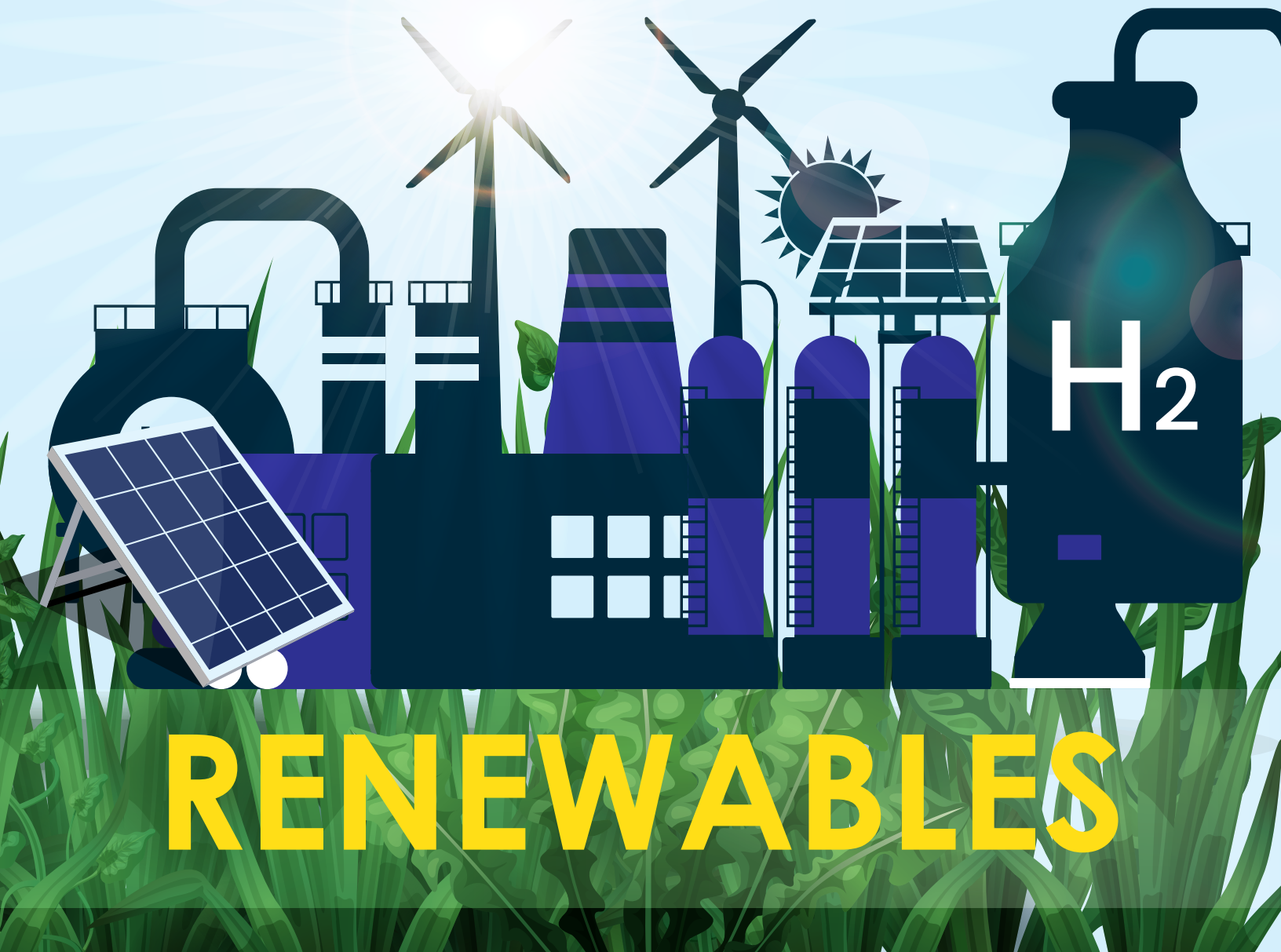




**The Light & Power Employees
Co-operative Credit Union Ltd.**

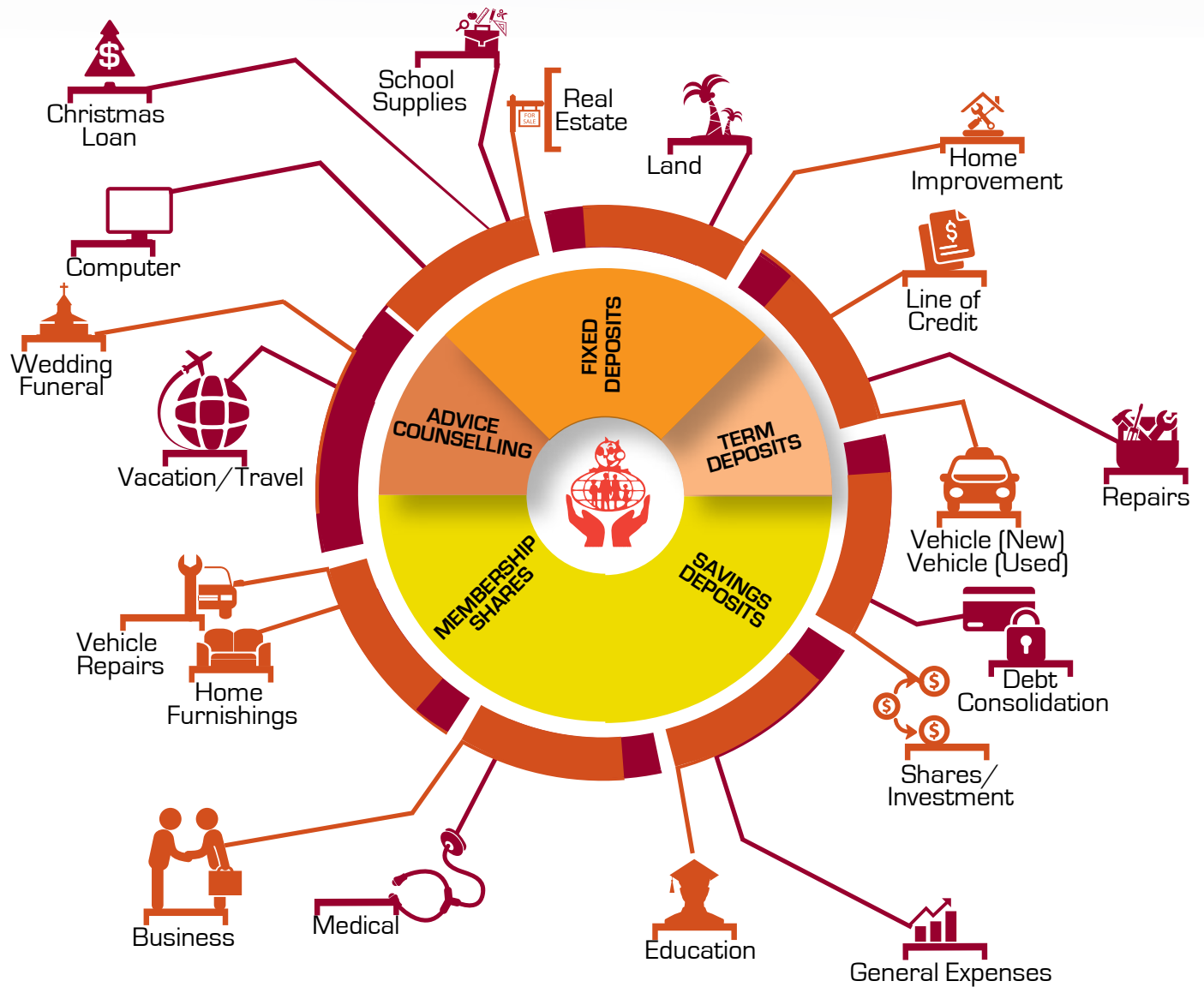
ANNUAL REPORT 2022



RENEWABLES

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
2022**

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

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

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

Jennifer Devonish
Attorneys-at-Law
Aaron Law Chambers
“Aaron House” Government Hill
St. Michael BB1106

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

TABLE OF CONTENTS

Agenda	-	-	-	-	-	-	-	5
Prayer of St Francis of Assisi	-	-	-	-	-	-	-	6
Standing Orders	-	-	-	-	-	-	-	7
Int'l Credit Union Operating Principles	-	-	-	-	-	-	-	8
President's Message	-	-	-	-	-	-	-	9
Minutes of the 38th AGM	-	-	-	-	-	-	-	10
Tenure of Office	-	-	-	-	-	-	-	21
Report of the Board of Directors	-	-	-	-	-	-	-	24
Auditors' Report	-	-	-	-	-	-	-	30
Financial Statements	-	-	-	-	-	-	-	33
Treasurer's Report	-	-	-	-	-	-	-	60
Report of the Supervisory Committee	-	-	-	-	-	-	-	62
Report of the Credit Committee	-	-	-	-	-	-	-	64
Report of the Delinquency Committee	-	-	-	-	-	-	-	66
Officers' Pledge	-	-	-	-	-	-	-	68

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

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

President: Sheena Edwards

Telephone: (246) 431-1400

Secretary: Ms. Keisha Morris

Fax: (246) 228-4643

Treasurer: Mrs. Tracia Seifert-Licorish

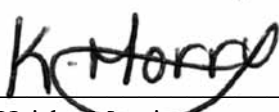
Email: lp.creditunion@caribsurf.com

Web: www.lpecu.bb

NOTICE is hereby given that the 40th Annual General Meeting of The Light & Power Employees Co-operative Credit Union Ltd. is scheduled to be held on Saturday, 22 April 2023, at the Radisson Aquatica Resort, Aquatic Gap, Bay Street, St. Michael, Barbados, at 1:00 p.m.

