



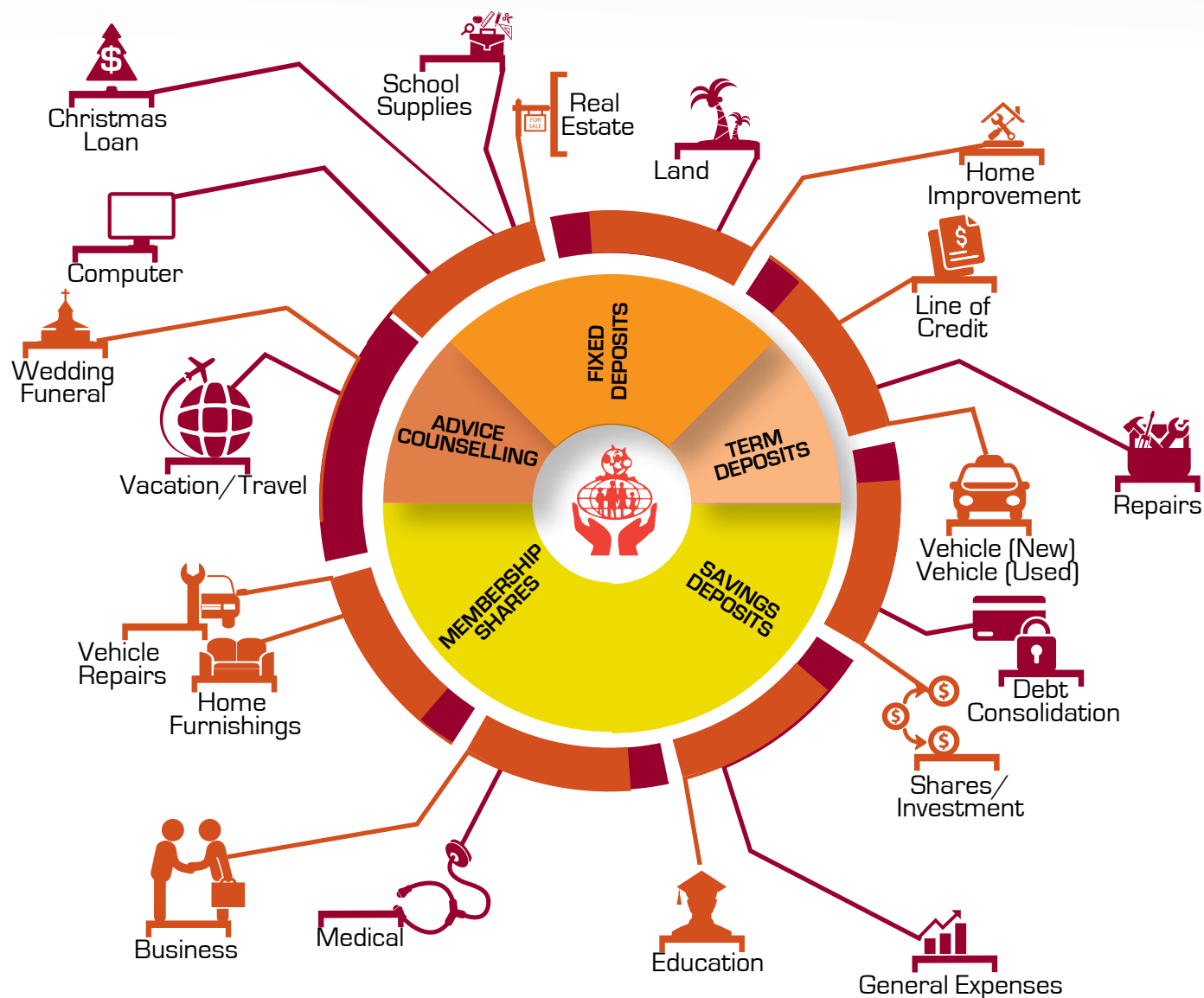
**The Light & Power Employees
Co-operative Credit Union Ltd.**

S GRATEFUL RECOGNITION, ESSENTIAL PART OF OUR
AHEAD DOING A LITTLE JIG TO SAY... TAKE A BOW, C
DEDICATION, BEST WISHES FOR ANOTHER SUCCESS
, KNOWLEDGE & QUALITY OF SUPPORT, HARD WORK
ESSENTIAL PART OF OUR SUCCESS CONGRATULATIO
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ANNUAL REPORT 2018

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
2018**

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
Wilkey,
St. Michael

CIBC FirstCaribbean 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

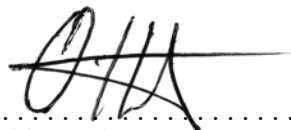
President: Mr. Anderson Henry
Secretary: Mr. Omar Hunte
Treasurer: Mr. Reginald Parris

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

NOTICE is hereby given that the 36th Annual General Meeting of The Light & Power Employees Co-operative Credit Union Ltd. is scheduled to be held on Saturday, 30 March 2019, at the Barbados Hilton Barbados Resort, Needham's Point, 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. Feature Presentation
7. Minutes of the 35th Annual General Meeting
8. Matter Arising from the Minutes of the 35th Annual General Meeting
9. Reports of:
 - i. Board of Directors
 - ii. Auditors and Financial Statements
 - iii. Treasurer
 - iv. Supervisory Committee
 - v. Credit Committee
 - vi. Delinquency Committee
10. Allocation of Surplus
11. Election of Officers
12. Resolutions
13. Appointment of External Auditors
14. Setting of the Maximum Liability
15. Any Other Business
16. Vote of thanks
17. 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 at 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 or deposits or the volume of business. Voting in credit union support organizations or associations may be proportional or representational, in keeping with democratic principles. The credit union is autonomous, within the framework of law and regulation, recognizing the credit union as a cooperative 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 benefitting to the detriment of others. This surplus may be distributed among members in proportions 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, including adequate reserves and internal controls that will 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.

Cooperation among Cooperatives

In keeping with their philosophy and the pooling practices of cooperatives, credit unions within their capability actively cooperate with other credit unions, cooperatives and their associations at local, national and international levels in order to best

serve the interests of their members and their communities.

Social Responsibility

Continuing the ideals and beliefs of the cooperative 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 cooperation and its central values of equality, equity and mutual self-help. Recognizing 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

On January 14, 1984, The Light & Power Employees Co-operative Credit Union was registered. The first Annual General Meeting was held on Monday, 16 January 1984. Over the past 34 years, the credit union has been a beacon of hope for its members as it assisted them in financing the various needs. No organisation can be successful unless it meets the needs of those it was created to serve. In the words of one of our founder Lt. Col. Trevor Browne: *"Our Credit Union recognises that we are not solely in the money business but rather in the business of member development, member empowerment and member satisfaction"*.

Over the years, the credit union has fostered the emergence and growth of leaders from among its membership. We have seen ordinary people step up to the challenge and take their place among those who have been honoured enough to be elected to a position to serve the membership. Some of us have done so, became leaders beyond the Boardroom of this organisation. Sitting on the respective Boards of Co-operators General Insurance Company Ltd, the Central Fund Facility Trust and at the national level, Barbados Co-operative Credit Union League. To date, this credit union has had three of its Directors elected as President of the Barbados Co-operative Credit Union League. Currently, Mr. Kelvin Whittaker is the sitting Chairman of Co-operators General Insurance Company Ltd. a post he has had for the past three years. Those of us who have had the honour of representing LPECU on the committees of other organisations, always keep the interest of this credit union foremost in thoughts.

Credit Unions are not banks. Though at times the line delineating the two can become blurred by perception. Credit Unions officers must always remember that the member is the core of everything we do. But the fundamental aspect of credit unions is their structure. Credit Unions cater to everyone, independent of their level of assets. Co-operative Principle 1 speaks of voluntary and open membership. Credit unions open their doors to people from all walks of life, regardless of race, gender, or financial situation. They are the only not-for-profit organisations that are dedicated to their members' financial wellness. Even with this in mind, we must always look for new ways to engage our current and potential members.

The digital age is upon us, there is no escaping that as the evidence is quite telling. Members are requesting more sophisticated services and products. Such as the ability to perform online and mobile transactions. This has become even more definitive, as we welcome our younger members into our fold. To meet their needs we must be willing to do things differently. Move away from what we are accustomed to and say goodbye to our comfort zones. The future is here and the Board of Directors does not intend to let it pass the credit union by, to its detriment. Stagnation or inaction is not an option at this stage in our development.

The financial world heading towards cashless, connected systems in an effort to do away with inefficiencies and inconveniences inherent in cash. To this end, your Board is currently in discussions with a technology service provider with the view of rolling out FinTech services to our membership over the short to medium term. Our intention is to, in the very near future, position the credit union to be able to offer products and services through the preferred channels of our memberships. For those who prefer snail mail and those who utilise email; to those who prefer face-to-face, and those who prefer digital interface.

Over the past decade or so, the regulatory environment has seen an evolution. Our regulatory body, the Financial Services Commission (FSC) in its efforts to satisfy its domestic and international commitments, has been applying greater pressure to the sectors under its purview. Your credit union continues to work with its regulators in ensuring that it lives up to its responsibility to be a model financial institution in the space in which it operates. Our aim has, and always will be, to play its part in being a pillar of safety and soundness in the financial services industry.

Training is a fundamental aspect to enhancing the skills, knowledge and understanding of staff and officers alike, with regards to the current complexities, and those that are yet to present themselves. The Board to Staff and officers undertake a regimen of annual courses, opportunities are offered locally, regionally and internationally. Such training allows them to be prepared to meet current and emerging challenges. And overview training attended during the period under review is available in the Board of Directors' report.

I would like to express my sincerest thanks to my fellow Board members for their support and advice during the year. I thank the Officers of the Supervisory and Credit Committees for their commitment to the success of the credit union. I also take this opportunity to thank the Credit Union Manager and his staff for the

contribution they have made and continue in fulfilling our members; day-to-day needs. Finally, I thank you the members for continuing your patronage to The Light & Power Employees Co-operative Credit Union Ltd. We acknowledge and appreciate the fact that without your support, this credit union would not be where it is today. Again, thank you all and God bless.



Anderson Henry
President, Board of Directors

MINUTES

THE MINUTES OF THE 35TH ANNUAL GENERAL MEETING OF THE LIGHT & POWER EMPLOYEES CO-OPERATIVE CREDIT UNION LTD. HELD AT THE LLOYD ERSKINE SANDIFORD CENTRE, TWO MILE HILL, ST. MICHAEL, ON 24 MARCH, 2018 AT 4:30 P.M.

1. CALL TO ORDER

A quorum was ascertained and the Chairman, Mr. Wesley Trotman, called the meeting to order at 4:39 p.m. Mr. Reginald Parris lead the meeting in prayers.

Mr. Anthony Sue of Bartel Credit Union Ltd. also extended greetings for a successful meeting.

Mr. Patrick MacDonald extended greetings for a successful meeting on behalf of UWI Cave Hill Co-operative Credit Union Ltd.

2. EXCUSES FOR ABSENCE

Excuses were offered on behalf of Mr. Dave Taylor, Mrs. Ann Austin, Mrs Harriet Hinds and Ms. Angela Fitzgerald.

3.2 INTRODUCTION OF NEW CREDIT UNION MANAGER

Mrs. Gillian Marshall introduced the Credit Union Manager, Mr. Eric Trotman who was appointed on 19 February 2018. Mrs. Gillian Marshall gave an overview of his credentials.

3. WELCOME

Mr. Trotman welcomed everyone to the 35th annual general meeting.

3.1 GUEST FROM OTHER CREDIT UNIONS

A special welcome was extended to guests from other credit unions they were invited to extend greetings.

Ms. Susan Fitt extended greetings on behalf of the Endeavour Co-operative Credit Union Ltd and best wishes for a successful annual general meeting.

Mr. Sherwin Greenidge extended greetings on behalf of the Barbados Workers Union Co-operative Credit Union Ltd and the Barbados Co-operative Credit Union League Ltd for a successful annual general meeting.

