attendance from January 01 to March 29, 2019

Name	Position	Meetings	Attended	Excused
David Lawrence	Chairman	2	2	-
Mia Ward	Secretary	2	2	-
Dr. Nneka Archer	Member	2	0	2
Samuel Blades	Member	2	1	1
Erwin Jones	Member	2	2	-

Attendance from March 30 to December 31, 2019

Name	Position	Meetings	Attended	Excused
David Lawrence	Chairman	8	8	-
Mia Ward	Secretary	8	8	-
Samuel Blades	Member	8	4	4
Erwin Jones	Member	8	8	-
Keisha Morris	Member	8	5	3

OVERVIEW

At the first meeting of the Supervisory Committee held on March 30, 2019, Mr. David Lawrence was elected to serve as Chairman and Ms. Mia Ward as Secretary.

The responsibility of the Supervisory Committee includes but is not limited to the following:

1. Examination of the books of the Credit Union.
1. Monitoring the management of the Credit Union.
2. Receive and investigate complaints made by members.
3. Appraise the policies and operating procedures to make recommendations to the Board of Directors.
4. Confirm the cash instruments, property and securities.

To this end, the Supervisory Committee carried out the following during the period under review:

1. Have received, reviewed and verified the monthly and quarterly financial statements filed with the Financial Service Commission (FSC); raised concerns found and sought clarification when necessary.
2. Reviewed closed accounts from a sample of members to verify their validity.
3. Reviewed complaints or suggestions by members and made suggestions when necessary.
4. Reviewed the policies of the Credit Union and made recommendation when necessary.
5. Verified recently opened accounts to confirm their existence and to ensure that

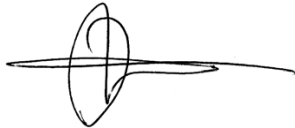
all documents and relevant signatures necessary were present.

6. Review the minutes of the Board & Credit Committee.
7. Carried out surprise cash audits of the cashiers and the vault.
8. Reviewed approved loans.

During the Supervisory Committee testing and reviewing of the Credit Union, no evidence was found of misstatements in their books.

TRAINING/EDUCATION

During the period under review, our members attended Board and Supervisory Committee Orientation training provided by the Co-



.....
David Lawrence

Operative Credit Union League. Members of the committee continue to pursue training and attend educational seminars or workshops which will benefit the Credit Union and the Committee.

CONCLUSION

The Supervisory Committee wishes to extend its appreciation to the Management and Staff of the Credit Union along with the Board of Directors and The Credit Committee members for their resolute assistance and cooperation during the past year.

To you, the members of the Credit Union, we THANK YOU for the confidence you have placed in us and we look forward to serving you in the future.

CREDIT COMMITTEE'S REPORT

For the Year Ended December 31, 2019

Following the Annual General Meeting held on March 30, 2019 the Credit Committee met and Ms. Gloria Grant was elected to serve as chairperson while Miss Janiel Yearwood was elected to serve as Secretary. Mrs. Rochelle Bowen served as member. Miss Janiel Yearwood was selected to serve for a term of three (3) years, whilst Mrs. Rochelle Bowen was selected to serve for two (2) years.

The committee's mandate as set out in the By-Laws is to approve loans based on the financial condition of each applicant, their ability to repay the loan in full and promptly, their ability to provide adequate sureties, determine whether the loan sought is for provident or productive purposes and endeavor diligently to assist applicants in solving their financial problems. We are also required to meet no less than once a month.

To this end, in fiscal year 2019, the committee saw a decrease by 821 over what was disbursed in 2018, with a total of 746 loans being approved against 1,567 loans disbursed in 2018. This was a 47% decrease difference from 2018. The overall loan portfolio decreased by 10% following a decrease the previous year of 25%, with \$5,796,063.42 million being disbursed as compared to \$6,459,341.48 million for the previous year. Of note is the fact that only six (6) loans were declined during this period, which would indicate that the applications for loans continue to decline rapidly. Therefore, measures must be put in place to encourage members to be attracted to the offerings of our Credit Union and to use our services more in order to keep us viable.

Christmas LOC loans shown separately from Summer LOCs and regular LOC fees/duties increased by 11%, Home Construction had a slight increase to 9%. Home Improvement increased by 66%. Vehicle purchases (used) increased by 6%, whilst weddings increased by 90%. Regular LOC even though it showed a decline was as a result was as a result of it being reported separately from Christmas and Summer LOCs. Graduation, Bill

payment and taxes were 3 other categories added in 2019. There was a percentage decline in all other loan categories.