AGENDA

1. Ascertainment of Quorum and Call to Order
2. Prayers
3. Welcome Remarks
4. Apologies for Absence
5. Greetings from Other Organisations
6. Minutes of the 39th Annual General Meeting
7. Matters Arising from the Minutes of the 39th Annual General Meeting
8. Reports of:
 - i. Board of Directors
 - ii. Auditors and Financial Statements
 - iii. Treasurer and Financial Statements
 - iv. Supervisory Committee
 - v. Credit Committee
 - vi. Delinquency Committee
9. Allocation of Surplus
10. Election of Officers
11. Resolutions
12. Appointment of External Auditors
13. Setting of the Maximum Liability
14. Any Other Business
15. Vote of thanks
16. Termination



Keisha Morris

Secretary, Board of Directors

PRAYER OF ST. FRANCIS OF ASSISI

LORD, make me an instrument of thy peace,
Where there is hatred, let me sow love,
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light; and
Where there is sadness, joy.
O Divine Master, grant that I may not
So much seek to be consoled as to console;
To be understood as to understand;
To be loved as to love:
For it is in giving that we are pardoned;
And it is in dying that we are born to eternal life.

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

STANDING ORDERS

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

International Credit Union Operating Principles

Democratic Structure

Open and Voluntary Membership

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

Democratic Control

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

Non-Discrimination

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

Service to Members

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

Distribution to Members

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

Building Financial Stability

A prime concern of the credit union is to build financial strength, capital adequacy and internal controls to ensure service to the 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 and education on the rights and responsibilities of members are essential to the dual social and economic character of credit unions in serving member needs.

Co-operation among Co-operatives

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

Social Responsibility

Continuing the co-operative pioneers' ideals and beliefs, 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 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 broader community's interest within which the credit union and its members reside.

These Credit Union Operating Principles are founded in the philosophy of co-operation and its central values of equality, equity and mutual self-help. Recognising the varied practices in the implementation of credit union philosophy worldwide, 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

The theme for International Credit Union (ICU) Day 2022 was **“Empower Your Financial Future with a Credit Union”**, and it is with that focus that we envision strengthening our members for present and future successes. This is a continuous focus for us here at the LPECCUL, where we seek to see our members develop themselves and this said credit union through the effective utilisation of our products and services and their full participation within the system.

We are nothing without You, our members, and it is because of You, that we strive to improve our products and services, member services relations, processes, systems, and policies to better serve you.

During 2022, our objectives were based on the needs and voices of our membership.

- Online services& processes
- Easier accessibility
- Reduced loan rates
- Social media presence
- Improved Member relations

Did we accomplish any of these?

Most of the objectives were accomplished, but not all, as we understand that ‘Rome was not built in one day’, according to the old phrase. We recognise that in following through with the full digitisation of our credit union, it will be a costly venture, this is why we are easing into this process, taking it one phase at a time. It is, therefore up to us to make sure that our loan rates are competitive, attractive and readily accessible to our existing and new members to boost our revenue stream.

We are working towards real-time access to member accounts via our online portal, but this is not a cheap feat, as this may require us to merge with a sister credit union or two. Pooling our resources together to achieve much more than we can on our own.

Are mergers in our near future, then?

It will be necessary in the very near future to better serve you, our members and to keep compliant with the regulatory requirements. These updates can be quite costly for small to medium-sized cooperatives, thereby impacting the way we do business.

However, we can only take this step through prudent due diligence, thorough discussions with potential partners and the League and engaging You - our membership.

Where do we go from here?

Ending 2022 with a net income of \$0.32M, a 3.3 percent decrease in delinquency rate to 8.64 percent and a 4 percent increase in overall loans growth, we are in a stronger financial position than the past 2-3 years. Adopting risk-based lending in 2023, will see us better situated to structure our loan rates to meet the needs of our members.

What are the plans for 2023 and ahead?

- Transform the organisation in a positive direction that adapts to the expected changes ahead.
- Rebrand our name as it has become a hindrance to our membership growth.

Therefore it requires a strategic plan that includes continued progress in the area of online services, initiatives that encourage membership engagement, and to equip the staff with the necessary tools to provide quality and dynamic service.

We are counting on our membership to help shape the direction of our credit union as we are a member-centric organisation. Through your participation and utilisation of your voice, we can go above and beyond to make this credit union the preferred choice for generations to come. In all things we trust in the Lord to guide and protect us on this journey to better health and prosperity.



Sheena Edwards

President

Board of Directors

Minutes of the 39th Annual General Meeting of the Light & Power Employees Co-operative Credit Union Ltd. held Saturday April 16, 2022, at 1:00 p.m. at the Lloyd Erskine Sandiford Centre, Two Mile Hill, St. Michael, Barbados.

- | | |
|---|---|
| <p>1. ASCERTAINMENT OF A QUORUM AND CALL TO ORDER</p> <p>1.1 A quorum was ascertained, and the President, Ms. Sheena Edwards, called the 39th Annual General Meeting to order at 1:26 p.m.</p> <p>2. PRAYERS</p> <p>2.1 After a rendition of the National Anthem of Barbados, a prayer was offered by Ms. Hazelana Mason. Ms. Mason also led the meeting in the recital of the prayer of St. Francis of Assisi.</p> <p>2.1 A moment of silence was offered for members who had lost loved ones during the year under review.</p> <p>3. WELCOME REMARKS</p> <p>3.1 A warm welcome to all attendees was offered by the President, Ms. Sheena Edwards.</p> <p>4. APOLOGIES FOR ABSENCE</p> <p>4.1 Apologies for absence were tendered on behalf of Ms. Alana Goodridge, Mr. Rommel Cum-berbatch and Mrs. Cindy Callender.</p> <p>5. GREETINGS FROM OTHER ORGANISATIONS</p> <p>5.1 Mr. Maurice Mason extended greetings on behalf of the City of Bridgetown Co-operative Credit Union Ltd.</p> <p>5.2 Ms. Daidreann Gibson also extended greetings on behalf of the City of Bridgetown Co-operative Credit Union Ltd.</p> <p>5.3 The President then gave a summary of the President's Report, which was found on pages 9 and 10 of the Annual Report.</p> <p>6. MINUTES OF THE 38TH ANNUAL GENERAL MEETING</p> <p>6.1 Minutes of the 38th Annual General Meeting were found on pages 11-20 of the Annual Report.</p> | <p>6.2 The Minutes of the 38th Annual General Meeting of the Light & Power Employees Co-operative Credit Union Ltd. was taken as read on a motion moved by Mr. Reginald Parris and seconded by Mr. Howard Griffith. The motion was carried.</p> <p>6.3 ERRORS AND/OR OMISSIONS</p> <p>Page 15 – Item 8.4.7 at 3rd bullet point – change 'sentto' to 'sent to'.</p> <p>Page 18 – Item 10.9 – Sentence 4 – Insert 'for' before 'one'.</p> <p>Page 19 – Item 14.8.2 – change 'board' to 'Board'.</p> <p>6.4 A motion for the adoption of Minutes of the 38th Annual General Meeting as amended was moved by Mr. Kelvin Whittaker and seconded by Mr. Anderson Henry. The motion was carried.</p> <p>7. MATTERS ARISING</p> <p>7.1 Mr. Anthony Callender commented that the President's Report was very impressive. He asked how the Credit Union was going to achieve the goals set out in the report.</p> <p>7.2 (14.1) Mr. Callender referred to the concern of the disconnect between the membership and the management of the Credit Union.</p> <p>Mr. Callender referred to a recent incident while visiting the Credit Union to request a hard copy of his statement, which was denied due to the Credit Union no longer issuing hard copies of statements. He went on to say that in the absence of online account access and passbooks, he was concerned about those members who did not have email facilities. He compared this with the service from commercial banks, where a hard copy of a statement can be obtained at any time with an attached cost.</p> <p>Mr. Callender suggested that the Credit Union offer at least one hard copy of the statement to</p> |
|---|---|

members per month with a cost attached to any additional copies.

Mr. Callender spoke of another incident at the Credit Union where he was denied access to communicate with the Manager in the absence of an appointment. He was then shortly after told that the Manager was in a meeting. He expressed disappointment that no further assistance was offered. He thought that the Credit Union had a long way to go in terms of customer relations, impressing upon the Board of Directors to act on the matter of member relations.

President Sheena Edwards gave a commitment that the Board would be working towards the improvement of member relations. She offered an apology to Mr. Callender on behalf of the Credit Union.

8. REPORTS

8.1 Board of Directors

8.1.1 The report was found on pages 23-29 of the Annual Report.

8.1.2 The report of the Board of Directors was taken as read on a motion moved by Mr. Reginald Parris and seconded by Mrs. Tracia Seifert-Licorish. The motion was carried.

8.1.3 There was no debate on the Board of Directors' report.

8.1.4 A motion for the adoption of the report of the Board of Directors was moved by Mr. Malcolm Mayers and seconded by Mr. David Lawrence. The motion was carried.

8.2 Auditor's Report and Financial Statements

8.2.1 The Auditors' Report was found on pages 1-3 of the Financial Statements within the Annual Report.

8.2.2 Mr. Mark Hall of Drayton J. Carter & Co. presented the Auditor's Report.

8.2.3 Mr. Hall indicated that the financial statements, which comprised the statement of financial position for the year ended December 31, 2021, and the financial statements presented fairly, in all material respects, according to the International Financial Reporting Standards and in compliance with the Co-operatives Societies Act and its accompanying regulations, the financial position of the Light & Power Employees Co-operative Credit Union Limited as at the same date.

8.2.4 The Auditor's Report and Financial Statements were adopted on a motion moved by Mr. Reginald Parris and seconded by Mr. Kelvin Whitaker. The motion was carried.