Mr. Anthony Inniss of Lifetime Co-operative Credit Union Ltd extended greetings for a successful meeting.

4. FEATURE PRESENTATION

The feature presentation was delivered by Mr. Hally Haynes, President of the Caribbean Confederation of Credit Unions and the First-Vice President of the Barbados Co-operative and Credit Union Ltd, and the President of the Barbados Police Co-operative Credit Union Ltd.

Mr. Haynes spoke on the topic “Credit Unions impact on the Barbadian economy now and in the future”.

Mr. Haynes outlined that Credit Unions were formed out of difficult times when ordinary individuals could not access financial services from the existing traditional banking institutions. He also presented statistics on the growth of the movement between the period 1961 and 2018.

Mr. Haynes indicated that the Credit Union movement in Barbados had recorded phenomenal growth ns that this growth was attributed to placing people first and working towards the common good of each other.

4.1 MINUTES OF THE 34TH ANNUAL GENERAL MEETING OF 23RD MARCH 2017

The minutes were taken as read on a motion moved by Mr. Kelvin Whittaker and seconded by Mr. Reginald Parris. The motion was unanimously carried.

4.2 Errors/Omissions

10.0 – motion moved by Mrs. Paula Palmer and seconded by Mr. Kelvin Whittaker

15.0 – Vote of thanks, change “14.1” to “15.1”

16.0 – Termination, change “15.1” to “16.1”

23.9 – insert “fiscal (Board Report)”

– Change “polices” to “policies” (Treasurer’s Report)

– Change “increase of 1” to “decrease of 1” (Delinquency Report)

– “Percentage exposure to total loans 0.13”

4.3 The minutes as amended were adopted on a motion moved by Mr. Anderson Henry and seconded by Ms. Bonita Medford.

5. MATTERS ARISING FROM THE MINUTES

5.1 Mr. Anthony Callender queried Agenda Item 14: on the possibility of a junior member sitting on each of the committees for continuity.

5.2 Mr. Wesley Trotman stated that there was a legal issue with having someone sit on a committee who was not elected as well as the aspect of confidentiality. It was therefore not prudent for the Credit Union to embark on that venture at that time.

5.3 Mr. Callender then requested a copy of the Credit Union’s By-Laws to confirm that it was unconstitutional.

5.4 Mr. Wilfred Clarke queried whether the Credit Union’s Strategic Plan as mentioned in 14:18, was in place and could be perused by members.

5.5 Mrs. Gillian Marshall stated that there was a plan in place and was under review.

6. REPORTS

6.1 BOARD OF DIRECTORS REPORT

The Board of Director’s Report was taken as read on a motion moved by Mr. Grantley Haynes and seconded by Mr. Malcolm Mayers. The motion was carried unanimously.

The report was presented by The President, Mr. Wesley Trotman who commented that he was pleased with the overall growth of the Credit Union over the past year. The loans to members grew and delinquency stood at 1.25% which was commendable.

6.1.1 Mr. Trotman stated that compliance issues were engaging the board over the past years and with the IFRS9 now coming on stream which was scheduled to commence on 1 January 2018, it was a new accounting reporting standard, the Credit Union was working on that to ensure that it was compliant. He further stated that this had implications for any monies that were owed to the Credit Union, whether there were loans, receivables or investments. Mr. Trotman informed that there would be allocations for possible losses. The Credit Union was working assiduously with the BCCUL to conceptualize a framework to best suit the credit union’s needs.

6.1.2 Mr. Trotman commented that the Board of Directors decided not to embark on any further renovations to Horseshoe Manor until they could make a return on their investment.

Mr. Wilfred Clarke commented on the derelict status of the Horseshoe Manor property and

appealed to the Board to carry out some form of renovations to maintain the building as it was in the Garrison historic area.

Mr. Trotman stated that the Board would review the matter to see how best it could be maintained.

- 6.1.3 Ms Bonita Medford queried whether the upstairs section of the Credit Union's offices was tenanted as she had never seen an advertisement for rental and queried how long it was vacant. Ms Medford also suggested that a sign be placed on the outside advertising that there was space for rent.

Mr. Trotman replied that the advertisement was placed with a realtor and there was some interest but nothing materialized. The offices were maintained and the Credit Union was actively seeking to have it tenanted through a realtor. He advised that the offices were vacant for approximately two years.

- 6.1.4 Mr. Wilfred Clarke commented on the confidentiality in the customer service area and commended the staff who tried to ensure confidentiality while transacting business. Mr. Clarke suggested that the upstairs offices could be utilized by the Manager and the Customer Services Supervisor and redesign the customer services area to accommodate smoother operations for the members.

Ms Bonita Medford stated that the Credit Union should move away from sending staff to courses internal and external and offer the staff the opportunity to attend overseas courses annually.

- 6.1.5 Mr. Trotman clarified that one member of staff attended overseas courses annually. These would have included the Trinidad and Tobago League Conference in Panama in 2017 and the CaribDE programme.

- 6.1.6 Ms. Medford was unaware of this and asked that information be provided in the annual report outlining any overseas courses that the Credit Union staff attended.

- 6.1.7 Mr. Anthony Callender sought clarification on the member of staff who attended the overseas conference in Cuba and was informed that it was Mr. Trevor Williams. Mr. Callender then asked why the decision was made to send Mr. Williams who would have retired at the end of the previous year and not another member of staff who would remain to share that knowledge.

Mr. Trotman stated that the Manager would produce a report on any overseas courses attended and the knowledge is shared with the staff. Mrs. Gillian Marshall added that a training plan was prepared the previous year and based on the scope of the Conference it was decided that it catered more to Mr. Williams in his capacity as Manager and that was the reason he was selected for the conference. Mr. Williams also shared the knowledge with the current Manager. Staff members were identified to attend training based on their specific areas.

- 6.1.8 Mr. Ulric Maxwell queried why there was no ATM facility at the Credit Union.

Mr. Anderson Henry outlined that at the time only the larger Credit Unions had ATM facilities as it was an expensive venture. The cost of setting up the infrastructure was prohibitive for this Credit Union and would significantly impact on the Credit Union's revenue. The Barbados Co-operative and Credit Union League Ltd was, however, embarking on a project to introduce card services for both debit and credit cards that would benefit the entire Credit Union movement.

6.1.9 Mr. Wilfred Clarke queried whether there was any consideration to amend the products and services to assist members during the challenging economic times.

Mr. Trotman stated that all loan interest rates were reduced to assist members and although it would have impacted on the revenue of the Credit Union, members had the opportunity to reduce their repayments or have their loans repaid faster.

6.1.10 Mr. Victor Callender commented on the loss of revenue from the rental of the Archive building and how it would impact on the revenue of the Credit Union and what measures would be implemented.

Mr. Anderson Henry stated that the Board was reviewing various options of utilizing the space.

6.1.11 Mr. Victor Callender queried why there was nothing in the Board Report relating to the hiring of the Manager, as it was significant.

Mr. Trotman stated that the process was still ongoing at the end of 2017 and the Manager was appointed in 2018.

Mrs. Gillian Marshall stated that she spearheaded the process and enlisted the services of Profiles Caribbean in the selection process. The process started in March 2017 and shortlisted candidates were presented to the Board for consideration. Interviews were held and a decision was made. It was clarified that the President of the Board was not present for the portion of meetings where deliberation and/or decision-making had taken place. Members were subsequently notified of the appointment of the Manager via email.

6.1.12 The Board of Directors Report was adopted on a motion moved by Mr. Reginald Parris and seconded by Mr. Grantley Haynes.

6.2 AUDITORS REPORT

The report was presented by Mr. Mark Hall of Drayton J. Carter & Co. Ltd

6.3 THE TREASURER'S REPORT

The Treasurer's Report was presented by Mr. Anderson Henry, The Treasurer.

The report was taken as read on a motion moved by Mrs. Jacqueline Mason-Pile and seconded by Miss Samantha Hazlewood. The motion was carried by a majority vote.

6.3.1 Mr. Wilfred Clarke asked for clarification on the item labelled miscellaneous as it had increased from \$5,000 in 2016 to \$19,722.00 in 2017.

Mr. Henry stated that the category consisted of 34 different items and would ensure that there would be a breakdown of these items for the 2018 report.

6.3.2 Mr. Anthony Callender queried whether the Credit Union conducted internal training for staff.

Mr. Henry confirmed that training was done and that staff would undergo training in Anti-Money Laundering, Health and Safety and Sexual Harassment during the following months.

6.3.3 Mr. Anthony Callender questioned the increase in salaries and the decrease in NIS payments.

Mr. Henry replied that it was because the Manager had retired and he was performing the Manager's duties on a contractual basis.

The reported was adopted on a motion moved by Mrs. Hazelana Mason and seconded by Mrs. Paula Agbowu. The motion was carried by a majority vote.

6.4 THE SUPERVISORY COMMITTEE REPORT

The Supervisory Committee's Report was presented by Mr. Hasani Grosvenor.

The report was taken as read on a motion moved by Mrs. Mayetta King and seconded by Mr. Victor Callender. The motion was carried by a majority vote.

- 6.4.1 The report was adopted on a motion moved by Mr. Omar Hunte and seconded by Mrs. Cindy Callender.

6.5 THE CREDIT COMMITTEE REPORT

The Credit Committee's Report was presented by Mrs. Cindy Callender.

The report was taken as read on a motion moved by Mrs. Claudette Wilkinson-Bradshaw and seconded by Mr. Nigel Harris. The motion was carried by a majority vote.

A motion for the adoption of the report was moved by Mrs. Jacqueline Mason-Pile and seconded by Miss Dawn-Marie Clarke. The motion was carried by a majority vote.

6.6 THE DELINQUENCY REPORT

The report was presented by Mrs. Cindy Callender.

The report was taken as read on a motion moved by Miss Tiffani Straker and seconded by Mr. Hasani Grosvenor.

A motion for the adoption of the report was moved by Mrs. Gillian Marshall and seconded by Mrs. Cyrilene Bryan. The motion was carried by a majority vote.

6.7 The Allocation of Surplus

The Board recommended a 20% dividend on qualifying shares.

The motion was moved by Mr. Willis Hall and seconded by Mrs. Paula Agbowu. The motion was carried by a majority vote.

Mr. Henry stated that the Board decided to pay a further 1.75% for non-qualifying shares for the second half of 2017.

7. ELECTION OF OFFICERS

The Chairman of the Credentials Committee Mr. Jason Bowen stated that the other members of the Committee were Mrs. Elizabeth Beckles-Parris and Mrs. Requell Griffith. The Committee received nominations from the following members:

Mr. Omar Hunte
Mr. Reginald Parris
Mr. Erwin Jones
Miss Mia Ward

These members were nominated to serve on various committees and were vetted accordingly. The committee found that they met the nominations criteria.

- 7.1 Mr. Willis Hall commented that there were five vacancies but only four nominations and queried how the other vacancy would be filled since nominations were not allowed from the floor.

Mr. Wesley Trotman stated that when the election process was completed the Board would appoint a member to sit on the vacant position. That individual would be required to complete the Fit and Proper questionnaire and produce a Police Certificate of Character. They would only sit for one year and would have to stand for election at the 2019 AGM to complete the remaining two years.

7.1.1 BOARD OF DIRECTORS

Mr. Callender stated that there were two vacancies on the Board of Directors and declared those seat vacant.

The following nominations were received for the Board of Directors:

Mr. Reginald Parris

Mr. Omar Hunte

Mr. Erwin Jones.

Elections commenced and the results were:

Mr. Reginald Parris - 65 votes

Mr. Omar Hunte - 55 votes

Mr. Erwin Jones - 37 votes

The Chairman of elections declared the following nominees duly elected to serve on the Board of Directors for terms, of three years each:

Mr. Reginald Parris

Mr. Omar Hunte

7.1.2 SUPERVISORY COMMITTEE

Mr. Callender stated that there were two seats vacant on the Supervisory Committee and declared those seats vacant.