Similar to what was done last year as it related to Christmas loans which were changed to Christmas LOC and were seasonal, the Board of Directors in 2019 also introduced a Summer LOC loan. This was meant to improve the process by which members can access this facility. Once a member has been approved for a limit, they no longer need to apply every year once they fulfil their obligations in the terms agreed by. Only if a member seeks an increase or falters on previous commitments would they be required to reapply.

As Chairperson of the Credit Committee, I have been privileged to work with a dedicated team and would like to take this opportunity to extend appreciation for the time and wisdom they have provided. The committee would also like to thank the staff for their support and assistance. Once again, we thank you for the opportunity to serve you, and look forward to assisting members in reaching their personal and financial goals.

The opportunity afforded me to serve my credit union has been a life changing episode for me as I can say that I have grown by leaps and bounds as it relates to understanding the running of a credit union. This was further strengthened when I was afforded the opportunity to attend Caribe DE36 training held in Barbados in November 2019.

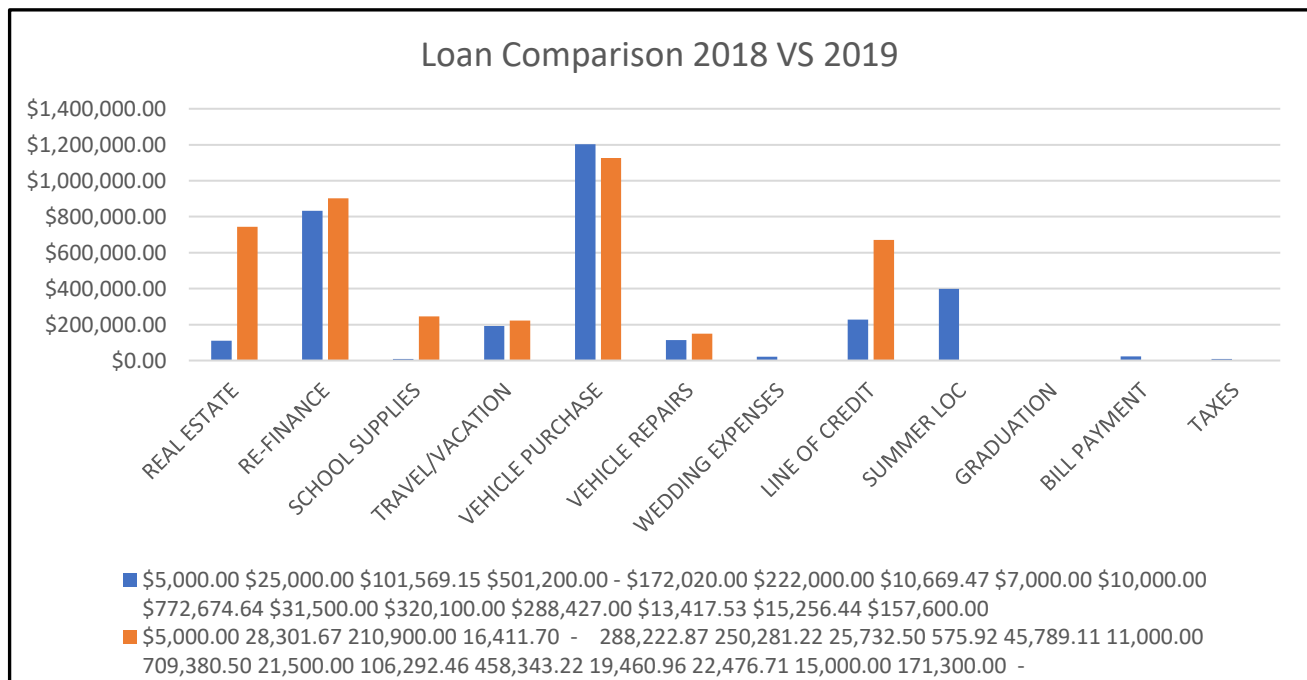
As I turn over the reins of the Credit Committee to my two (2) younger colleagues and whoever is elected today, I leave assured that you are being placed in good hands and I know that the future of our credit union will see them rise to higher office in the future.

As I stated earlier our credit union cannot continue to rest on its laurels and must seek new and innovative ways not only to attract new members