8.3 Treasurer's Report and Financial Statements

8.3.1 The Treasurer's Report and Financial Statements were found on pages 63-64 of the Annual Report.

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

8.3.3 Ms. Nneka Archer requested a breakdown of loans by demographic. The Treasurer responded that the information was available but not at the AGM.

8.3.4 Referring to the decline in loans, the Treasurer assured that there was an intention to improve in the coming year. Ms. Archer queried the basis/deciding factors for lending as it related to loans.

The President, Ms. Sheena Edwards, responded that the Credit Union currently used the share ratio as the basis for lending purposes while preparing to embark on risk-based lending.

Ms. Archer queried the proposed commencement of the risk-based lending. The President announced that the projection was for the middle of the year 2022. The Credit Union was currently in the process of transitioning from the share ratio to risk-based lending.

Ms. Archer queried whether there could be a situation where the Loans Committee could confirm that a member was approved for a loan, and then it could be reversed. The President responded in the negative.

8.3.5 Mr. Trevor Williams offered congratulations to Ms. Sheena Edwards on her appointment as President of the Board of Directors.

8.3.6 Mr. Williams queried at which point did Mr. Reginald Parris become Treasurer of the Board, whether his appointment as a Director was approved by the Financial Services Commission (FSC) and whether the membership was notified of his appointment.

Mr. Parris stated that he became Treasurer (ex officio) in July 2021, a few months subsequent to the Annual General Meeting, after the position was declined by various members.

Mr. Williams made it clear that he was not objecting to Mr. Parris being appointed as Treasurer. He queried whether among the 7 Directors if they were unwilling or incapable of performing the task.

President, Sheena Edwards responded that the elected Directors had declined the position of Treasurer. Therefore, external assistance had to be sought.

Mr. Williams reminded that according to the Act, in the absence of a Treasurer, the General Manager of the Credit Union fills that role. He went on to say that a Director can only serve for 6 consecutive years and this would now be Mr. Parris' 7th year as Director and 10 consecutive years if the current full term was realised.

The President clarified that Mr. Parris had only served as a Director for 3 consecutive years.

Mr. Williams apologised for the error and again queried when Mr. Parris became a Director. The President corrected that Mr. Parris was Ex Officio Treasurer and not a Director and could

only sign as such; therefore, the Treasurer's Report had to be corrected to reflect the same.

Mr. Williams reiterated that there was no offence to Mr. Parris.

8.3.7 Mr. Howard Griffith referred to page 30 of the Annual Report bringing attention to the performance of the Credit Union based on the PEARLS Standard. He noted that the Operating Expense was higher than the recommended 50% or less according to the benchmark. He echoed the sentiments of Mr. Anthony Callender regarding customer relations and expressed disappointment that, subsequent to the defeated vote for the use of passbooks, that attention was not given to those members who did not have access to email facilities. He cautioned not to continue on the same trajectory as some of the Credit Union's competitors have dropped their interest rate on loans down to 3½%. He urged the Credit Union make some changes in the near future, especially in light of the delinquency rate of 11.56%, the highest he has ever seen it. He suggested aligning with another institution with a view of implementing new services to members including card services, giving the members access to 24/7 services, so as not to continue losing members to the competitors. He requested an update on the status of members having access to their funds 24/7

8.3.8 The President shared that the Credit Union had recently partnered with Lumisol, the provider of the Credit Union's email blasting services, and these services have been extended to online transfer services from the Credit Union to a banking institution of choice and vice-versa. Additionally, the Credit Union was in discussion with Capita through the Barbados Co-operative & Credit Union League. However, these discussions had stalled due to the high rates of interest being offered. She hoped that the discussions could resume in favour of the membership as it is clear that online services are the way to go. She added that although the Credit Union's interest rates were higher than its competitors, the Credit Union still could not

compete with those financial institutions that had a much larger liquidity pool. The President informed that they had introduced the social media aspect to engage members. She noted that they had heard the cry of Mr. Anthony Callender and, to this end, were working on a platform where members can have real-time access to funds, fund balances, etc. She assured that they were working assiduously to improve the services to members while eliminating the cost, which was a deterrent to members.

8.3.9 Mr. Grantley Haynes referred to Net Income of \$8,712 on page 63 of the Treasurer's Report and \$8.712 on page 64. The Treasurer confirmed that the figures were the same.

8.3.10 Mr. Anthony Callender commended the Treasurer on filling the breach by accepting the role of Treasurer in the absence of those who had declined. He reminded members who sought to be elected to the Board and Committee that they were seeking to do a service and not seeking a position.

8.3.11 Mr. Trevor Williams pointed out that at the last Annual General Meeting, there were discussions regarding investment into alternative energy products, which he opined was a very lucrative area. He queried the status of these discussions.

8.3.12 The President confirmed that the Credit Union had engaged in discussions with numerous entities regarding partnerships in the alternative energy sector, as members had expressed interest in this area at the previous AGM. The discussions were guided by how beneficial it would be to the members as renewable energy was a costly endeavour. She added that the Credit Union had already introduced renewable energy products as part of its portfolio by way of reduced interest rates. This also included the purchase of hybrid vehicles.

8.3.13 Mr. Williams queried whether the Credit Union Movement was looking at forming a company for investment in the renewable energy sector

similar to the investment into Co-operators General Insurance Company Ltd.

8.3.14 The President invited Mr. Anderson Henry to respond. Mr. Henry informed that about a year ago, the Energy Co-op began an initiative where members, through their respective Credit Union, can take part in the investment in renewable energy. Mr. Henry confirmed that any Credit Union member could approach the Energy Co-op at present to make an investment in the Renewable Energy Sector.

8.3.15 Mr. Parris thanked the members and commended the management and Board of Directors for their management of the expenses and the Credit Union as a whole in this difficult environment.

8.3.16 The Treasurer's Report was adopted on a motion by Ms. Hazelann Mason and seconded by Mr. Trevor Williams The motion was carried.

8.4 Report of the Supervisory Committee

8.4.1 The report was found on pages 65-66 of the Annual Report.

8.4.2 The report of the Supervisory Committee was presented by Mr. David Lawrence, Chairman of the Committee.

8.4.3 A motion for the report of the Supervisory Committee to be taken as read was moved by Mr. Trevor Williams and seconded by Mrs. Tracia Seifert-Licorish. The motion was carried.

8.4.4 Mr. Lawrence informed that during the financial year under review, the Committee had implemented a reporting process for members to follow to voice any queries, comments or suggestions. The form would indicate when a response would be received. The form and the process will be uploaded to the website in the near future.

8.4.5 Mr. Anthony Callender queried whether there were any complaints during the year under review, the nature of the complaints and the re-

sults that followed thereafter. Mr. Lawrence took Mr. Callender to page 66 of the report, which highlighted the query received from the member and the response given by the Committee.

8.4.6 Mr. Callender stated that he was unsure whether members were aware of the fact that they could present queries to the Supervisory Committee for resolution. He referenced the closing of the Credit Union during the Covid-19 Pandemic, stating that members were unaware of the closure but made their queries to other members instead of going through the Committee. He again highlighted the lack of communication between the Credit Union and its membership, adding that members were not reaching out because they were not satisfied with the decisions made.

8.4.7 The Supervisory Committee Report was adopted on a motion by Mr. Anderson Henry and seconded by Mr. Wesley Trotman. The motion was carried.

8.4.8 Mr. Lawrence offered special thanks to his fellow Committee members for their dedication during the year, to staff members for their assistance and to the Board and Credit Committee for their support during the year.

8.5 Report of the Credit Committee

8.5.1 The report of the Credit Committee was found on pages 67-69 of the Annual Report.

8.5.2 The Credit Committee Report was presented by Ms. Janiel Yearwood, Chairperson of the Credit Committee.

8.5.3 A motion that the report of Credit Committee be taken as read was moved by Mr. Anderson Henry and seconded by Mr. Trevor Williams. The motion was carried.

8.5.4 Ms. Yearwood mentioned that greater efforts needed to be made to attract new members to

utilise the services of the Credit Union, to advise them to make the best financial decisions and to support them along the journey. She asserted that the only way to achieve this was by innovation and creative thinking and most of all to leverage strategic planning in order for the Credit Union to meet its goals.

8.5.5 A motion for the adoption of the Credit Committee Report was moved by Mr. Omar Hunte and seconded by Mr. David Lawrence. The motion was carried.

8.5.6 Ms. Yearwood thanked her fellow Committee members; Mr. Rommel Cumberbatch who was absent from the meeting, Mr. Corey Shockness, staff and management of the Credit Union and finally the members who provided the opportunity to serve over the past 4 years.

8.6 The Report of the Delinquency Committee

8.6.1 The Delinquency Committee Report was found on pages 70-71 of the Annual Report..

8.6.2 The report was presented by Ms. Janiel Yearwood.

8.6.3 Ms. Yearwood highlighted a change to be made in the reporting period to be changed from 2020 to 2021.

8.6.4 A motion that the report be taken as read was moved by Mr. Corey Shockness and seconded by Ms. May King. The motion was carried.

8.6.5 Ms. Yearwood highlighted the following points during the year under review:

- A decrease in total loans outstanding
- Increase in shares held for delinquent loans
- Decrease in loan and percentage exposure
- Marginal increase in delinquent members from 72 to 79
- No accounts were written off during the year under review.