There being an equal number of vacant seats and nominees, the Chairman of elections declared the following nominees duly elected to serve on the Supervisory Committee for terms, of three years each:

Mr. Erwin Jones

Miss Mia Ward

7.1.3 THE CREDIT COMMITTEE

There being no nominees standing for election to sit on the Credit Committee, no elections were held for the committee.

8. **RESOLUTIONS**

There were no resolutions.

9. **THE APPOINTMENT OF THE AUDITOR**

The Board recommended the re-appointment of Drayton J Carter & Co Ltd as Auditor for the ensuing year.

Members vote 58 for, none against and no abstentions, to approve the recommendation.

10. **SETTING OF THE MAXIMUM LIABILITY**

The Board recommended the Maximum Liability remain at twenty-five million dollars.

Members agreed that the Maximum Liability should remain at twenty-five million dollars.

11. **ANY OTHER BUSINESS**

Mr. Grantley Haynes commended Mr. Wesley Trotman for a job well done as President.

Mr. Reginald Parris also applauded Mr. Trotman on a successful presidency and additionally Mrs. Cyrilene Bryan for the hard work over the years.

Mr. Anderson Henry extended his appreciation to Mr. Trotman for his service in continuing to move The Light & Power Employees Co-operative Credit Union Ltd.

12. **STAFF PRESENTATIONS**

Mr. Malcolm Mayers was presented with an award for more than 27 years of service.

Ms Hazelana Mason was presented with an award for 24 years of service.

Miss Bernadine Daniel received an award for over 22 years of service.

Mrs. Ann Austin was awarded for 20 years of service.

Mr. Ricardo Moore was awarded for 11 years of service.

Mr. Paul Blackman was presented with an award for 10 years of service.

Miss Roxanne Marks received an award for 10 years of service.

Miss Harriet Clarke received an award 10 years of service.

Mr. Demario Taylor 9 years of service.

13. VOTE OF THANKS

The vote of thanks was delivered by Miss Tiffani Straker.

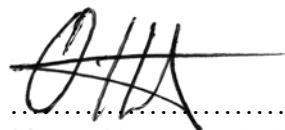
Chairman, Mr. Wesley Trotman thanked the members for entrusting him with the confidence to serve as a Director for the past six years and as President for the latter two. He commented that it was an enlightening experience and thanked his colleagues on the Board and committees for their support over the years and in particular the last two. Mr. Trotman was appreciative of the Credit Union's staff for their support, dedication and wise counsel over these years.

13.1 DATE OF NEXT MEETING

The Chairman declared that the date of the next Annual meeting would be 30 March 2019 and that nominations would open in January 2019.

14. TERMINATION

There being no further business, the meeting was terminated at 8:31 p.m.



Omar Hunte
Secretary, Board of Directors

AGM ATTENDANCE

MEMBERS

1.	AGBOWU Paula	44.	GIBBS Donna M.
2.	ALLEYNE Angela	45.	GILL Grantley
3.	ARCHER Nneka	46.	GITTENS Trevor
4.	AUSTIN Danielle	47.	GRANT Gloria
5.	AUSTIN Melissa	48.	GREEN Evett
6.	BANCROFT Glendeen	49.	GREEN Tyeisha
7.	BECKLES-PARRIS Elizabeth	50.	GREEN Whitfield
8.	BELLE Chano	51.	GREENE Suzanne
9.	BLACKMAN Paul	52.	GRIFFIT Requell
10.	BLADES Samuel	53.	GRIFFITH Joan
11.	BOWEN Jason	54.	GRIFFITH Nathan
12.	BRATHWAITE Amariah	55.	GROSVENOR Hasani
13.	BRATHWAITE Danica	56.	HALL Willis
14.	BRATHWAITE Dian	57.	HARRIS Nigel
15.	BRATHWAITE Kris	58.	HAYNES Grantley
16.	BRATHWAITE Shemariah	59.	HAZLEWOOD Samantha
17.	BRISTOL Herman	60.	HENRY Anderson
18.	BROOKS Darren	61.	HOLDER Colin
19.	BRYAN Cyrilene	62.	HOLDER Sanderson
20.	BURKE Margareta	63.	HUMPHREY Antoinette
21.	BUSHELL Kim	64.	HUNTE Omar
22.	CALLENDER Cindy	65.	JOHNSON Norma
23.	CALLENDER Jerry	66.	JONES Erwin
24.	CALLENDER Tony	67.	JONES Joycelyn
25.	CALLENDER Victor	68.	KING Cori
26.	CLARKE Corine H.	69.	KING Mayetta
27.	CLARKE Dawn-Marie	70.	KING Ronald
28.	CLARKE Harriet	71.	LAWRENCE David
29.	CLARKE Jennifer	72.	LAWRENCE Pedro
30.	CLARKE Wilfred	73.	LYNTON Dave
31.	COPPIN James	74.	MARKS Roxanne
32.	CORBIN Philip	75.	MARSHALL Gillian
33.	CORBIN Rosaline J.	76.	MASON Hazelana
34.	CORBIN Wayne	77.	MASON-PILE Jacqueline
35.	CORBIN-HUNTE Shakira	78.	MAXWELL Ulric
36.	DANIEL Bernadine	79.	MAYERS Malcolm
37.	DANIEL Stephen	80.	MAYERS-GODDARD Cheryl
38.	DANIEL Aviston	81.	MEDFORD Bonita
39.	DASH Andell	82.	MOORE Ricardo
40.	DASH-BRATHWAITE Maylene	83.	NILES Rhe-Ann
41.	ELLIS Kevin	84.	PALMER Andréa
42.	FTT Hugh	85.	PALMER Christopher
43.	FORDE Rochelle	86.	PALMER Paula

AGM ATTENDANCE

MEMBERS

87.	PARRIS Aaron	97.	STRAUGHN Wayne
88.	PARRIS Alyssa	98.	TAYLOR Demario
89.	PARRIS Reginald C.	99.	TROTMAN Eric
90.	PILE Genefer E.	100.	TROTMAN Wesley
91.	PILE James	101.	WALCOTT Takiya
92.	PILE-WORRELL Jennifer	102.	WARD Mia
93.	RAMSAY Ralph	103.	WASON Beverley
94.	SMALL Stephen	104.	WHITTAKER Kelvin
95.	SPRINGER St. Clair	105.	WILKINSON-BRADSHAW Claudette
96.	STRAKER Tiffani		

AGM ATTENDANCE

VISITORS

1. BARTON Carolyn - Barbados Workers Union Co-op Credit Union Ltd.
2. BATHWAITE Jewel
3. BELLE Glendon – Barbados Public Workers Co-op Credit Union Ltd.
4. CADOGAN Michael D.
5. CARTER Drayton – Drayton J, Carter & Co, Chartered Accountants
6. CUMBERBATCH Sheana
7. DANIEL Candace
8. FIELDS Tesha
9. FITT Susan – Endeavour Co-op Credit Union Ltd.
10. GREENIDGE Sherwin
11. HALL Mark – Drayton J, Carter & Co, Chartered Accountants
12. HAYNES Hally – Barbados Co-op & Credit Union League Ltd.
13. HAZELL Kurt
14. HUSBANDS Nikita - Barbados Public Workers Co-op Credit Union Ltd.
15. INNISS Anthony – Lifetime Co-op Credit Union Ltd.
16. JONES Keith – BARTEL Credit Union Ltd.
17. LOVELL Anton – Co-operators General Insurance Ltd.
18. MCDONALD Patrick E. - UWI Co-op Credit Union Ltd.
19. PARRIS Ashton
20. PILGRIM Glyne – City of Bridgetown Co-op Credit Union Ltd.
21. SUE Anthony– BARTEL Credit Union Ltd.
22. TURNEY ASHTON - Barbados Workers Union Co-op Credit Union Ltd.

TENURE OF OFFICE

BOARD OF DIRECTORS

			Remaining Years
President	-	Anderson Henry	- Nil
Vice Present	-	Gillian Marshall	- Nil
Secretary	-	Omar Hunte	- 2
Treasurer	-	Reginald Parris	- 2
Assistant Secretary Nil	-	Tiffani Straker	- Nil
Assistant Treasurer	-	Jason Bowen	- 1
Member	-	Kelvin Whittaker	- 1

SUPERVISORY COMMITTEE

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

CREDIT COMMITTEE

			Remaining Years
Chairperson	-	Cindy Callender	- Nil
Secretary	-	Gloria Grant	- 1
Member	-	Janiel Yearwood	- Appointed

BOARD OF DIRECTORS



Anderson Henry
President



Gillian Marshall
Vice President



Reginald Parris
Treasurer



Jason Bowen
Assistant Treasurer



Omar Hunte
Secretary



Tiffani Straker
Assistant Secretary



Kelvin Whittaker
Member

SUPERVISORY COMMITTEE



David Lawrence
Chairman



Mia Ward
Secretary



Samuel Blades
Member



Nneka Archer
Member



Erwin Jones
Member

CREDIT COMMITTEE



Cindy Callender
Chairperson



Gloria Grant
Secretary



Janiel Yearwood
Member

THE REPORT OF THE BOARD OF DIRECTORS

For The Year Ending December 31, 2018

Overview

The Board of Directors of The Light & Power Employees Co-operative Credit Union Ltd (LPECCU) is pleased to once again report to the membership on the performance of the credit union, for the financial period just ended, December 31, 2018.

For the year under review, the performance of the credit union can be considered reasonable, given the evident challenges faced by the financial sector as a whole, during the year. The year 2018 proved to be one where uncertainty, more so than ever, played a major role in determining whether entities and individuals alike, adopted a copious attitude or a conservative one.

The year under review saw local economic performance persist in its lethargy as the Barbados economy contracted. The Barbados Economic Recovery and Transformation (BERT) programme, was introduced during the latter part of 2018. The BERT programme came about as a result of the Government's decision to seek assistance from the International Monetary Fund (IMF) under a four-year Extended Fund Facility programme. As the IMF economic programme took effect, it brought with it diminished disposable income due to increases in taxation and other levies, as well as the planned retrenchment of the public sector workers. The much-celebrated repeal of the National Social Responsibility Levy (NSRL) did not add much in the way of relieving consumer anxiety, as its removal did not have the anticipated outcome of abating the rising prices of consumables.

The situation resulted in some members seeking relief by refinancing their various loans with the credit union,

in an effort to have their instalments reduced to levels that were more manageable to them. Members overall remained cautious during the period. This was not only reflective in their reluctance to access loans from the credit union, but also in their apparent preference, to where possible, utilise saving to meet their financial needs.

Though the local economic situation has caused some entities in the financial space to seek other ways of recovering revenue lost as a consequence of the Government restructuring exercise, LPECCU continues to forego revenue at the expense of its members' wellbeing. The credit union has no intention of charging its members for walking through the door or to walk past the building, for that matter. LPECCU has reached out to members who could be affected by the ongoing austerity exercise to offer them options in refinancing, debt consolidation and budgeting.

Governance

In accordance with The Co-operative Societies Act, the Board of Directors met each month to conduct the business of the credit union. During the year, 13 scheduled meetings were held by the Board, the attendance of Directors is illustrated in the accompanying tables. The Board in its capacity set the policies that govern the operations of the credit union and determine its strategic direction relative to the forces at work in the marketplace. The Board of Directors takes its responsibility seriously and strives to ensure that in its deliberations and decision-making to at all times do so to the benefit of the organisation and its membership.