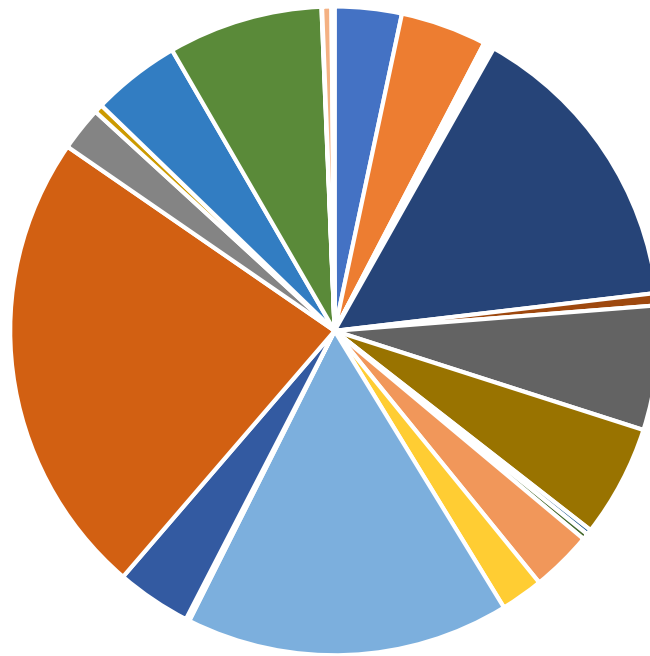
but to also encourage members to utilise the product we are offering. Real estate is one such area where if we want to remain viable, we must look at what the banks are offering and bring our products in line with theirs in terms of the variable interest rate they offer. One other

recommendation would be for us to employ a Marketing Officer who would work to enhance the services and offerings not only through word of mouth but through the various social media platforms available

ATTENDANCE JANUARY TO MARCH - 2019				
NAME	POSITION	MEETINGS HELD	ATTENDED	EXCUSED
CINDY CALLENDER	CHAIRPERSON	14	14	
GLORIA GRANT	SECRETARY	14	14	
JANIEL YEARWOOD	MEMBER	14	7	
N.B Janiel Yearwood absent due to maternity leave				
ATTENDANCE MARCH - DECEMBER 2019				
NAME	POSITION	MEETINGS HELD	ATTENDED	EXCUSED
GLORIA GRANT	CHAIRPERSON	42	38	4
JANIEL YEARWOOD	SECRETARY	42	36	6
ROCHELLE BOWEN	MEMBER	42	36	6



LOANS COMPARISON FOR ANNUAL REPORT FOR YEAR ENDING - 31 DECEMBER 2017						
CATEGORY	AMOUNT	AMOUNT	VOLUME	VOLUME	DIFFERENCES	
	2019	2018	2019	2018	AMOUNT	VOLUME
AGRICULTURE	\$5,000.00		1	-	5,000.00	1.00
ATTORNEY FEES	\$25,000.00	28,301.67	6	7	(3,301.67)	(1.00)
BUSINESS	\$101,569.15	210,900.00	8	14	(109,330.85)	(6.00)
CHRISTMAS LOANS	\$501,200.00	16,411.70	99	19	484,788.30	80.00
COMPUTER LOAN	-	-	0	-		0.00
DEBT CONSOLIDATION	\$172,020.00	288,222.87	10	69	(116,202.87)	(59.00)
EDUCATION	\$222,000.00	250,281.22	12	35	(28,281.22)	(23.00)
EQUIPMENT-HEAVY DUTY		25,732.50	0	5	(25,732.50)	(5.00)
FEES/DUTIES	\$10,669.47	575.92	0	1	10,093.55	(1.00)
FUNERAL EXPENSES	\$7,000.00	45,789.11	2	7	(38,789.11)	(5.00)
GENERAL EXPENSES	\$10,000.00	11,000.00	4	4	(1,000.00)	0.00
HOME CONSTRUCTION	\$772,674.64	709,380.50	0	34	63,294.14	(34.00)
HOME FURNISHINGS	\$31,500.00	21,500.00	7	8	10,000.00	(1.00)
HOME IMPROVEMENT	\$320,100.00	106,292.46	62		213,807.54	62.00
HOUSE REPAIRS	\$288,427.00	458,343.22	0		(169,916.22)	0.00
INSURANCE	\$13,417.53	19,460.96	9		(6,043.43)	9.00
INSURANCE - VEHICLE	\$15,256.44	22,476.71	9		(7,220.27)	9.00
INVESTMENT		15,000.00	0		(15,000.00)	0.00
MEDICAL	\$157,600.00	171,300.00	20		(13,700.00)	20.00
PUBLIC TRADING LOANS		-	0			0.00
REAL ESTATE	\$109,500.00	743,303.99	1	25	(633,803.99)	(24.00)
RE-FINANCE	\$833,345.22	901,274.23	7	18	(67,929.01)	(11.00)
SCHOOL SUPPLIES	\$9,500.00	244,951.36	5	73	(235,451.36)	(68.00)
TRAVEL/VACATION	\$192,500.00	221,446.51	33	41	(28,946.51)	(8.00)
VEHICLE PURCHASE	\$1,203,114.50	1,126,156.82	38	39	76,957.68	(1.00)
VEHICLE REPAIRS	\$113,450.00	148,870.00	28	41	(35,420.00)	(13.00)
WEDDING EXPENSES	\$22,000.00	2,000.00	1	1	20,000.00	0.00
LINE OF CREDIT	\$228,000.00	670,369.73	31	1,008	(442,369.73)	(977.00)
SUMMER LOC	\$397,900.00		86		397,900.00	86.00
GRADUATION	\$1,500.00		1		1,500.00	1.00
BILL PAYMENT	\$23,650.00		9		23,650.00	9.00
TAXES	\$8,169.47		3		8,169.47	3.00
TOTALS	\$5,796,063.42	6,459,341.48	746	1,567	(663,278.06)	(821.00)