8.6.6 Ms. Yearwood informed that during the year, she had reached out to delinquent members in

- an effort to assist them with keeping their payments up-to-date, either with the full or part payments. She reported success in this initiative.
- 8.6.7 A motion for the adoption of the Delinquency Committee Report was moved by Mr. Omar Hunte and seconded by Ms. Rhe-Ann Niles-Mapp. The motion was carried.
- 9. ALLOCATION OF SURPLUS**
- 9.1 Mr. Reginald Parris, Treasurer, proposed an allocation of 1.0% interest on members' secondary shares for the second half of the financial year.
- 9.2 The Treasurer proposed a motion that 20% interest be paid on permanent shares. There were 30 members in favour of the vote, none against and no abstentions. The motion was therefore carried.
- 10. ELECTION OF OFFICERS**
- 10.1 The President invited the Mr. Malcolm Mayers, Chairman of the Credentials Committee while Mr. Howard Griffith, Chairman of the Elections, was invited to chair the meeting for this item.
- 10.2 Mr. Mayers informed that the Credentials Committee comprised of Tyrone Jones, Cindy Callender and himself as Chairman.
- 10.3 Candidates for the Board of Directors were:
- Ms. Keisha Morris
 - Mr. Reginald Parris
 - Mrs. Tracia Seifert-Licorish
- 10.4 Candidates for the Supervisory Committee were:
- Mrs. Tracia Seifert-Licorish
 - Ms. Keisha Morris
 - Mrs. Rhe-Ann Niles-Mapp
 - Ms. Alana Goodridge
- 10.5 Candidates for the Credit Committee were:
- Mr. Rommell Cumberbatch
 - Mrs. Tracia Seifert-Licorish
 - Ms. Althea Thompson.
- 10.6 Mr. Mayers noted that Ms. Thompson was ineligible for election due to an incomplete application. All other candidates had been deemed fit to stand for elections at the Annual General Meeting.
- 10.7 Chairman of Elections, Mr. Howard Griffith, informed that Mr. Anderson Henry had served his maximum term and was not eligible for re-election. However, Mrs. Cindy Callender and Ms. Andrea Edey were eligible for re-election but declined to be nominated.
- 10.8 There being only three vacancies and three nominations for the Board of Directors, Ms. Keisha Morris, Mr. Reginald Parris and Mrs. Tracia Seifert-Licorish were therefore duly elected to serve on the Board of Directors for a maximum of three years.
- 10.9 Mr. Griffith offered congratulations to the elected officers of the Board of Directors.
- 10.10 With Ms. Keisha Morris and Mrs. Tracia Seifert-Licorish now elected to the Board of Directors, the nominees for the Supervisory Committee were now Mrs. Rhe-Ann Niles-Mapp and Ms Alana Goodridge. Ms. Goodridge had notified that she was interested in serving on the Supervisory Committee but could not attend the meeting. Mr. David Lawrence and Mr. Kimoi Jones have expressed interest in continuing to serve on the Supervisory Committee with one more year remaining from their first term.
- 10.11 There being three vacancies on the Supervisory Committee, and only two nominees, Mrs. Rhe-Ann Niles-Mapp and Ms. Alana Goodridge were therefore duly elected to serve on the Supervisory Committee.
- 10.12 Mr. Griffith congratulated the newly elected members. He informed that Mr. David Lawrence, as Chairman, had the autonomy to elect a fifth candidate to serve on the Committee if he so desired.

- 10.13 Mr. Corey Shockness and Mr. Rommel Cumberbatch had indicated their willingness to continue to serve on the Credit Committee. However, Mr. Cumberbatch was unable to attend the meeting.
- 10.14 There being three vacancies on the Credit Committee and only two nominees, Mr. Rommel Cumberbatch was reappointed to serve a three-year term, and Mr. Corey Shockness will serve the remaining two years.
- 10.15 Mr. Griffith advised that the Board of Directors had the authority to select the third person to serve on the Credit Committee. He invited members to apply to the Supervisory and Credit Committees to fill the two remaining vacancies.
- 10.16 The President, Ms. Sheena Edwards, welcomed the newly elected members and echoed Mr. Griffith's sentiments, encouraging members to fill the remaining vacancies.
- 10.17 The President informed that in hearing from the general membership, it was decided to conduct a semi-annual virtual meeting for members to present their questions, comments and concerns and for management to engage the membership rather than incorporating such matters into the Annual General Meeting.
- 11 RESOLUTIONS**
- 1.11 There were no Resolutions to be presented at the Annual General Meeting.
- 12 THE APPOINTMENT OF EXTERNAL AUDITORS**
- 12.1 The Board recommended the reappointment of Drayton J. Carter & Co. as external auditors for the financial year 2022.
- 12.2 The motion for Drayton J. Carter & Co to be reappointed as auditors for the Financial Year 2022 was moved by Mr. Malcolm Mayers and seconded by Mr. Wesley Trotman. The motion was carried.
- 12.3 Mr. Mark Hall of Drayton J. Carter & Co. accepted the appointment on their behalf.
- 13 SETTING OF THE MAXIMUM LIABILITY**
- 13.1 The Board recommended that the maximum liability remain at twenty-five million dollars.
- 13.2 There were no members against the motion and no abstentions. The motion was therefore carried.
- 14 ANY OTHER BUSINESS**
- 14.1 At the invitation of the President, Mr. Anton Lovell of Co-operators General Insurance Co. Ltd. made a presentation.
- 14.1.1 Mr. Lovell educated the meeting on a new product which the Insurance Company was seeking to roll out. The Parametric Insurance Cover was announced to shareholders during November 2021, requesting the Credit Unions to sensitise members so both Credit Unions and members could enjoy the benefits of the coverage.
- 14.1.2 Mr. Lovell shared that from the experience of Hurricane Elsa in 2021, although the insurance industry had sensitised the public of the importance of having an insurance policy and being informed of the deductible, persons were still unaware of the 2% deductible on homeowners insurance, which was implemented by the reinsurers, making many persons ineligible for pay-out. He gave an example where a house was valued at \$350,000, and the owner made a claim for \$5,000 in damages while the deductible was \$7,000, that persons were therefore, unable to claim for the damages.
- 14.1.3 In light of this, Co-operators General Insurance Co. Ltd. approached their Reinsurance Brokers in search of a product that would cover the deductible, working with the largest reinsurer globally. A product called the Parametric Cover was implemented to cover the excess. Brochures were available for members' review.

- 14.1.4 This product compensated the homeowner in the specific event of a category 1-3 hurricane with one minute of sustained winds within 75 kilometres of the centre circle of Barbados. Once these specifics were met, whether or not damage occurred, there was an automatic payout with no deductible applied.
- 14.1.5 Co-operators General Insurance Co. Ltd. was asking for these benefits to trickle down to the members. Mr. Lovell expressed disappointment at the slow uptake of the offer, which had caused the deadline for application to be extended on numerous occasions.
- 14.1.6 Mr. Lovell went on to explain that to satisfy the reinsurers, \$5 million in aggregate had to be sold among the Credit Union Movement in Barbados.
- 14.1.7 Mr. Lovell thanked the Board and management for inviting him to present the Parametric Insurance Cover.
- 14.1.8 In response to a query from Mr David Lawrence, Mr. Lovell confirmed that the cost was \$60 per thousand. For example, a \$7,000 deductible would attract an annual premium of \$420.
- 14.1.9 Mr. Lovell confirmed that the deadline had been extended to April 22, 2022.
- 14.1.10 The President asked interested members to contact the office for guidance.
- 14.1.11 Mr. Lovell explained that this new policy did not replace the regular homeowners or property insurance policy but was separate and specific to the criteria mentioned above.
- 14.2 Mr. Anthony Callender commended the front-line staff for doing a remarkable job during the period of the Covid-19 Pandemic. He wondered whether these persons were rewarded in any way.
- 14.3 Mr. Callender referred to the motion he had put forward, which was denied at the previous Annual General Meeting relating to the passbooks. He reiterated that the Credit Union did not have online banking, some members did not have email addresses, the Credit Union did not issue hard copies of the monthly statements, and passbooks were abruptly removed. He reminded that he moved the motion because of his dissatisfaction, but the motion was defeated. He had advised that he would seek legal advice as the members were not notified of the change but instead sought a meeting with the Board to avoid bringing the Credit Union into any disrepute. Mr. Callender queried whether the removal of the passbooks was a directive from the Board of Directors.
- 14.3.1 Mr. Callender went on to say that the past President indicated that he had instructed the Credit Union staff to write to the membership informing that the passbooks would be removed by the end of December. However, the books were removed in August without notification to the members. Due to this, he decided to go ahead with legal counsel and was advised that in the absence of notification from the Credit Union of the removal, a case could be brought against the Credit Union. Mr. Callender informed that his decision was to let the matter rest as it would incur a cost. He made it clear that he was still in objection to the removal of the passbooks without proper notification and thought that an injustice had been done to members.
- 14.3.2 The President apologised on behalf of the Board and the Management of the Credit Union for any injustice done to Mr. Callender and the members. She informed that all members were entitled to one printed statement per month at no cost, but any copies thereafter would incur a fee. The President reminded members that the Credit Union was currently issuing monthly emails to members and had instituted a balance on each receipt, in addition to members physically requesting a printed statement.

14.4 The President invited the Credit Union staff to present gifts to the outgoing Board and Committee members as a token of appreciation for their service to the Credit Union.

14.4.1 Mrs. Bernadine Daniel presented tokens of appreciation to:

- Mr. Anderson Henry for serving 6 consecutive years on the Board of Directors, as past President and also as past President of the Board of the Barbados Co-operative & Credit Union League Ltd.
- Mrs. Cindy Callender who served 3 years on the Board of Directors and as Vice President of the Board during the last financial year. She previously served on the Credit Committee for 6 years, including the role of Chairperson. Ms. Gloria Grant received it on Mrs. Callender's behalf.
- Ms. Andrea Edey for serving as Secretary on the Board of Directors for 3 years.
- Ms. Janiel Yearwood who served for 4 years on the Credit Committee and was Chairperson during the last financial year.
- Mrs. Cindy Callender for serving as Chairperson, and Messers Tyrone Jones and Malcolm Mayers as members of the Credentials Committee.