THE REPORT OF THE BOARD OF DIRECTORS

For The Year Ending December 31, 2018

Attendance for the Period January to February				
DIRECTOR	POSITION	MEETINGS	ATTENDED	EXCUSED
Wesley Trotman	President	3	3	0
Gillian Marshall	Vice-President	3	3	0
Anderson Henry	Treasurer	3	3	0
Cyrlene Bryan	Secretary	3	3	0
Tiffany Straker	Asst. Secretary	3	3	0
Jason Bowen	Asst. treasurer	3	3	0
Kelvin Whittaker	Director	3	2	1

Attendance for the Period January to February				
DIRECTOR	POSITION	MEETINGS	ATTENDED	EXCUSED
Anderson Henry	President	10	10	0
Gillian Marshall	Vice-President	10	8	2
Reginald Parris	Treasurer	10	10	0
Omar Hunte	Secretary	10	9	1
Tiffany Straker	Asst. Secretary	10	7	3
Jason Bowen	Asst. treasurer	10	9	1
Kelvin Whittaker	Director	10	9	1

As part of its mandate under Money Laundering and Financing of Terrorism (Prevention and Control) Act, Directors arrange and attend, along with the officers of the Supervisory and Credit Committees, the requisite annual AML/CFT training.

Human Resource

January 31st, 2018, marked the end of an era as Mr. Trevor Williams retired as Manager of the credit union, after twelve years of service to the institution.

With the departure of Mr. Williams, Mr. Eric Trotman took up the position as the credit union's new Manager on February 19. Concluding the probationary period and a review of his performance, Mr. Trotman was appointed as part of the credit union's permanent staff complement.

Customer Services Supervisor Mrs. Ann Austin has been on medical leave, from June of the year under review. Our thoughts and well wishes continue to be with Ann as she overcomes her ailment. During Ann's absence, Miss Bernadine Daniel, Administrative Assistant, has

been performing in the role of the Customer Services Supervisor. To ensure that there are no personnel gaps in the operations of the credit union, Mrs. Ria-Ashlee Reifer joined the staff in September 2018 as Administrative Assistant, on a temporary basis. As at year-end, the staff complement of the credit union stood at 11, 10 permanent and 1 temporary employee.

The Board adopted and put in place the credit union's Sexual Harassment Policy on April 30. This ensured that the credit union was compliant with the Employment Sexual Harassment (Prevention) Act, 2017. To ensure that officers and staff had a clear understanding of the Act and its implications, the credit union conducted a targeted training workshop, facilitated by the Barbados Employers Confederation (BEC).

Training & Education

In accordance with Co-operative Principle 5, which speaks to the education and training of members, officers and staff, an annual training programme forms part of the credit union's development goals.

THE REPORT OF THE BOARD OF DIRECTORS

For The Year Ending December 31, 2018

The programme utilises a combination of local external and internal seminars and workshops, and regional and extra-regional training opportunities. Below is a list of training courses that both staff and committee members attended during the period:

Anti-Money Laundering / Countering of Financing of Terrorism (AML/CFT)

1. Anti-Money Laundering: A Legal Framework.
2. Putting Compliance to Work in the Credit Union
3. Sexual Harassment in the Workplace
4. Safety and Health in the Workplace
5. Customer Service Excellence
6. The Importance of Income
7. Consumer Lending and Credit
8. Regulatory Compliance

Attendees to overseas training opportunities undertaken were:

1. Co-operative Credit Union League of Trinidad and Tobago Conference – Panama City, May 17 – 20, 2018, attended by:
 - Wesley Trotman
 - Cyrilene Bryan
2. WOCCU World Credit Union Conference – Singapore, July 15 – 18, 2018, attended by:
 - Anderson Henry
 - Kelvin Whittaker
3. CU Leadership Conference – Las Vegas, 30 July 2018 – 10 August 2018: attended by:
 - Tiffani Straker

The Barbados Cooperative & Credit Union League Ltd (the League) continues to provide training geared towards the advancement and development of the co-operative sector. During the year, the League maintained its relationship with the Caribbean Credit Union Development Educator programme (CaribDE). The League also collaborated with the Association

of Chartered Certified Accountants (ACCA) to offer discounted tuition rates to credit union staff and volunteers registering for the ACCA-X Financial Literacy Programme.

The League continues its mandate to advocate on behalf of the local credit union and co-operative movement as a whole. The League participates in quarterly meetings with the Financial Services Commission (FSC) to engage that institution on matters that affect the movement, positive and negative. The situation of Deposit Insurance for the credit union sector continues to be foremost on the agenda for discussion and action as the movement engages the Barbados Deposit Insurance Corporation (BDIC).

The President, Mr. Anderson Henry retired from the League's Board of Directors, after serving 2 three-year terms, with him being President of the institution during the final two years of his tenure. Mr. Henry also sits on the Board of Trustees of the Central Fund Facility Trust (CFFT), in the capacity as Secretary.

Current Director of LPECCU's Board, Mr. Kelvin Whittaker, was elected as a Director to the League's Board, at its AGM last October. Mr. Whittaker is also the current Chairman of the Co-operators General Insurance Co Ltd., as well as sitting Board member of the Co-operators general management Co. Ltd.

Regulatory Environment

Under the BERT Programme, subventions to some State-owned Enterprises (SOEs) will either be reduced and others will be discontinued altogether. Commencing 2019, the FSC operations will be financed by regulated entities under its mandate. This will be by way of an asset-based levy, which is to be implemented over a three-year horizon. 2019 - 0.03% of assets; 2020 - 0.04% of assets; 2021 - 0.05% of assets. For the financial period 2019, this will result in approximately \$17,000 in additional expense for the credit union.

THE REPORT OF THE BOARD OF DIRECTORS

For The Year Ending December 31, 2018

Youth Development

During the summer of 2018, the credit union continued its youth internship programme. Allana Goodridge and Zoe Taylor, two of the credit union's youth members, had the opportunity to experience the world of work first hand. During their stint with the credit union,

Allana was assigned to the Accounts Department and Zoe to the Customer Service Department.

This year the Annual Youth Forum took youth members, parents and staff on a tour of the Garrison Historic Area, the Museum of Parliament, the Barbados Wildlife Reserve & the Grenade Hall Forest and Signal Station, culminating with a visit to The Barbados Light & Power Company Ltd's Solar Plant at Trents, St. Lucy.



Staff and youth members who took part in 2018 Youth Forum.

THE REPORT OF THE BOARD OF DIRECTORS

For The Year Ending December 31, 2018



Ambia Parris conducting an interactive education session.



Lunch at Catch 22, Salmonds, St. Lucy.

The Annual Julie Alleyne 11 Plus Awards were bestowed on 14 youth members who had successfully completed the 2018 Barbados Secondary Schools' Entrance Examination. The award ceremony was held in October

in conjunction with the Trevor Brown Scholarship. Allana Goodridge, whose essay on the benefits of the scholarship, impressed the judges propelling her to be the 2018 scholarship winner.



Allana Goodridge receiving her award from Lt. Col. Trevor Browne.



Awardees and invited guests listening attentively to Treasurer of the Board of Directors, Reginald Parris.



Some of the awardees showing with their prizes.

THE REPORT OF THE BOARD OF DIRECTORS

For The Year Ending December 31, 2018

Community Outreach

The credit union strives to make a positive impact on the community in which it operates, by endeavouring to be a good corporate citizen. To assist in this regard, the credit union includes an allocation in its annual operating budget for just this purpose. Over the year, LPECCU donated a total of \$9,200 to various deserving entities and individuals, in cash and in kind.

Rotary Club West (QEH benefit Bingo)
RBC Race for the Kids
National HIV/AIDS Food Bank
St Anne Anglican Church
Myasthenia Gravis Association of Barbados

Barbados Cancer Society
Key Club Int. (obo Rickan Alleyne)
Bayley's Primary School Graduation
Co-operative Day Celebration
Barbados Cancer Society
B'dos Union Teachers (obo Caleb Massiah)
Grace Bible Church – Birds River
B'dos Dance Teachers Asst. (obo Ambia Parris)
Life Long Skills Training
B'dos Talented Teen (obo Aaron Yearwood)
Kendal Cricket Club
C&W Foundation (Annual athletic meet)
Judy Nurse – House Fire Victim



Presentation of sponsorship cheque to youth member Aaron Yearwood by Ria-Ashlee Reifer, Administrative Assistant (right), for participation in the 2018 Barbados Talented Teens



Aaron emerged the Winner (Male) in the 2018 Barbados Talented Teens pageant.



President of the Board, Anderson Henry (right) presented a donation to member Richelle Nurse, her mother, Judy Nurse and youth member, Remy Nurse. The family lost their home due to a house fire.



Paul Blackman, Accounts Clerk, (left) presenting a donation to Charles Walcott of the C.W. Foundation to assist with the annual Joseph Payne Memorial Athletics meet.

THE REPORT OF THE BOARD OF DIRECTORS

For The Year Ending December 31, 2018

Capital Projects

The Archive became vacant as the tenant vacated the property at the end of April. Though efforts to find a tenant to occupy the building have been ongoing, it has become quite evident that a structure of this nature is not in great demand. As such, it will prove difficult to match the Archive with a suitable Lessor. The Barbados Association of Professional Engineers currently occupies upstairs of the Bush Hill building is by the on a short-term arrangement.

2018 witnessed the commencement of a project to improve and modernize as many aspects of the credit union plant as possible. The project is ongoing and will continue into the next financial period. The security infrastructure has been upgraded to offer enhanced surveillance and video quality at the Bush Hill compound. Also during the year, the telephone system and network infrastructure were upgraded to be more robust and efficient. We will continue to upgrade and improve our infrastructure over the coming year.

In keeping with the decision of members at a previous meeting held 14 December 2016, no activity took place at the Horseshoe Manor property over the period. The Collymore Rock property remains fully tenanted during the year. The building and infrastructure at Collymore Rock are beginning to show their age as maintenance costs continue to rise. The property will require major upgrades in the near future to ensure that the buildings remain in a suitably inhabitable state. In the ensuing year, the Board will undertake an assessment to determine the costs associated with such an exercise.

IFRS 9 Adoption

International Financial Reporting Standard 9 (IFRS 9) came into effect on January 01, 2018. This new standard replaces International Accounting Standard 39 (IAS 39). IFRS 9 treats to the recognition and measurement of assets and liabilities held by an entity. Unlike IAS 39, which recognised impairment at default, IFRS 9 is forward-looking, in that it requires an entity to make provision for losses at the time the contractual obligation is created. In the case of financial institutions, at the time the organisation becomes contractually obligated,

it is required to make a provision for losses determined by the probability of said obligation becoming impaired. As it relates to the loan portfolio of the credit union, the standard requires that each category of loan be measured for the probability of that particular type of loan becoming impaired over its lifetime. IFRS 9 uses “three buckets” for determining provision for losses. Bucket 1 represents loans less than 30 days past due. Bucket 2 represents loans 30 days but less than 90 days past due. Bucket 3 represents loans more than 90 days past due and considered impaired.

Membership

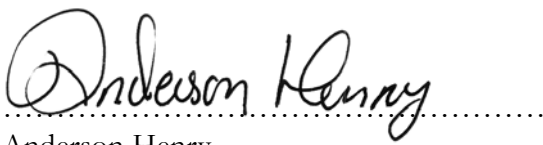
Efforts to expand the membership base continued during the year, realising marginal success, with net membership growth of 53 members for 2018, increasing to 1,860 from 1,807. Over the period, 64 applicants were accepted as members, 8 members closed their accounts, and 3 members became deceased. The Board of Directors extends condolences to the relatives and associates of those who would have departed this earth during the year.

Membership growth represents one of the core drivers necessary for the maintaining of a strong and viable institution. The introduction of new members into the credit union is not the responsibility of the elected officers alone. Each member who has an interest in the development and sustainability of this fine institution must play their part in ensuring the organization’s continuity.

Outlook

The challenges that faced the credit union during the past year will continue into 2019. However, the credit union will not be deterred from fulfilling its mandate to look after its members and provide assistance wherever it can. The mantra “Not for profit, but for service” is one that this credit union holds to heart, has long lived by, and will continue to do so. We are steadfast in the belief that the next few years ahead may severely challenge us, but we will endure.