Gloria Grant (Ms.)
Chairperson

DELINQUENCY COMMITTEE'S REPORT

For the Year Ended December 31, 2019

The Delinquency Committee for the year ending 31 December 2019 comprised The Credit Committee, and Miss Bernadine Daniel, Member Services Supervisor

The aims and objectives of the Delinquency Committee are:

1. To recover all outstanding loan payments and/or overdue balances.
2. To provide financial counselling to members.
3. To offer guidance to members who are experiencing financial difficulties due to economic conditions or personal commitments.

4. To liaise with delinquent members, with a view to reaching amicable payment arrangements.

5. To ensure that the exposure to the Credit Union, is kept to the minimum.

At year-end, there were 41 delinquent loans with a total balance of \$1,550,709.10.

Total exposure, namely "Loans at Risk" equated to 4.982 % of total loans outstanding at year-end, remaining within the 'accepted rate' of 5.00 %.

The following table provides a comparative analysis of Delinquent Loans:

CATEGORIES	2018	2019	CHANGE
Total loans outstanding at year-end	31,484,509	30,586,413	(898,096) Decrease
Shares held for outstanding delinquent loans	60,564	27,033.49	(33,531) Decrease
Total principal outstanding delinquent loans	1,629,804	1,550,709.10	(79,095) Decrease
Total exposure (loans at risk)	1,569,240	1,523,676	(45,564) Decrease
Percentage exposure compared to total loans	4.984%	4.982%	(0.00262%) Decrease
Number of delinquent members	41	41	0
Accounts Written Off	0	0	0
Amounts Written Off	0	0	0

During the financial year 2019, there was an overall decrease in delinquency over 2018 and is reflected in the \$79,095 which was recovered. This was primarily attributed to the monitoring of delinquent accounts and liaising with members in that regard.

While total delinquent loans reduced over the year, there was also a corresponding reduction in the total loans at the end of this year, which decreased by 898,096. Members continued to be conservative in their borrowing, and that was primarily attributed to the current economic climate.

In keeping with the IFRS9 requirement, delinquency is recognized from the first missed payment or at 30 days. Members were therefore contacted when a payment was missed with the view to encourage them to meet their obligations. Although the total number of delinquent loans remained unchanged from 2018, during the period the number of delinquent loans would have fluctuated from month to month.

Members were contacted either by phone and letter and advised of their delinquent status. Some members also contacted the Credit Union on their own recognizant to restructure their loans when they experienced difficulty in maintaining payments. The Credit Union continued to work with members where they experienced difficulty in meeting their obligation.

Delinquency is of utmost importance to the Credit Union and while the Credit Union continues to manage it on an ongoing basis, internally, we need the support of the members as well. Members, we

encourage you to contact the Credit Union when there is a change in your circumstances. The staff are there to assist and advise wherever possible, and guide you towards a solution that is not only in your best interest but of the Credit Union's as well. We encourage you to call and come in to discuss your financial difficulties, and this would further decrease our delinquency. Your Credit Union is here to serve you.

Sincere appreciation to Mrs Ann Austin for her guidance and support over the recent years.

To assist in the debt recovery process, our Bailiff and Attorneys worked diligently on our behalf, and we thank them for their support in this regard.

The overall decrease in delinquency over 2019 is commendable, but the number of delinquent loans is of concern. The Committee will continue to work with the members as well as the Bailiff and Attorneys-At-Law, to further reduce these numbers.



Gloria Grant (Ms.)
Chairperson

OFFICERS' PLEDGE

As an officer of The Light & Power Employees Co-operative Credit Union Limited, I do solemnly pledge:

To serve, to the best of my ability, those who have elected me to this position of honour and responsibility;

To strive to present the concepts and questions of our membership in ways my counterpart of the Board may understand.

To hear options objectively and without prejudice;

To reach conclusions that lead to the betterment of all members of the Credit Union;

In the spirit of co-operation and through the tradition of the Credit Union philosophy and its practices, I will respect and recall the operating principles and their special application during these important deliberations.

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