- Mr. Howard Griffith for serving as Chairman of Elections.
- The Door Prize of a \$250.00 discount voucher on a new or renewal vehicle insurance policy with Co-operators General Insurance Company Ltd. was won by Mr. James Coppin. Mr. Anton Lovell, C.E.O. of Co-operators General Insurance Co. Ltd., presented the prize.
- Mr. Omar Hunte, Mr. Andre Palmer, Ms Bonita Medford, Mrs. Samantha Hazlewood-Ermay and Ms .Shern Goodridge were the recipients of a \$100 savings voucher.
- Malachi Hazlewood, a minor, received a savings voucher valued at \$50.

15 VOTE OF THANKS

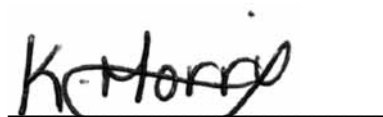
15.1 Mr. Erwin Jones, Assistant Treasurer of the Board, delivered the Vote of Thanks.

15.2 The President invited all incoming Officers, along with existing Officers, to take the Officer's Pledge.

16 TERMINATION

16.1 The President thanked all members and invited guests for attending the 39th Annual General Meeting of the Light & Power Employees Co-operative Credit Union Ltd.

There being no further business, the meeting was terminated at 4:00 p.m.



Keisha Morris
Secretary, Board of Directors

ATTENDANCE
AT THE 39th ANNUAL GENERAL MEETING

MEMBERS

- | | |
|------------------------------|----------------------------------|
| 1. ALLEYNE Simone | 25. JONES Erwin |
| 2. ARCHER Nneka | 26. JONES Kimoi |
| 3. BLACKMAN Paul | 27. KING May |
| 4. CADOGAN Valarie | 28. LAWRENCE David |
| 5. CALLENDER Anthony | 29. LAWRENCE Pedro |
| 6. CALLENDER Jerry | 30. MARKS Roxanne |
| 7. CLARKE Harriet | 31. MASON Hazelana |
| 8. COPPIN James | 32. MAYERS Malcolm |
| 9. DANIEL Bernadine | 33. MEDFORD Bonita |
| 10. DANIEL Candace | 34. MOORE Ricardo |
| 11. EDEY Andrea | 35. MORRIS Keisha |
| 12. EDWARDS Sheena | 36. NILES-MAPP Rhe-Ann |
| 13. FITT Hugh | 37. PALMER Andrea |
| 14. FOSTER Maxine | 38. PALMER Paula |
| 15. GOODRIDGE Shern | 39. PARRIS Reginald |
| 16. GRANT Gloria | 40. REIFER Ria-Ashlee |
| 17. GRIFFITH Howard | 41. SEIFERT-LICORISH Tracia |
| 18. HALL Sandra | 42. SHOCKNESS Corey |
| 19. HAYNES Grantley | 43. TROTMAN Eric |
| 20. HAZLEWOOD-ERMAY Samantha | 44. TROTMAN Wesley |
| 21. HAZLEWOOD Malachi | 45. WHITTAKER Kelvin |
| 22. HENRY Anderson | 46. WILKINSON-BRADSHAW Claudette |
| 23. HOLDER Charles | 47. WILLIAMS Trevor |
| 24. HUNTE Omar | 48. YEARWOOD Janiel |

ATTENDANCE
AT THE 39th ANNUAL GENERAL MEETING

VISITORS

1. GIBSON Daidreann
2. HALL Mark - Drayton J. Carter & Co. Chartered Accountants
3. LOVELL Anton – Co-operators General Insurance Company
4. MASON Maurice – C.O.B. Credit Union
5. MCDONALD Patrick – UWI Co-operative Credit Union Ltd
6. NORRIS Gareth
7. TEMPRO Vincent – Temprow Photography Services

TENURE OF OFFICE - 2023

BOARD OF DIRECTORS

			Years Remaining
President	-	Sheena Edwards	- 1
Vice President	-	Reginald Parris	- 2
Secretary	-	Keisha Morris	- 2
Treasurer	-	Tracia Seifert-Licorish	- 2
Assistant Secretary	-	Gloria Grant	- Nil - eligible for re-election
Assistant Treasurer	-	Erwin Jones	- Nil - eligible for re-election
Member	-	Kelvin Whittaker	- 1

SUPERVISORY COMMITTEE

			Years Remaining
Chairperson	-	David Lawrence	- Nil - Ineligible for re-election
Secretary	-	Kimoi Jones	- Nil - eligible for re-election
Member	-	Alana Goodridge	- 2
Member	-	Rhe-Ann Niles-Mapp	- 2
Member	-	Shanice Licorish	- Nil - Appointed

CREDIT COMMITTEE

			Years Remaining
Chairperson	-	Corey Shockness	- 1
Secretary	-	Rommell Cumberbatch	- 2
Member	-	Cindy Callender	- Nil - Appointed

THE BOARD OF DIRECTORS



Sheena Edwards
President



Reginald Parris
Vice President



Keisha Morris
Secretary



Tracia Seifert-Locorish
Treasurer



Erwin Jones
Assistant Treasurer



Gloria Grant
Assistant Secretary



Kelvin Whittaker
Member

SUPERVISORY COMMITTEE



David Lawrence
Chairperson



Kimoi Jones
Secretary



Allana Goodridge
Member



Rhe-Ann Niles-Mapp
Member



Shanice Licorish
Member

CREDIT COMMITTEE



Rommel Cumberbatch
Chairperson



Corey Shockness
Secretary



Cindy Callender
Member

CREDIT UNION STAFF



Eric R Trotman
Manager



Hazelana Mason
Accountant



Bernadine Daniel
Member Services
Supervisor



Ria-Ashlee Reifer
Administrative Assistant



Harriet Clarke
Accounting Assistant



Paul Blackman
Accounts Clerk



Ricardo Moore
Credit Officer



Roxanne Marks
Member Services
Representative



Malcolm Mayers
Member
Services Officer



Demario Taylor
General Worker

THE REPORT OF THE BOARD OF DIRECTORS

For The Year Ending December 31, 2022

Overview

For the financial year under review, Barbados saw improved economic activity as the country continued on the path of a return to some semblance of economic stability. However, the high level of inflation of 8.50%, due mainly to increased commodity prices continued to impact negatively on consumers' spending power.

The number of members taking advantage of our direct bank deposit facility grew during the year. Likewise, there was an increase of membership traffic to our website as they accessed the online banking transfer facility. In mid-year, the credit union partnered with PBS Technologies to utilise the SurePay platform, giving members access to an additional payment channel.

Financial Highlights

For the income year 2022, the credit union had a net operating income of \$0.33M compared to \$0.37M for 2021. Assets increased by \$1.39M, or 2.29%, to \$62.30M, up from \$60.90M, whereby loans to members increased by \$0.70M, to \$27.81M from \$27.11M. Investments saw a gain of \$4.22M, to \$25.36M, from \$21.14M in 2021. On the expenditure side of the coin, we saw an increase of \$2.28M during the year, where operating costs continued on an upward trend. The major expenditure items included Staff-related costs, interest expenses and IT-related costs.

The loan portfolio did not perform as expected, increasing only slightly by \$0.70M to \$27.81M, from

\$27.11M. Interest from loans to members contributed \$2.04M to total revenue for 2022, while investments added \$0.50M.

The provision for loan losses declined by \$0.10M from the 2021 level to \$0.44. The decline in provision is a reflection of continual delinquency management and collection efforts.

Members' added a net total of \$1.07M to increase their holdings to \$51.75M, where we saw an increase in Share Savings by \$0.53M and Deposits by \$0.54M. The credit union continues to maintain capital adequacy well above the 10% regulatory requirement.

Governance and Compliance

The Board of Directors oversees the credit union operations in accordance with established corporate governance and the Co-operative Principles. The Board held regular meetings during the period under review to manage the society's business. Board and management attended Corporate Governance training facilitated by the Barbados Co-operative & Credit Union League Ltd.

Wiltshire Consultancy International Inc. continued as the contracted entity to provide compliance services to the credit union during the year. To strengthen its ability to reduce the likelihood of the credit union being used for possible illicit activity, a technological transaction monitoring solution was sought. The automated solution enhances the capability to monitor transactions in a more effective manner.

Attendance for the Period 01 January to 16 April 2022				
DIRECTOR	POSITION	MEETINGS	ATTENDED	EXCUSED
Sheena Edwards	President	3	3	
Cindy Callender	Vice-President	3	3	
Reginald Parris	Treasurer (Ex-Officio)	3	3	
Andrea Edey	Secretary	3	3	
Gloria Grant	Asst. Secretary	3	3	
Erwin Jones	Asst. Treasurer	3	3	
Anderson Henry	Director	3	2	1
Kelvin Whittaker	Director	3	2	1

Attendance for the Period 17 April to 31 December 2022				
DIRECTOR	POSITION	MEETINGS	ATTENDED	EXCUSED
Sheena Edwards	President	17	17	
Reginald Parris	Vice-President	17	16	1
Tracia Seifert-Locorish	Treasurer	17	16	1
Keisha Morris	Secretary	17	13	4
Gloria Grant	Asst. Secretary	17	13	4
Erwin Jones	Asst. Treasurer	17	17	
Kelvin Whittaker	Director	17	10	7

The credit union continued its retrospective due diligence programme during the year. Though members have been responding positively in support of this effort, currently, only 67% of members have done so. Attempts at encouraging the remaining 33% of members are ongoing.

Human Resource

In the face of the COVID-19 pandemic, the credit union continued its commitment to ensuring a safe environment for staff, members and partners alike. Temporary staff were utilised as necessary to cover operational gaps for vacation and medical leave. During the year, Paul Blackman, Harriet Clarke, and Roxanne Marks celebrated fifteen years with us at the credit union. They were rewarded for achieving such a significant milestone in their tenure with the credit union, while being celebrated by their colleagues. The staff complement remained at ten permanent employees.