In 2019 The Light & Power Employees Co-operative Credit Union Ltd. celebrates its 35th year of existence. As we celebrate this impressive milestone, one cannot help but to look back and pay tribute to those who charted the path to success that we now enjoy. We stand as proud members of who must all play our part in ensuring that the credit union is around and servicing its members for another 35 years.



Anderson Henry
President, Board of Directors

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 2018 as compared to December 2017.

Description	Ratios	December 2018	Pearls Attained	December 2017	Pearls Attained	Pearls Benchmark
Capital/Total Assets <i>A measure of the Credit Union's ability to absorb losses</i>	<u>Capital</u> Total Assets	8,340,930 54,636,657		6,666,799 51,147,470		8% or greater 13.03%
Net Income/Average Assets <i>Measures the Credit Union's ability to generate capital.</i>	<u>Net Income</u> Average Assets	2,480,608 52,892,064		583,562 50,242,573		1% or greater 1.16%
Operating Expense/Income <i>Measures the Credit Union's ability to generate capital.</i>	<u>Operating Exp.</u> Total Income	1,877,972 3,390,263		1,633,271 3,184,112		50% or less 51.29%
Loans/Total Assets <i>Indicates the Credit Union's ability to meet short-term cash obligations.</i>	<u>Loans</u> Total Assets	31,484,509 54,636,657		31,604,502 51,147,470		70% to 80% 61.79%
Loans/Savings <i>Indicates the Credit Union's ability to meet short-term cash obligations.</i>	<u>Loans</u> <u>Savings</u>	31,484,509 45,577,345		31,604,502 44,052,858		70% to 85% 71.74%
Delinquent Loans/Total Loans <i>Indicates the quality of the loan portfolio.</i>	<u>Delinquent Loans</u> Total Loans	1,629,804 31,484,509		392,766 31,604,502		5% or less 1.24%
Non-earning Assets/Total Assets <i>A high ratio that will have an adverse effect on the Credit Union's profitability.</i>	<u>Non-Earning Assets</u> Total Assets	2,243,521 54,636,657		1,970,960 51,147,470		6% or less 3.85%
Savings Growth Rate <i>Indicates the success of the Credit Union in providing services to its members.</i>	<u>Net Growth</u> P/Y Savings	1,524,487 44,052,858		1,223,266 42,829,592		10% to 20% 3.46%
Loan Growth Rate <i>Indicates the success of the Credit Union in providing services to its members.</i>	<u>Net Growth</u> P/Y Loan Balance	(119,993) 31,604,502		360,986 31,115,131		8% to 15% 1.16%

**The Light & Power Employees Co-operative
Credit Union Limited**

Financial Statements

December 31st, 2018

DJC & Co.

Drayton J. Carter & Co.
Chartered Accountants
The Annex, 'Urim House'
#1 Bagatelle Terrace, St. Thomas BB23003
Barbados, W. Indies
Tel: 246 421-5986



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, 2018, 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, 2018, 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

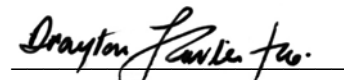
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date 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 19th, 2019

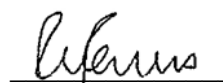
The Light & Power Employees Co-operative Credit Union Limited
Statement of Financial Position
As of December 31, 2018

	Notes	2018	2017
		\$	\$
Assets			
Cash and bank balances	4	4,998,213	3,148,603
Amounts receivable	5	315,684	298,508
Due from affiliate	6	3,231	67
Investments	7	15,326,166	13,232,856
Loans to members	8	31,039,424	31,476,117
Investment property	9	914,621	937,748
Property, plant and equipment	10	2,039,318	2,053,571
		-----	-----
Total Assets		54,636,657	51,147,470
		=====	=====
Liabilities and Members' Equity			
Accounts payable	11	718,382	427,813
Demand deposits	12	19,973,683	20,134,126
		-----	-----
		20,692,065	20,561,939
Non-qualifying shares	13	25,603,662	23,918,732
		-----	-----
Total liabilities		46,295,727	44,480,671
		-----	-----
Members' Equity (Pages 7 and 8)			
Equity shares		185,600	180,900
Statutory reserves		5,355,610	5,355,280
Undivided surplus		1,302,962	1,095,795
Other reserves		1,496,758	34,824
		-----	-----
Total members' equity		8,340,930	6,666,799
		-----	-----
Total Liabilities and Members' Equity		54,636,657	51,147,470
		=====	=====

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

Approved by the Board on March 19th, 2019 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, 2018

	Notes	2018	2017
		\$	\$
Interest income			
Loan interest		2,297,858	2,541,752
Other interest		948	2,016
		-----	-----
		2,298,806	2,543,768
		-----	-----
Interest expenses			
Interest on deposits		232,187	310,494
Interest on non-qualifying shares		279,337	643,443
		-----	-----
		511,524	953,937
		-----	-----
Net interest income		1,787,282	1,589,831
Other income			
Rental income		99,769	151,716
Dividends received		37,218	37,177
Investment income		382,781	437,965
Other income		13,799	13,486
Gain on de-recognition of government instruments	7	557,890	-
		-----	-----
Net income after interest expense		2,878,739	2,230,175
		-----	-----
Expenses			
Staff cost (Schedule 1)		769,898	761,302
Operating and administrative (Schedule 1)		492,876	349,499
Depreciation	9 & 10	106,136	104,884
Membership security		191,808	251,756
Meetings		116,476	98,562
Conventions & Conferences		75,635	40,273
Provision for credit losses		104,245	-
Youth community and social welfare		20,898	26,995
		-----	-----
Total other expenses		1,877,972	1,633,271
		-----	-----
Net operating income for the year		1,000,767	596,904
		=====	=====

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, 2018

	Notes	2018 \$	2017 \$
Net operating income for the year		1,000,767	596,904
		-----	-----
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	1,479,841	(13,342)
		-----	-----
Other comprehensive income for the year		1,479,841	(13,342)
		-----	-----
Total comprehensive income for the year		2,480,608	583,562
		=====	=====

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, 2018

		Share Capital	Statutory Reserve	Other Reserves	Undivided Surplus	Total
Balance at January 1, 2017	\$	177,700	5,331,188	36,461	523,890	6,069,239
Net income		-	-	-	596,904	596,904
Other comprehensive income		-	-	(13,342)	-	(13,342)
<u>Transfers:</u>						
Co-op Education fund		-	-	17,907	(17,907)	-
Additional transfer		-	23,792	-	-	23,792
Dividends paid		-	-	-	(7,092)	(7,092)
Net increase in share capital		3,200	-	-	-	3,200
<u>Appropriations:</u>						
Co-op Education fund		-	-	(6,202)	-	(6,202)
Entrance fees & fines		-	300	-	-	300
Balance at December 31, 2017	\$	180,900	5,355,280	34,824	1,095,795	6,666,799
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

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, 2018

	2018	2017
	\$	\$
Other reserves comprise:		
Fair value reserves	1,496,758	16,917
Co-op Education Fund	-	17,907
	-----	-----
	1,496,758	34,824
	=====	=====

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, 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Net operating income for the year	1,000,767	596,904
Adjustments for non-cash income and expenses		
Depreciation	106,136	104,884
Loss on disposal of asset	19,353	3,597
Gain on de-recognition of government instruments	(557,890)	-
Change in provision for credit losses	104,245	5,202
Loss allowance on impairment of financial assets	136,823	-
Changes in operating assets and liabilities		
Increase in amounts receivable	(17,176)	(31,025)
Increase (decrease) in amounts due from affiliate	(3,164)	4,886
(Decrease) increase in accounts payable	290,570	(11,031)
Net cash from operating activities	1,079,664	673,417
Cash flows from investing activities		
Loans to members	119,994	(366,188)
Investments	(769,244)	(1,070,636)
Additions to property and equipment	(88,389)	(61,263)
Proceeds from sale of fixed asset	280	580
Net cash used in investing activities	(737,359)	(1,497,507)
Cash flows from financing activities		
Members' deposits	(160,443)	911,828
Non-qualifying shares	1,684,930	311,438
Share capital	4,700	3,200
Dividends paid	(7,212)	(7,092)
Education fund	(15,000)	17,589
Entrance fees and fines	330	300
Net cash from financing activities	1,507,305	1,237,263
Net change in cash and cash equivalents	1,849,610	413,173
Cash and cash equivalents, beginning of year	3,148,603	2,735,430
Cash and cash equivalents, end of year	4,998,213	3,148,603

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 IFRS9 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, IFRS 9 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 of calculating the amortised cost of debt 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, 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 or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- It has been applied principally for the purpose of selling in the near term; or
- On initial recognition 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 accumulative 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 to 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 of default, for financial assets, this is represented by the assets 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.

Decognition of financial assets

The Society derecognises 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. The Credit Union was however exposed to a temporary “Tax on Assets” that expired on March 31, 2016. The rate of the tax was 0.20% per annum on average domestic assets

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 and 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 this 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

	2018	2017
Cash holdings	\$ 103,656	60,158
Savings account	3,212,455	1,578,520
Current account	1,682,102	1,509,925
	-----	-----
	\$ 4,998,213	3,148,603
	=====	=====

The Society earned interest on its savings account and current accounts at rates ranging from 0.0048% to 0.15% (2017: 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, 2018

5. Amounts Receivable

	2018	2017
Trade receivables & prepayments	\$ 50,823	47,542
Accrued interest	93,654	122,924
Rent receivable	9,458	1,544
VAT refundable	161,749	126,498
	-----	-----
	\$ 315,684	298,508
	=====	=====

6. Due from affiliate

	2018	2017
Reddy Kilowatt Co-operative Society Ltd.	\$ 3,231	67
	=====	=====

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

7. Investments

	Market Price	2018	2017
<u>Available for sale</u>			
<u>Quoted securities at market value:</u>			
Insurance Corporation of Barbados - 50,000 shares	\$3.70	-	185,000
Cable & Wireless (Barbados) Ltd - 33,360 shares	\$2.29	-	76,394
		-----	-----
	\$	-	261,394
		-----	-----
<u>Unquoted securities at cost:</u>			
Barbados Co-operative & Credit Union League Ltd.	\$	-	59,370
Central Fund Facility Trust - Statutory reserves (2.50%)		-	40,000
Central Fund Facility Trust - Ordinary deposit (2.75%)		-	27,775
Central Fund Facility Trust - Fixed deposit (3.00%)		-	46,371
Co-operators General Insurance Co. Ltd.			
2017: 4,798 Ordinary shares		-	638,580
Co-operators General Management Co. Inc.			
2017: 3,126 Ordinary shares		-	62,520
		-----	-----
	\$	-	874,616
		-----	-----

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2018

7. Investments (continued) **2018** **2017**

Held to maturity

Government debt securities:

Treasury Note issue # 985-19 (3.59 % - 2018)	-	2,456,250
Treasury Note issue # 985-18 (3.18 % - 2018)	-	992,200
Treasury Note issue # S201707 (3.43 % - 2018)	-	2,479,000
Treasury Note issue # S201708 (3.43 % - 2018)	-	2,479,000
Government Savings Bonds (5.5% - 2020)	-	152,480
Debenture # 0007 (7%- 2024)	-	500,000

Capita Financial Services Inc.

Certificate of Deposit (3.00% - 2018)	\$ -	550,000
Certificate of Deposit (3.50% - 2018)	\$ -	2,100,000
	-----	-----
	-	11,708,930
	-----	-----

Loans and receivables

Co-operators General Management Co. Inc.

Mortgage Loan receivable

(10 years @ 7%)	\$ -	387,916
	-----	-----
	\$ -	13,232,856
	-----	-----

**Investments in equity instruments
designated as at FVTOCI**

Barbados Co-operative & Credit Union League Ltd.	\$ 59,370	-
Cable & Wireless (Barbados) Ltd - 33,360 shares	76,394	-
Co-operators General Insurance Co. Ltd. - 4,798 shares	1,668,407	-
Co-operators General Management Co. Inc. - 3,126 shares	591,364	-
Insurance Corporation of Barbados - 50,000 shares	237,500	-
	-----	-----
	2,633,035	-
	-----	-----

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2018

7. Investments (continued) **2018** **2017**

Investment assets measured at amortised cost

Government Savings Bonds (5.5% - 2020)	152,480	-
Government of Barbados bonds series B	8,995,091	-
Term deposits	3,340,908	-
Mortgage loan	360,426	-
	-----	-----
	12,848,905	
Loss allowance	(155,774)	-
	-----	-----
	12,693,131	-
	-----	-----
Total Investments	15,326,166	13,232,856
	=====	=====

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 Dec 31, 2017	Shares acquired	Unrealised gain	Fair value at Dec 31, 18
Co-operators General Management Co. Inc.	62,520	15,620	513,224	591,364
Co-operators General Insurance Co. Ltd.	638,580	115,710	914,117	1,668,407
Insurance Corporation of Barbados	185,000	-	52,500	237,500
Barbados Co-operative & Credit Union League Ltd.	59,370	-	-	59,370
Cable & Wireless (Barbados) Ltd	76,394	-	-	76,394
	-----	-----	-----	-----
Total	1,021,784	131,330	1,479,841	2,633,035
	=====	=====	=====	=====

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2018

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 to 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:

Book value of treasury notes and debentures exchanged	8,995,091
Less: credit losses recognized at 01 January 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, 2018

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 01 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 01 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	<u>2,379</u>	<u>11,450</u>	<u>140,323</u>	<u>1,622</u>	=	<u>155,744</u>

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2018

8. Loans to members

	2018	2017
Loan portfolio	\$ 31,484,508	31,604,502
Expected credit losses	(445,084)	(128,385)
	<u>\$ 31,039,424</u>	<u>31,476,117</u>
	<u><u>=====</u></u>	<u><u>=====</u></u>
	<i>12-month Expected Credit Losses</i>	<i>Lifetime Expected Credit Losses</i>
	Loans to members	Loans to members
	\$	\$
Balances at 01 January 2018 under IAS 39	128,385	-
Adjustments upon application of IFRS 9	<u>142,199</u>	<u>70,255</u>
Balances as at 01 January 2018 – As restated	270,584	70,255
Increase in allowance arising from new as- sets recognised during the year	-	-
Decrease in allowance from derecognition of financial assets in the year	-	-
Increase (decrease) in allowances	<u>(18,615)</u>	<u>122,860</u>
Balance as at 31 December 2018	<u>251,969</u>	<u>193,115</u>
	<u><u>=====</u></u>	<u><u>=====</u></u>
	\$	\$
Total		

The Society offers ordinary loans to members at rates varying from 6% to 12% (2017: 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 (2017: \$15,000) at the interest rate of 15% (2017: 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, 2018

9. Investment property

		2018	2017
<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		430,207	407,080
Additions		23,127	23,127
		-----	-----
Balance at end		453,334	430,207
		-----	-----
Net book value	\$	914,621	937,748
		=====	=====
Direct rental income from investment property	\$	99,769	71,718
Operating expenses		(32,316)	(25,894)
		-----	-----
Net profit on investment property	\$	67,453	45,824
		=====	=====

Investment property shown at the net cost of \$ 937,748 (2016: \$ 960,875) as at December 31, 2017 has a current valuation of \$ 2,200,000 as determined by the Barbados Revenue Authority. The appraisal excess of \$ 1,265,252 is not accounted for in these financial statements.

10. Property, Plant & Equipment

<u>2018</u>	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
	=====	=====	=====	=====	=====

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2018

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

<u>2017</u>	Total	Land & Buildings	Furniture & Equipment	Computer Equipment	Motor Vehicle
	\$	\$	\$	\$	\$
<u>Cost</u>					
Balance at start	3,282,373	2,693,024	316,694	230,655	42,000
Additions	61,263	-	9,928	51,335	-
Disposals	(128,797)	-	(43,872)	(84,925)	-
	-----	-----	-----	-----	-----
Balance at end	3,214,839	2,693,024	282,750	197,065	42,000
	-----	-----	-----	-----	-----
<u>Depreciation</u>					
Balance at start	1,204,132	727,148	256,590	216,894	3,500
Additions	81,756	44,707	11,847	16,802	8,400
Disposals	(124,620)	-	(39,695)	(84,925)	-
	-----	-----	-----	-----	-----
Balance at end	1,161,268	771,855	228,742	148,771	11,900
	-----	-----	-----	-----	-----
Dec 31, 2017	2,053,571	1,921,169	54,008	48,294	30,100
	=====	=====	=====	=====	=====

Lands and buildings shown at the net cost of \$ 1,876,462 (2017: \$1,921,169) as at December 31, 2018 have a current valuation of \$ 4,500,000 as determined by the Barbados Revenue Authority. The appraisal excess of \$ 2,623,538 is not accounted for in these financial statements.

11. Accounts Payable

	2018	2017
Trade payables	\$ 62,683	57,572
Interest payable	83,711	370,241
Non-members payables	545,627	-
National insurance payable	11,316	-
PAYE payable	15,045	-
	-----	-----
	\$ 718,382	427,813
	=====	=====

12. Demand Deposits

	2018	2017
Savings deposits	\$ 13,475,445	13,419,125
Term deposits	310,119	261,711
Fixed deposits	6,188,119	6,453,290
	-----	-----
	\$ 19,973,683	20,134,126
	=====	=====

Interest paid on deposits varied between 1.00% and 2.50% per annum (2017: 1.25% and 3.00%).

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, 2018 were \$1,505,192 (2017: \$ 1,642,560).

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

	2018	2017
Bank balances	\$ 4,998,213	3,148,603
Amounts receivable	315,684	298,508
Due from affiliate	3,231	67
Investments	15,326,166	13,232,856
Loans to members - net	31,039,424	31,476,117
	-----	-----
	\$ 51,682,718	48,156,151
	=====	=====

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, 2018 based on contractual undiscounted payments.

	2018	2017
Accounts payable	\$ 718,382	427,813
Demand deposits	19,973,683	20,134,126
	-----	-----
	20,692,065	20,561,939
Non-qualifying shares	25,603,662	23,918,732
	-----	-----
Total liabilities	\$ 46,295,727	44,480,671
	=====	=====

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, 2018

(Schedule 1)

	2018	2017
Staff cost		
Salaries and wages	\$ 657,125	624,389
National insurance	55,427	44,549
Pension fund	23,243	28,419
Uniforms	4,276	10,716
Medical insurance	(7,626)	13,954
Group life insurance	949	7,524
Education/training	16,471	20,025
Staff wellbeing	20,033	11,726
	-----	-----
	\$ 769,898	761,302
	=====	=====
Number of employees	10	10
	-----	-----
Office Expenses		
Stationery, office expenses and advertising	\$ 44,050	88,669
Cleaning	11,022	10,322
Utilities	25,719	21,310
Insurance	4,773	3,199
Security	8,150	-
	-----	-----
	\$ 93,714	123,500
	-----	-----
Property Management		
Repairs and maintenance	\$ 41,017	78,577
Utilities	1,841	2,611
Insurance	15,094	15,558
Land tax	42,210	42,210
Property valuation	-	851
	-----	-----
	\$ 100,162	139,807
	-----	-----
Motor Vehicle Expenses	\$ 7,355	6,126
	-----	-----

The Light & Power Employees Co-operative Credit Union Limited
Details of Operating and Administrative Expenses
December 31, 2018

(Schedule 1)

	2018	2017
Other Administrative Expenses		
Audit fees	\$ 37,900	32,900
Bank charges	4,889	5,704
Donation	9,357	8,033
League dues	36,840	31,749
Loss (Gain) on disposal of fixed assets	19,353	3,597
Legal fees	1,200	-
Miscellaneous	28,448	19,722
Bad debts (recoveries)	-	(68,309)
Loss allowance on impairment of financial assets	136,823	-
Increase in bad debt provision	-	43,385
Travel and entertainment	-	3,285
Member relations	6,206	-
Strategic planning	10,629	-
	-----	-----
	\$ 291,645	80,066
	-----	-----
 Total Operating and Administrative Expenses	 \$ 492,876	 349,499
	=====	=====

TREASURER'S REPORT

For the Year Ended December 31, 2018

Overview

For the year just ended the credit union experienced another year of growth in assets. However, revenue declined in most areas.

Assets

As at year-end, the credit union's assets under management stood at \$54.64M. A year on year increase of \$3.50M or 6.84%, over the previous period of \$51.14M.

Under Section 34A of the Co-operative Societies Act, credit unions are restricted in how they are able to invest. Notably, securities issued and guaranteed by the Government of Barbados. As a means to employ surplus liquidity, of recent the credit union had been utilising short-term 91-day Treasury Bills. While this had proved lucrative in the past, unfortunately, with the change in Government, came a change in policy as it related to the treatment of such instruments.

The initial change in policy saw Treasury Bills being automatically "rolled-over", which curtailed any efforts by investors to encash those instruments. Following that situation, the Domestic Debt Re-profiling Programme resulted in the 91-day Treasury Bills being cancelled. These were replaced on October 01, by "new Bonds", which encompassed the previous debt and any accrued interest, as at September 30. The new Bonds are divided into strips carry maturity periods of between 5-year and 15- Year, with initial interest rates of 1%, eventually reaching 3.75%.

As at September 30, the credit union held \$8.44M in Government of Barbados 91-day Treasury Bills and \$0.5M in Debentures. Resulting from the Domestic Debt Re-profiling Programme, the credit union currently holds \$9M in the new Bond instruments.

Income

Net Operating Income for the period totalled \$1M in comparison to \$0.60M for the previous period, a gain of \$0.40M or 67.66%. Loan interest revenue realised a reduction of \$0.24M to \$2.3M from \$2.54M, while investments income declined by \$0.06M to \$0.38M from \$0.44M. The reduction in loan interest for 2018 is evi-

dent due to the recession in members appetite for loans, coupled by the downwards adjustment in loan interest rates which was initiated during the latter half of 2017.

Interest from loans to members however, continues to be the primary driver as the credit union core revenue earner.

Revenue from rental declined by \$51,947 to \$99,769 compared to \$151,716, previously. A reduction of approximately 34.24%. The decline was due to the lease of the Archive to RBC terminating during the period. The upstairs of the Bush Hill complex is partially tenanted on a short-term basis.

Expenditure

Total expenditure for the year was \$2.39M compared to \$2.59M for 2017. A decrease of \$0.20M or 10.73%. Costs related to human resources along with interest expense on members' holdings, continue to be the highest expenditure of the credit union. Staff costs increased to \$0.77M from \$0.76M in 2017. Cost of funds saw a decline of interest expense on members holdings of \$0.44M to \$0.51M from \$0.95M for the previous year. Operating and administrative expenses increased by \$0.25M or 70.85% to \$0.60M from \$0.35M for 2017. Mutual Benefit Plan (MBP) premiums totalled \$0.246M a decrease from the previous period of \$0.252M. The provision for loan losses increased by \$0.32M to \$0.45M from \$0.13M for 2017. The increased provision for loan losses is due to the adoption of the International Financial Reporting Standard 9 (IFRS 9) for investments provisioning.

Loans

Members' appetite for accessing loans from the credit union over the period can best be described as 'conservative'. Loan performance was flat during 2018 as members assumed a position of caution in taking advantage of the credit union's loan products. The loan balance as at yearend stood at \$31.04M compared to \$31.48M for the previous period.

TREASURER'S REPORT

For the Year Ended December 31, 2018

Year (\$000)	Total Assets (\$000)	Loans (\$000)	Deposits (\$000)	Shares (\$000)	Net Income (\$000)	Capital (\$000)	Statutory Reserves (\$000)
2018	5,464	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
2014	44,510	31,324	10,764	22,746	592	4,981	3,878

IFRS 9 Adoption

With the adoption of International Financial Reporting Standard 9 (IFRS 9), which came into effect during the period, the process of providing for asset losses has been greatly modified. 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. This necessitates making provisions for undrawn loan commitments, where funds are yet to be paid out. This also has significant implications for the Line of Credit (LOC) facility, as provision is made for the approved limit and not the amount actually utilised. That is, where an LOC has been granted, the total of the approved limit is provided for, whether or not the member accesses the facility. Likewise, a provision is required to be made for investment undertaken at the point of purchase to account for any possible future impairment. This will have an adverse impact on overall net income going forward.