Training & Education

Ongoing skill and education enhancement forms one of the credit union's core pillars. And as such, worthwhile training opportunities are undertaken to achieve that goal. During the year, officers and staff participated in various sessions conducted in the following areas:

- Anti-Money Laundering/ Countering Financing of Terrorism & Proliferation Financing
- Corporate Governance
- Cyber Security
- Data Privacy
- Loan Underwriting
- Credit Risk Management
- Delinquency and Debt Collection
- Suspicious Activity Reporting
- Customer Service

Rommel Cumberbatch and Corey Shockness of the Credit Committee attended the Caribbean Development Education Program (CaribDE) held in St. Lucia.

Sector Matters

Though the economy has started to rebound, the sector continues to experience a high level of liquidity as some degree of uncertainty is still present. Hopefully, the apprehension of prospective borrowers will wane in correlation to economic recovery.

The introduction of card services for small and medium size credit unions being led by the Barbados Credit Union League appears stalled at this stage, as the service provider continues to face some challenges in bringing the project to fruition.

The annual International Credit Union (ICU) Day was celebrated in October by credit unions around the world under the theme “Empower Your Financial Future with a Credit Union”. The LPECCUL joined the ICU celebration by giving members a chance to win prizes in the ‘spin-the-wheel’ event when they performed a transaction.

Mr Erwin Jones was elected to the Board of Directors, and Ms Gloria Grant to the Supervisory Committee of the Barbados Co-operative & Credit Union League Ltd, the sector’s umbrella body. Mr Kelvin Whittaker is currently the Chairman of the Board of Co-operative General Insurance Co. Ltd.

Youth Development

The Julie Alleyne Eleven Plus Awards was held during the year after being suspended in 2019 due to the COVID-19 pandemic. Fifteen junior members who successfully completed the Barbados Secondary School Entrance Examination were aptly awarded. The Trevor Browne Scholarship, which was halted in 2020, will be reintroduced in 2023.

Property Management

The Bush Hill and Collymore properties both contain ageing buildings, which require constant repairs and maintenance. The Board is in the process of contracting to have the first floor of the Collymore Rock main building renovated. However, some challenges arose that will likely complicate the project and lead to additional capital expenditure. The other units at the property remained tenanted.

There has been no change to the status of the Horse-shoe Manor property. The buildings at the site were evaluated by an engineer and found to be structurally unsound. A representative from the Barbados National Trust was present at the evaluation. The Board awaits further reports from the National Trust, in order to decide on the best possible step to be taken at this stage.

Membership

During the year, the credit union participated in the National Housing Corporation (NHC) Financial Fairs, and also reached out to organisations in the surrounding area in an effort to bring broader awareness and

promote its products & services. Unfortunately, limited success was achieved as there is still the misconception among the public that the credit union’s name is a reflection of its membership base. This is a situation that will require resolution in the near future. For the year, membership increased by 23 to stand at 1,944.

Condolences are extended to the relatives and colleagues of the dearly departed who moved on to a higher calling during the year.

Outlook

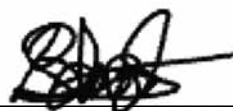
As growing operational and regulatory-related costs continue to impact credit unions’ bottom lines, mergers and strategic alliances are becoming attractive options to widen their scope and consolidate expenditures. The Board has committed to improving its corporate governance stance to ensure that the credit union is prudently and soundly managed. This measure will include reviewing and updating current policies and develop and implement new policies, procedures and systems where necessary.

Over the next financial year, the Board will endeavour to lead the credit union on the road to continued prosperity in these times of uncertainty. We will focus on ensuring that the funds and welfare of the membership are safeguarded while assisting them in achieving their desired level of financial elevation.

Acknowledgements

We extend sincerest thanks and gratitude to the valued members of the Credit Committee, Supervisory Committee and our entire staff for their respective contribution to the credit union during the financial year just ended.

The Board of Directors, Management and Staff of the Light & Power Employees Co-operative Credit Union Ltd. offer thanks to you, the members, for your continued patronage and partnership.



Sheena Edwards
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 2022 as compared to December 2021.

Description	Ratios	December 2022	Pearls Attained	December 2021	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	<u>9,382,126</u> 62,296,794	15.06%	<u>9,057,582</u> 60,902,899	14.87%	8% or greater
Net Income/Average Assets <i>Measures the Credit Union's ability to generate capital.</i>	<u>Net Income</u> Average Assets	<u>359,784</u> 61,599,847	0.58%	<u>647,730</u> 59,662,747	1.09%	1% or greater
Operating Expense/Income <i>Measures the Credit Union's ability to generate capital.</i>	<u>Operating Exp.</u> Total Income	<u>1,855,703</u> 2,605,926	71.21%	<u>1,525,558</u> 2,449,510	62.28%	50% or less
Net Loans/Total Assets <i>Indicates the Credit Union's ability to meet short-term cash obligations.</i>	<u>Net Loans</u> Total Assets	<u>27,813,394</u> 62,296,794	44.65%	<u>27,114,094</u> 60,902,899	44.52%	70% to 80%
Net Loans/Savings <i>Indicates the Credit Union's ability to meet short-term cash obligations.</i>	<u>Net Loans</u> Savings	<u>27,813,394</u> 51,747,369	53.75%	<u>27,114,094</u> 50,675,015	53.51%	70% to 85%
Delinquent Loans/Total Loans <i>Indicates the quality of the loan portfolio.</i>	<u>Delinquent Loans</u> Total Loans	<u>2,440,716</u> 28,251,477	8.64%	<u>3,307,708</u> 27,650,754	11.96%	5% or less
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	<u>2,804,193</u> 62,296,794	4.50%	<u>4,529,159</u> 60,902,899	7.44%	6% or less
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	<u>1,072,354</u> 50,675,015	2.12%	<u>1,634,953</u> 49,040,062	3.33%	10% to 20%
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	<u>699,300</u> 27,114,094	2.58%	<u>(514,819)</u> 27,628,913	-1.86%	8% to 15%

**The Light & Power Employees Co-operative
Credit Union Limited**
Auditors' Report and Financial Statements
December 31st, 2022
(Expressed in Barbados Dollars)

DJC & Co.

Drayton J. Carter & Co.
Chartered Accountants
Bridgetown
Barbados

Table of Contents	Page
Independent Auditors' Report	30-32
Statement of Financial Position	33
Statement of Income and Comprehensive Income	34-35
Statement of Changes in Members' Equity	39-37
Statement of Cash Flows	36
Notes to the Financial Statements	39-59
Sch. 1 - Details of Operating and Administrative Expenses	28-59

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

Email: draytonjcarter@yahoo.com

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, 2022, 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, 2022, 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 IFRS 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 of 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 14, 2023

The Light & Power Employees Co-operative Credit Union Limited
Statement of Financial Position
As of December 31, 2022

	Notes	2022 \$	2021 \$
Assets			
Cash and bank balances	4	5,977,268	9,451,483
Amounts receivable	5	415,238	366,021
Due from affiliate		9,561	-
Investments	6	25,361,625	21,139,168
Loans to members	7	27,813,394	27,114,094
Investment property	8	822,113	845,240
Property, plant and equipment	9	1,897,595	1,986,893
		-----	-----
Total Assets		62,296,794	60,902,899
		=====	=====
Liabilities and Members' Equity			
Accounts payable	10	1,167,299	1,170,302
Demand deposits	11	23,939,752	23,400,676
		-----	-----
		25,107,051	24,570,978
Non-qualifying shares	12	27,807,617	27,274,339
		-----	-----
Total liabilities		52,914,668	51,845,317
		-----	-----
Members' Equity (Pages 7 and 8)			
Equity shares		194,400	192,100
Statutory reserves		5,356,450	5,356,195
Other reserves		2,071,333	2,038,031
Undivided surplus		1,759,943	1,471,256
		-----	-----
Total members' equity		9,382,126	9,057,582
		-----	-----
Total Liabilities and Members' Equity		62,296,794	60,902,899
		=====	=====

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

Approved by the Board on March 14th, 2023 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, 2022

	Notes	2022 \$	2021 \$
Interest income			
Loan interest		2,043,545	2,017,346
Other interest		2,134	2,726
		-----	-----
		2,045,679	2,020,072
		-----	-----
Interest expenses			
Interest on deposits		156,367	223,181
Interest on non-qualifying shares		267,374	331,198
		-----	-----
		423,741	554,379
		-----	-----
Net interest income		1,621,938	1,465,693
Other income			
Rental income		42,638	43,880
Dividends received		38,511	76,357
Investment income		461,563	293,077
Other income		17,535	16,124
		-----	-----
Net income after interest expense		2,182,185	1,895,131
		-----	-----
Expenses			
Staff cost (Schedule 1)		884,850	833,629
Operating and administrative (Schedule 1)		578,800	387,526
Depreciation	8 & 9	128,552	135,630
Membership security		214,066	213,126
Meetings		136,724	109,576
Increase /(decrease) in loss allowance on investments	6	6,040	(48,319)
Provision for credit losses	7	(98,577)	(106,010)
Youth community and social outreach		5,248	400
		-----	-----
Total other expenses		1,855,703	1,525,558
		-----	-----
Net operating income for the year		326,482	369,573
		=====	=====

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, 2022

	Notes	2022 \$	2021 \$
Net operating income for the year		326,482 -----	369,573 -----
Items that will not be reclassified subsequently to profit and loss:			
Fair value gain on investments in equity instruments designated as at FVTOCI	6	33,302 -----	278,157 -----
Other comprehensive income for the year		33,302 -----	278,157 -----
Total comprehensive income for the year		359,784 =====	647,730 =====