Liabilities

Members' holdings with the credit union increased significantly over the year under review. This can be attributed partially to them seeking better returns than has been available in the market. With some deposit-taking institutions offering returns well below 1% and at the same time applying fees that far outstrip gains, consumers funds are being depleted as they remain in these institutions.

Shares increased to \$25.6M from \$23.9M in 2017, a change of \$1.7M or 7.11%. Regular Deposits realised marginal growth of \$0.056M or 0.42% to \$13.5M from \$13.4M. Fixed Deposits, however, declined by \$0.3M

or 4.1% to \$6.2M, from \$6.5M the previous year. In total, members' holdings in the credit union increased to \$45.5M from \$44M. A positive change of 3.4%.

Equity

LPECCU continues maintain a strong capital adequacy level. The capital base currently stands at \$8.34M, being 15.27% of assets, relative to the statutory requirement of 10%. This level ensures that the credit union is positioned to withstand adverse impact caused by weakened financial performance going forward. As required under Section 197 (2), the credit union allocates the greater of 0.5% of assets or 25% of Net Income until the capital of the society equals 10% of the total assets, annually.

Though the Board recognises that a healthier capital base can only bode well for the institution, an allocation to Statutory Reserves was not considered necessary at this point. Statutory Reserves remain at \$5.36M for the period. Retained Earnings stands at \$1.30M, an increase of \$0.20M from \$1.10M.

Summary

For the financial period under review, reduced revenue from loans to members resulting from low loan demand was the most noticeable element affecting overall income. Though the limiting of expenses remains the aim of management, some costs however, will always be unavoidable; these include human resources, costs of funds, member security and operational incidentals. The growth of the credit union assets base continued to be impressive, with the current period being no different.

TREASURER'S REPORT

For the Year Ended December 31, 2018

The results of the Government of Barbados' Domestic Debt Re-profiling Programme will significantly affect revenue from Government-issued instruments going forward, as investment in securities now carry considerably lower rates of return. As reported by the Governor of the Central Bank of Barbados, the local economy is projected to realise another period of sluggish macro-economic growth for 2019.

A keen eye will be kept on the developments in the market that may affect the local financial sector going forward, to determine what action, if any, would need to be taken as a result.



.....
Reginald Parris

Treasurer, Board of Directors

SUPERVISORY COMMITTEE'S REPORT

For the Year Ended December 31, 2018

Attendance from January 01 to March 31, 2018

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

Attendance from April 01 to December 31, 2018

Name	Position	Meetings	Attended	Excused
David Lawrence	Chairman	5	5	-
Mia Ward	Secretary	5	5	-
Dr. Nneka Archer	Member	5	3	2
Samuel Blades	Member	5	3	2
Erwin Jones	Member	5	5	-

OVERVIEW

At the first meeting of the Supervisory Committee, 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.
2. Monitoring the management of the Credit Union.
3. Receive and investigate complaints made by members.
4. Appraise the policies and operating procedures to make recommendations to the Board of Directors.
5. 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. Performed calculations and verified loans interest rates across various categories and members.
4. Reviewed complaints or suggestions by members and made suggestions when necessary.
5. Reviewed the policies of the Credit Union and made recommendation when necessary.
6. Verified recently opened accounts to confirm their existence and to ensure that all documents and relevant signatures necessary were present.

SUPERVISORY COMMITTEE'S REPORT

For the Year Ended December 31, 2018

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

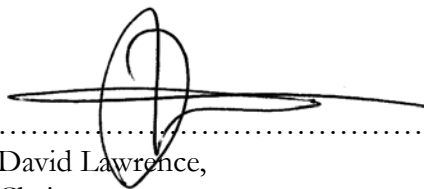
TRAINING/EDUCATION

During the period under review our members attended training provided by the Co-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.



.....
David Lawrence,
Chairperson

CREDIT COMMITTEE'S REPORT

For the Year Ended December 31, 2018

Subsequent to the Annual General Meeting held on March 24, 2018 the Credit Committee met and Mrs. Cindy Callender was elected to serve as chairperson while Ms. Gloria Grant served as Secretary. Miss Janiel Yearwood served as member, after being appointed by the Board of Directors to serve on the committee for a period of one year since there were no available candidates to fill the position at the Annual General Meeting.

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 endeavour 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 2018, the committee approved an increase of 821 loans over the previous year bringing the total to 1,567 loans. However, the overall loan portfolio decreased by 25%, which resulted in \$6.459 million being disbursed as compared to \$8.600 million for the previous year.

Despite the overall decrease, we recorded increases in some loan categories which suggest that members are employing different strategies in coping with the economic pressures. While we recorded a marginal decrease of 12% in vehicle purchase, we recorded a 59% increase in vehicle repairs with \$148,870.00 being

disbursed as compared to \$93,355.36 for 2017. Other notable increases were recorded in the following areas, Home Improvement increased by 131% with total disbursement of \$106,292.46 over last year's \$48,058.40; Medical and travel with a 14% and 21% increase respectively. For a detailed analysis of the loan comparison for the fiscal years of 2018 and 2017, kindly refer to the charts provided at the end of this report.

Worthy of note is the increased disbursement of Line of Credit and the decrease in Christmas loans. This was due to changes made to facilitate an easier process in accessing what was formerly known as the Christmas loan. The Board of Directors introduced a Line of credit Christmas loan. 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 falter on previous commitments that they would 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. I want to especially thank Miss Yearwood who graciously volunteered to serve the committee. The committee would also like to thank the staff for their unwavering 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.

CREDIT COMMITTEE'S REPORT

For the Year Ended December 31, 2018

Attendance from January to March 2018

Name	Position	Meeting Held	Attended	Excused
Cindy Callender	Chairperson	14	14	-
Omar Hunte	Secretary	14	12	2
Gloria Grant	Member	14	13	1

Attendance from March to December 2018

Name	Position	Meeting Held	Attended	Excused
Cindy Callender	Chairperson	34	31	3
Gloria Grant	Secretary	34	32	2
Janiel Yearwood	Member	34	30	4

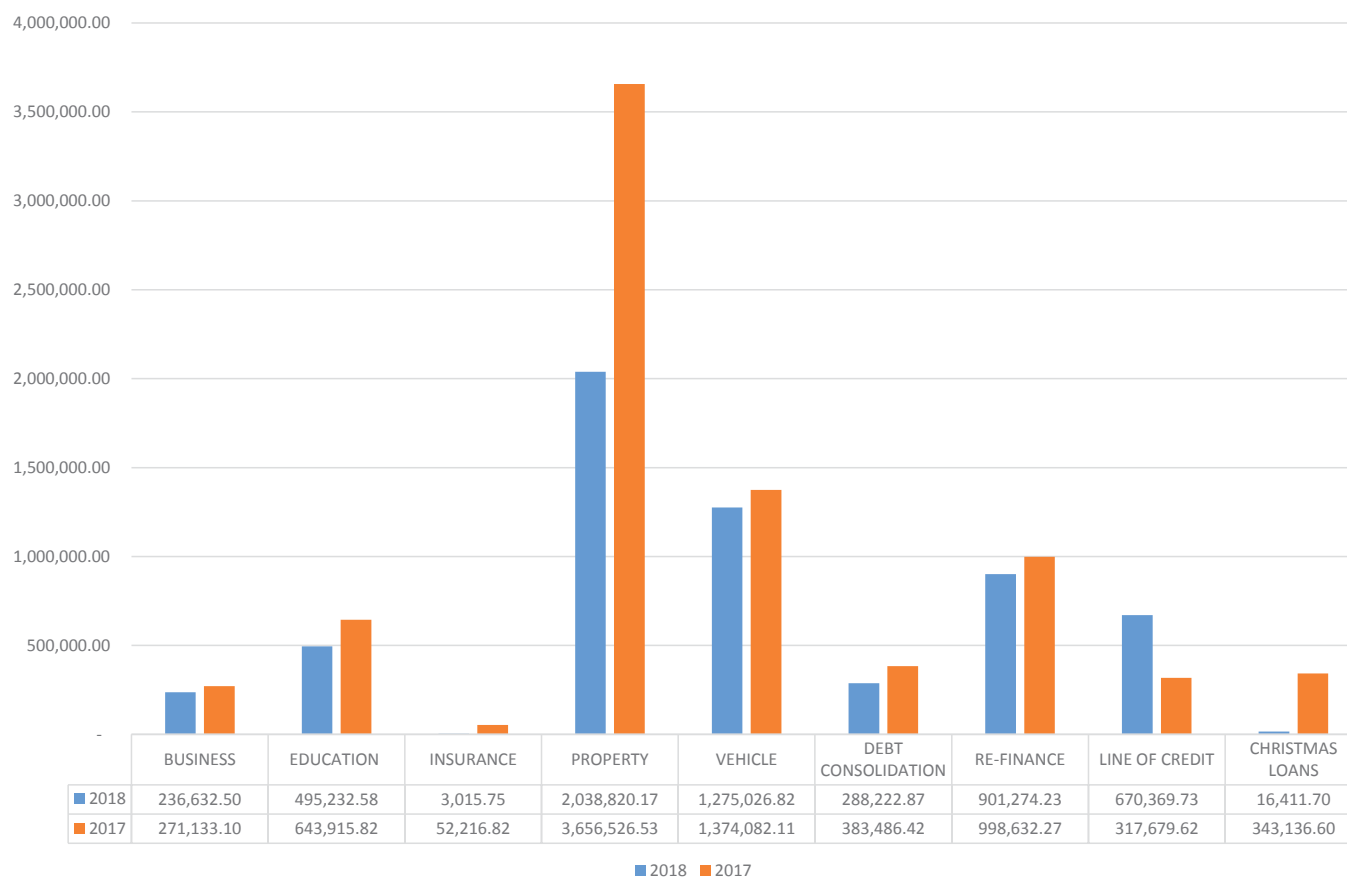


.....
Cindy Callender
Chairperson

CREDIT COMMITTEE'S REPORT

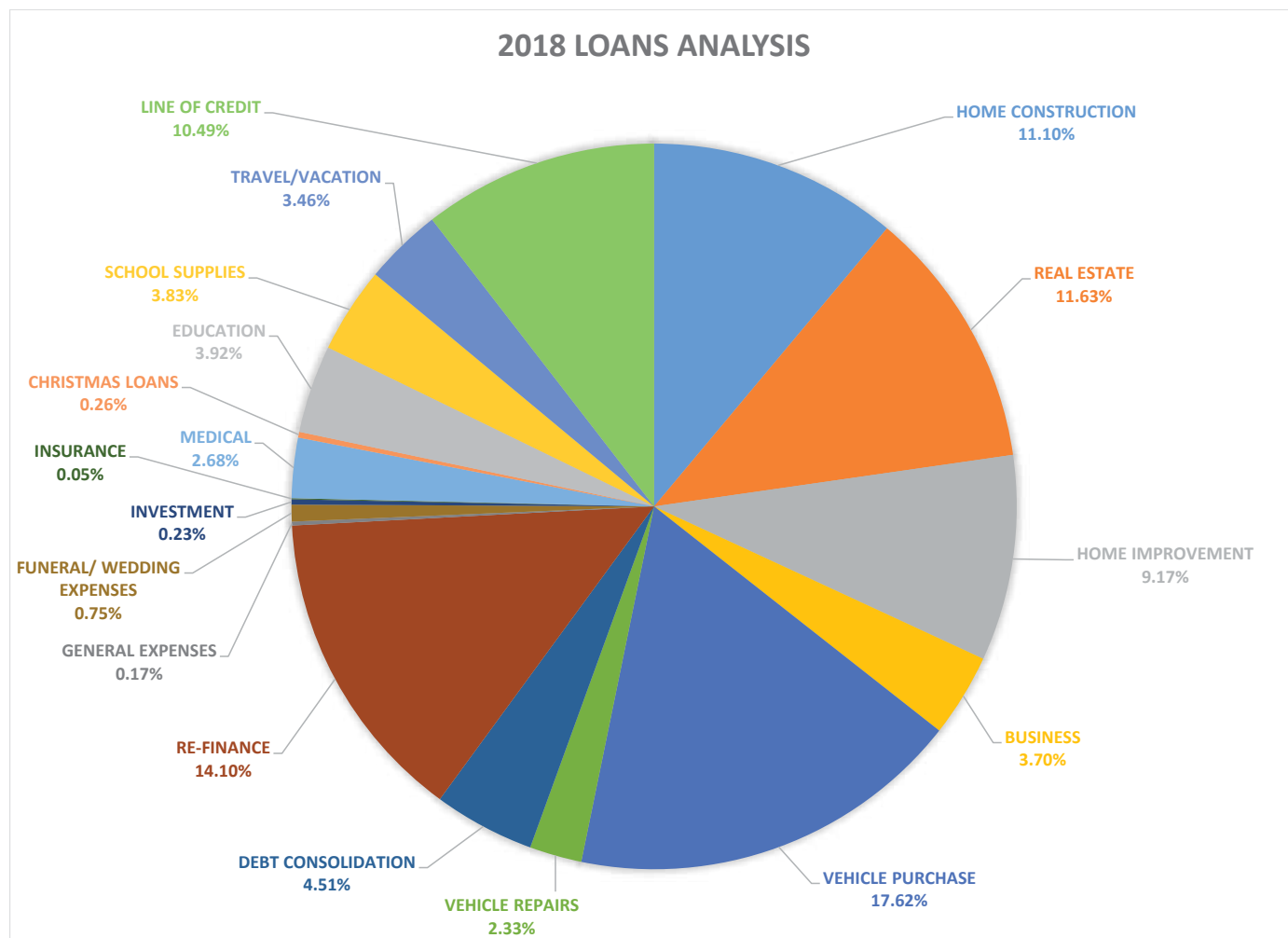
For the Year Ended December 31, 2018

**LOANS COMPARISON (BY GROUP)
FOR YEAR ENDING 31 DECEMBER 2018**



CREDIT COMMITTEE'S REPORT

For the Year Ended December 31, 2018



DELINQUENCY COMMITTEE'S REPORT

For the Year Ended December 31, 2018

The Delinquency Committee for the year ending 31 December 2018 comprised the Credit Committee, and the Customer Services Supervisor.

The aims and objectives of the Delinquency Committee:

1. To recover all outstanding loan payments and/or overdue balances.
2. To provide financial counseling 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.

For the period under review members continued to borrow but on a conservative scale. This was evident in the decrease in total loans outstanding at the end of fiscal 2018. Delinquency however increased and fluctuated during the year.

The following table provides a comparative analysis of delinquent loans:

CATEGORIES	2018	2017	CHANGE	
Total loans outstanding at year end	\$31,484,509	\$31,605,054	(\$120,545)	Decrease
Shares held for outstanding delinquent loans	\$60,564	\$5,800	\$54,764	Increase
Total principal outstanding delinquent loans	\$1,629,804	\$392,766	\$1,237,038	Increase
Total exposure (loans at risk)	\$1,569,240	\$386,966	\$1,182,274	Increase
Percentage exposure compared to total loans	4.98%	1.22%	3.74%	Increase
Number of delinquent members	41	18	23	Increase
Accounts Written Off	0	1	(1)	Decrease
Amounts Written Off	0	\$13,340	(\$13,340)	Decrease

At year end, total delinquency stood at \$1,629,804.19 which represented 41 delinquent members a significant increase over 2017. Total exposure namely "Loans at Risk" equated to 4.98% of total loans outstanding at year-end. Despite the increase the exposure remained within the PEARLS accepted ratio of less than 5%.

The Credit Union has always taken the proactive approach to delinquency and has carefully monitored members' loan accounts. Most of these accounts although delinquent, are still being actively repaid as members endeavored to bring their repayments up-to-date.

The Committee continued to monitor and manage delinquency as it is an ongoing exercise. Delinquency is recognized from the first missed payment and members are contacted with the view to assist them in meeting their obligations.

Notices were sent to members after the initial telephone calls reminding them of their commitments to service their loans in a timely manner. This was a productive exercise and many accounts were regulated and restructured.

For the third consecutive year, the combined Debt Consolidation and Refinance loans categories exceeded \$1,100,000. This is indicative of members taking a proactive approach to managing their finances.



DELINQUENCY COMMITTEE'S REPORT

For the Year Ended December 31, 2018

The Delinquency Committee expresses its appreciation to the Credit Union's attorneys-at-law and debt collectors for their assistance during the year and look forward to their continued support.

Our mission is to pursue the aims and objectives of the Delinquency Committee, for the benefit of your Credit Union and we pledge our commitment.

A handwritten signature in dark ink, appearing to read 'Cindy Callender', written over a dotted line.

Cindy Callender
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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CO-OPERATORS GENERAL INSURANCE CO. LIMITED



TRUSTED FINANCIAL PROTECTION

INSURANCE COVER FOR HOUSE, VEHICLE AND
OTHER VALUABLE PROPERTY AGAINST THE EVER PRESENT DANGER OF
FIRE, HURRICANE, FLOOD, VEHICULAR ACCIDENTS.

OTHER CLASSES OF INSURANCE OFFERED ARE
TRAVEL, PUBLIC AND EMPLOYERS LIABILITY, BURGLARY AND CASH IN TRANSIT



COME IN AND VISIT US

HEAD OFFICE

Upper Collymore Rock, St. Michael
Tel: (246) 431-8600
Fax: (246) 430-9148

OPENING HOURS:
Mon-Fri 7:30 am-5pm
Sat-9am - 1pm

BRANCH #1

Shop #10 Town Square
Queens Street,
Speightstown, St. Peter
Tel: (246) 422-2106
Fax: (246) 430-9148

OPENING HOURS:
Mon-Fri 9am-5pm
Sat-9am - 1pm

BRANCH #2

Emerald City Supermarket
Six Roads, St. Phillip
Tel: (246) 271-1227

OPENING HOURS:
Mon-Fri 9am -6pm
Sat 9am -1pm

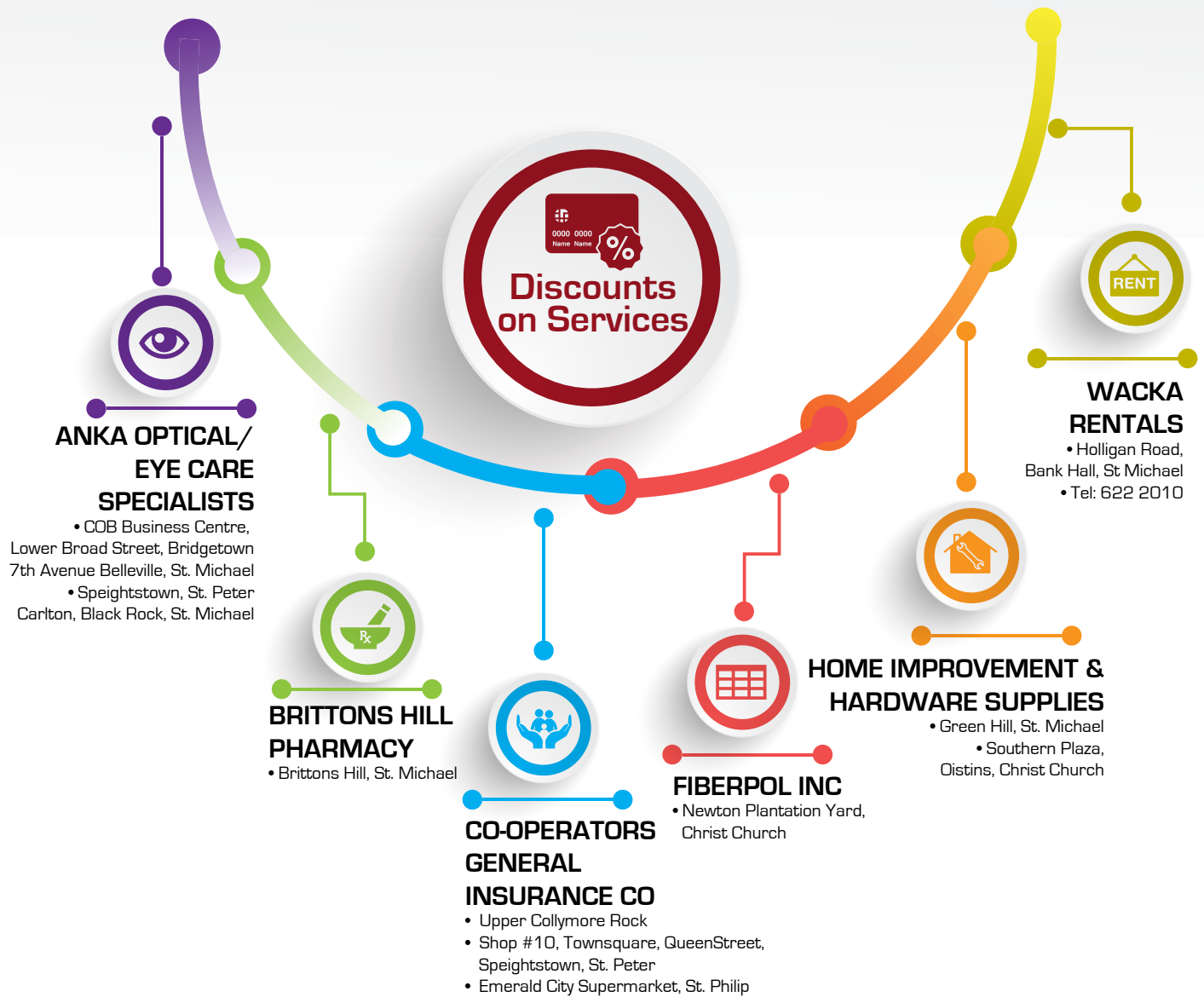
FOR YOUR CONVENIENCE SATURDAY OPENING HOURS
9 AM -1 PM AT ALL LOCATIONS

** Special discounts for Credit Union & BARP members*



CO-OPERATORS GENERAL INSURANCE CO. LIMITED
"you are not just a policy holder, your are an owner"

Discounts available to Members



OUR VISION

TO BE A DYNAMIC FINANCIAL SERVICES PROVIDER
DRIVEN BY THE NEEDS OF THE MEMBERS

MISSION STATEMENT

WE THE LIGHT & POWER EMPLOYEES CO-OPERATIVE CREDIT UNION LTD,
ARE COMMITTED TO PROVIDING QUALITY FINANCIAL
PRODUCTS & SERVICES TO MEET THE NEEDS OF OUR MEMBERS,
WITH THE HIGHEST LEVEL OF INTEGRITY.

SPECIAL DAY & MANY WISHES FOR MORE GREAT DAYS
IT'S JUST LIKE YOU... SIMPLY THE BEST! HARD WORK &
TO COME, BRIGHT FUTURE, DETAILED & DEDICATED
ON A ACCOMPLISHMENT! GRATEFUL RECOGNITION
SPECIAL DAY & MANY WISHES FOR MORE GREAT DAYS
IT'S JUST LIKE YOU... SIMPLY THE BEST! HARD WORK &
TO COME, BRIGHT FUTURE, DETAILED & DEDICATED
OFF! CONGRATULATIONS ON A ACCOMPLISHMENT!



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

BUSINESS COMPLEX, BUSH HILL, THE GARRISON, ST. MICHAEL | TEL (246) 431-1400 | FAX (246) 228-4643
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