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, 2022

	Equity	Statutory	Other	Undivided	
	Shares	Reserve	Reserves	Surplus	Total
Balance at January 1, 2021	190,300	5,356,045	1,759,874	1,139,620	8,445,839
Net Income	-	-	-	369,573	369,573
Other comprehensive gain	-	-	278,157	-	278,157
Net increase in share capital	1,800	-	-	-	1,800
Entrance fees & fines	-	150	-	-	150
Dividends paid	-	-	-	(37,937)	(37,937)
Balance at December 31, 2021	<u>\$ 192,100</u>	<u>5,356,195</u>	<u>2,038,031</u>	<u>1,471,256</u>	<u>9,057,582</u>
Balance at January 1, 2022	192,100	5,356,195	2,038,031	1,471,256	9,057,582
Net Income	-	-	-	326,482	326,482
Other comprehensive gain	-	-	33,302	-	33,302
Net increase in share capital	2,300	-	-	-	2,300
Entrance fees & fines	-	255	-	-	255
Dividends paid	-	-	-	(37,795)	(37,795)
Balance at December 31, 2022	<u>\$ 194,400</u>	<u>5,356,450</u>	<u>2,071,333</u>	<u>1,759,943</u>	<u>9,382,126</u>

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, 2022

	2022	2021
	\$	\$
Other reserves comprise:		
Fair value reserves	2,071,333	2,038,031
	=====	=====

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, 2022

	2022 \$	2021 \$
Cash flows from operating activities		
Net operating income for the year	326,483	369,573
Adjustments for non-cash income and expenses		
Depreciation	128,552	135,630
Loss on disposal of asset	5,297	3,296
Change in provision for credit losses	(98,577)	(106,010)
Loss allowance on impairment of financial assets	6,040	(48,319)
Changes in operating assets and liabilities:		
Increase in amounts receivable	(49,217)	(25,183)
Increase in amounts due from affiliate	(9,561)	-
(Decrease) / increase in accounts payable	(3,003)	233,609
	-----	-----
Net cash from operating activities	306,014	562,596
	-----	-----
Cash flows from investing activities		
Loans to members	(600,723)	620,829
Investments	(4,195,196)	(1,190,924)
Additions to property and equipment	(21,424)	(53,672)
Proceeds from sale of fixed asset	-	105
	-----	-----
Net cash used in investing activities	(4,817,343)	(623,662)
	-----	-----
Cash flows from financing activities		
Members' deposits	539,076	1,183,772
Non-qualifying shares	533,278	451,181
Share capital	2,300	1,800
Dividends paid	(37,795)	(37,937)
Entrance fees and fines	255	150
	-----	-----
Net cash from financing activities	1,037,114	1,598,966
	-----	-----
Net change in cash and cash equivalents	(3,474,215)	1,537,900
Cash and cash equivalents, beginning of year	9,451,483	7,913,583
	-----	-----
Cash and cash equivalents, end of year	5,977,268	9,451,483
	=====	=====

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 as well as their impact on the Society's financial statements are described below.

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

Classification and measurement of financial assets

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

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

2. Statement of accounting policies *(continued)*

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

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

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

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

2. Statement of accounting policies (continued)

Impairment of financial assets

In relation to the impairment of financial assets, 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 is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

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

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

(2) Equity instruments designated at FVTOCI

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

A financial asset is held for trading if:

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

2. Statement of accounting policies *(continued)*

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

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

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

Measurement and recognition of expected credit losses

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

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

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

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

De-recognition of financial assets

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

2. Statement of accounting policies *(continued)*

Property, plant and equipment

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

The annual depreciation rates are applicable:-

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

Impairment of assets

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

Entrance fees

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

Corporation Tax

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

Group pension plan

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

Foreign currency transactions

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

Investment property

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

2. Statement of accounting policies *(continued)*

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

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

Revenue recognition

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

Related parties

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

3. Critical accounting judgements and key sources of estimation

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

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

Critical judgements in applying the Society's accounting policies

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

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

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

Key sources of estimation

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

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

4. Cash and bank balances

	2022	2021
Cash holdings	\$ 176,565	116,977
Savings account	4,174,687	5,769,887
Current account	1,626,016	3,564,619
	-----	-----
	\$ 5,977,268	9,451,483
	=====	=====

The Society earned interest on its RBBL savings account at 0.0125% (2021: 0.0148%) during the financial year.

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2022

5. Amounts Receivable

	2022	2021
Trade receivables and accrued interest	\$ 139,327	90,830
Prepayments	92,270	98,769
Rent receivable	17,714	8,659
VAT refundable	165,927	167,763
	-----	-----
	\$ 415,238	366,021
	=====	=====

6. Investments

	2022	2021
	\$	\$

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

Barbados Co-operative and Credit Union League Ltd.	59,370	59,370
Cable & Wireless (Barbados) Ltd- 33,360 shares	76,394	76,394
Co-operators General Insurance Co. Ltd.-5,758 shares	2,214,412	2,253,210
Co-operators General Management Co. Inc.-4,827 shares	960,525	907,334
Insurance Corporation of Barbados - 50,000 shares	89,000	89,000
Sagicor Select Growth Fund	526,896	-
Sagicor Preferred Income Fund	254,398	-
Sagicor Global Balance Fund	519,766	-
	-----	-----
	4,700,761	3,385,308
	-----	-----

Investment assets measured at amortised cost

Government of Barbados bonds series B	8,826,658	8,995,091
Term deposits	11,768,620	8,639,298
Mortgage loan	199,672	247,517
	-----	-----
	20,794,950	17,881,906
Loss allowance	(134,086)	(128,046)
	-----	-----
	20,660,864	17,753,860
	-----	-----
Total Investments	25,361,625	21,139,168
	=====	=====

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2022

6. Investments (continued)

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, 2021	Shares acquired	Unrealised gain/(loss)	Fair value at Dec 31, 2022
Co-operators General Management Co. Inc.	907,334	17,550	35,641	960,525
Co-operators General Insurance Co. Ltd.	2,253,210	12,600	(51,398)	2,214,412
Insurance Corporation of Barbados	89,000	-	-	89,000
Barbados Co-operative & Credit Union League Ltd.	59,370	-	-	59,370
Cable & Wireless (Barbados) Ltd	76,394	-	-	76,394
Sagicor Select Growth fund		500,000	26,896	526,896
Sagicor Global Balance fund		500,000	19,766	519,766
Sagicor Preferred Income Fund		252,001	2,397	254,398
Total	3,385,308	1,282,151	33,302	4,700,761

6. Investments (continued)

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

The interest rates are as follows:

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

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

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

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

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, 2022

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

Investments

	<i>12-month Expected Credit Losses</i>		<i>Lifetime Expected Credit Losses</i>	
	Term Deposits	Government Bonds - Other	Loans to other entities	Total
	\$	\$	\$	\$
Balance as at 31 December 2020	43,305	132,093	967	176,365
Increase in allowance arising from new assets recognised during the year	5,217	-	-	5,217
Decrease in allowance from derecognition of financial assets in the year	-	(53,386)	(150)	(53,536)
Increase in allowances	-----	-----	-----	-----
Balance as at 31 December 2021	48,522	78,707	817	128,046
Increase (decrease) in allowances	37,462	(31,264)	(158)	6,040
	-----	-----	-----	-----
Balance as at 31 December 2022	85,984	47,443	659	134,086
	=====	=====	=====	=====

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2022

7. Loans to members

	2022	2021
Loan portfolio	\$ 28,251,477	27,650,754
Expected credit losses	(438,083)	(536,660)
	<u>\$ 27,813,394</u>	<u>27,114,094</u>
	<u>=====</u>	<u>=====</u>
	<i>12-month Expected Credit Losses</i>	<i>Lifetime Ex- pected Credit Losses</i>
	Loans to members	Loans to members
	\$	\$
		Total
		\$
Balance as at 31 December 2020	129,039	513,631
(Decrease)\ increase in allowances	(15,173)	(90,837)
	<u>-----</u>	<u>-----</u>
Balance as at 31 December 2021	113,866	422,794
(Decrease)\ increase in allowance	(28,038)	(70,539)
	<u>-----</u>	<u>-----</u>
Balance as at 31 December 2022	85,828	352,255
	<u>=====</u>	<u>=====</u>

The Society offers ordinary loans to members at rates varying from 5% to 8% (2021: 5% to 10%) per annum. The rate of interest on unsecured loans ranges from 12% to 15%. 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 \$25,000 (2021: \$25,000) at the interest rate of 15% (2021: 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, 2022

8. Investment property

		2022	2021
<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		522,715	499,588
Additions		23,127	23,127
		-----	-----
Balance at end		545,842	522,715
		-----	-----
Net book value	\$	822,113	845,240
		=====	=====
Direct rental income from investment property	\$	42,638	43,880
Operating expenses		(25,743)	(28,192)
		-----	-----
Net profit on investment property	\$	16,895	15,688
		=====	=====

Investment property shown at the net cost of \$822,113 (2021: \$845,240) as at December 31, 2022 has a current valuation of \$ 2,200,000 as determined by the Barbados Revenue Authority. The appraisal excess of \$1,377,887 is not accounted for in these financial statements.

9. Property, Plant & Equipment

2022	Total	Land & Buildings	Furniture & Equip.	Computer Equip.	Motor Vehicle
	\$	\$	\$	\$	\$
<u>Cost</u>					
Balance at start	3,399,629	2,761,845	260,782	335,002	42,000
Additions	21,424	-	2,292	19,132	-
Disposals	(12,457)	-	(484)	(11,973)	-
	-----	-----	-----	-----	-----
Balance at end	3,408,596	2,761,845	262,590	342,161	42,000
	-----	-----	-----	-----	-----
<u>Depreciation</u>					
Balance at start	1,412,736	954,124	169,406	247,206	42,000
Additions	105,425	46,083	16,485	42,857	-
Disposals	(7,141)	-	(307)	(6,834)	-
	-----	-----	-----	-----	-----
Balance at end	1,511,020	1,000,207	185,584	283,229	42,000
	-----	-----	-----	-----	-----
Dec 31, 2022	1,897,576	1,761,638	77,006	58,932	-
	=====	=====	=====	=====	=====

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2022

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

<u>2021</u>	Total	Land & Buildings	Furniture & Equip.	Computer Equip.	Motor Vehicle
	\$	\$	\$	\$	\$
<u>Cost</u>					
Balance at start	3,363,009	2,761,845	251,693	307,471	42,000
Additions	53,672	-	10,589	43,083	-
Disposals	(17,052)	-	(1,500)	(15,552)	-
	-----	-----	-----	-----	-----
Balance at end	3,399,629	2,761,845	260,782	335,002	42,000
	-----	-----	-----	-----	-----
<u>Depreciation</u>					
Balance at start	1,313,884	908,041	153,821	214,922	37,100
Additions	112,503	46,083	15,978	45,542	4,900
Disposals	(13,651)	-	(393)	(13,258)	-
	-----	-----	-----	-----	-----
Balance at end	1,412,736	954,124	169,406	247,206	42,000
	-----	-----	-----	-----	-----
Dec 31, 2021	1,986,893	1,807,721	91,376	87,796	-
	=====	=====	=====	=====	=====

Lands and buildings shown at the net cost of 1,761,638 (2021: \$ 1,807,721) as at December 31, 2022 have a current valuation of \$ 4,500,000 as determined by the Barbados Revenue Authority. The appraisal excess of \$ 2,738,362 is not accounted for in these financial statements.

10. Accounts Payable

	2022	2021
Trade payables	\$ 74,372	81,626
Interest payable	175,317	170,841
Non-members payables	791,571	791,571
Members clearing	104,017	102,552
National insurance payable	10,901	12,407
PAYE payable	11,121	11,305
	-----	-----
	\$ 1,167,299	1,170,302
	=====	=====

11. Demand Deposits

	2022	2021
Savings deposits	\$ 17,736,292	17,736,079
Term deposits	117,655	125,030
Fixed deposits	6,085,805	5,539,567
	-----	-----
	\$ 23,939,752	23,400,676
	=====	=====

Interest paid on deposits varied between 0.35% and 1.35% per annum (2021: 0.35% and 1.35%).

12. 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.

13. Commitments

Commitments in respect of loans approved but not disbursed as at December 31, 2022 were \$1,828,740 (2021: \$2,851,206).

14. 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.

14. 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

	2022	2021
Bank balances	\$ 5,977,268	9,451,483
Amounts receivable	415,238	366,021
Due from affiliates	9,561	-
Investments	25,361,625	21,139,168
Loans to members - net	27,813,393	27,114,094
	-----	-----
	\$ 59,577,085	58,070,766
	=====	=====

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, 2022 based on contractual undiscounted payments.

	2022	2021
Accounts payable	\$ 1,167,299	1,170,302
Demand deposits	23,939,752	23,400,676
	-----	-----
	25,107,051	24,570,978
Non-qualifying shares	27,807,617	27,274,339
	-----	-----
Total liabilities	\$ 52,914,668	51,845,317
	=====	=====

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
Notes to the Financial Statements
December 31, 2022

(Schedule 1)

	2022	2021
Staff cost		
Salaries and wages	\$ 739,516	693,046
National insurance	66,233	68,108
Pension fund	29,945	31,642
Uniforms	5,024	3,305
Medical insurance	11,616	11,910
Group life insurance	1,104	1,104
Education/training	17,384	12,220
Staff well-being	14,028	12,294
	-----	-----
	\$ 884,850	833,629
	=====	=====
Number of employees	10	10
	-----	-----
Office Expenses		
Stationery, office expenses and advertising	\$ 173,807	71,631
Cleaning	13,687	16,223
Utilities	24,651	24,381
Insurance	12,976	8,492
Security	9,252	8,933
	-----	-----
	\$ 234,373	129,660
	-----	-----
Property Management		
Repairs and maintenance	\$ 36,425	23,342
Utilities	3,172	2,423
Insurance	19,031	18,355
Land tax	57,610	56,527
	-----	-----
	\$ 116,238	100,647
	-----	-----
Motor Vehicle Expenses	\$ 4,323	3,897
	-----	-----

The Light & Power Employees Co-operative Credit Union Limited
Notes to the Financial Statements
December 31, 2022

(Schedule 1)

	2022	2021
Other Administrative Expenses		
Audit fees	\$ 36,400	36,400
Bank charges	8,707	7,788
Donation and subscriptions	3,936	3,308
Education fund	6,477	261
Fines	2,500	-
League dues	42,844	41,377
Loss on disposal of fixed assets	5,297	3,296
Member relations	8,094	4,048
Miscellaneous	1,034	70
General expenses	23,063	10,470
Professional fees	55,500	17,400
Regulatory fees	30,014	28,904
	-----	-----
	\$ 223,866	153,322
	-----	-----
Total Operating and Administrative Expenses	\$ 578,800	387,526
	=====	=====

TREASURER'S REPORT

For the Year Ended December 31, 2022

For the financial year 2022, the credit union's overall performance was flat. There was minimal growth which is reflected in the areas highlighted.

Net Income

Surplus for the year totalled \$0.33M, a decline of 11.55%, from \$0.37M the previous year. Major revenue earners were loans, which increased slightly by \$0.03M, or 1.30%, to \$2.04M compared to \$2.02M for 2021, and investment income, which provided \$0.50M to the bottom line, compared to \$0.37M the previous year.

Expenditure

Expenses for the year increased to \$2.28M, compared to \$2.08M for 2021, an increase of \$0.20M, or 9.62%. The increase resulted from a rise in operational costs, mainly IT, staffing, professional fees, advertising and property management. Interest expenses paid on members' holdings decreased by \$0.13M, or 23.56%, to \$0.42M from \$0.55M. Operating and administrative expenses increased by \$0.19M, or 49.36%, to \$0.58M from \$0.39M. IT costs continue to increase as the credit union employ technological solutions as part of its operation.

Loans

Total loans increased by \$0.70M or 3.22% to \$27.81M, from \$27.11M, as a total of \$7.14M was disbursed for the year, consisting of Mortgage and Real Estate of \$2.40M, Line of Credit of \$2.11M, and other consumer loans of \$2.63M. Line of Credit is one of the fastest growing loan categories, with the total approved limit increasing by \$1.25M or 40.32%, to \$4.35M from \$3.10M, and total outstanding balance increasing by 55.47% to \$2.13M from \$1.37M.

With overall loan growth being stagnant, the Board continues to look at options such as further reducing

interest rates and eligibility criteria to make the credit union's loan products more attractive to members. Loan loss provision declined by \$0.10M to \$0.44M, reflecting the expected credit loss position at year end, compared to \$0.54M for 2021.

Assets

Net assets increased by \$1.39M, or 2.29%, to \$62.30M, from \$60.90M. Cash declined, though liquidity is still considered high, notwithstanding increased investment activity. Cash and cash equivalent held in commercial banks declined by \$3.47M, or 36.76%, to \$5.98M, from \$9.45M due to increased investment activity. Excess funds were employed to take advantage of investment opportunities. Investments increased by \$4.22M, or 19.97%, to now stand at \$25.36M.

Liabilities

Total members' holdings increased by \$1.07M, or 2.17%, to \$51.75M from \$50.68M. Shares increased by \$0.53M, to \$27.81M, and Demand Deposits increased by \$0.54M, to \$23.94M. In lieu of accessing loans, members are utilising their savings to fund their needs. This has contributed to the diminished loan growth rate.

Equity

Capital adequacy remains in excess of the regulatory requirement of 10% of net assets at 15.06%, at \$9.38M. This will allow for the credit union to withstand adverse an impact were financial losses to occur. Under Section 197(2) of the Co-operative Societies Act, the credit union is required to allocate the greater of 0.5% of assets or 25% of Net Income towards Statutory Reserves until the capital of the society equals 10% of assets.

Statutory Reserves remained at \$5.36M, Retained Earnings increased to \$1.76M, up from \$1.47M, and Other Reserves at \$2.07M, up from \$2.04M the previous year.

During the ensuing year, some changes will be made in how loans are approached. Specifically, the credit union's adoption of credit reporting will assist in the profiling of loan applications, leading to more informed lending decisions. Under the Fair Credit Reporting Act 2021, credit unions are required to provide financial details on the loans of borrowers to credit bureaus. The credit union also has access to financial details from other credit information providers to allow for a broader scope of information on applicants' credit history and status.

Additionally, the credit union will be implementing a risk-based approach to replace the current mechanism. This approach will allow for the use of variable interest rates based on the risk assessed and the credit product utilised. The use of the share-multiplier format as a determinant of the amount of funding a member can access, is no longer applicable in the current competitive environment. To this end, an updated, more flexible Loan Policy that is fit for purpose will be introduced to govern the loan adjudication process.

Year	Total Assets (\$000)	Loans (\$000)	Deposits (\$000)	Shares (\$000)	Net Income (\$000)	Capital (\$000)	Statutory Reserves (\$000)
2022	62,296	27,813	17,736	27,808	326	9,382	5,356
2021	60,903	27,114	17,736	27,274	370	9,058	5,356
2020	58,423	27,629	16,089	26,823	8	8,446	5,356
2019	55,650	29,959	14,193	26,023	(135)	8,236	5,356
2018	54,640	31,039	13,551	25,647	1,000	8,341	5,356



Tracia Seifert-Licorish
Treasurer, Board of Directors

SUPERVISORY COMMITTEE'S REPORT

For the Year Ended December 31, 2022

Attendance from January 01 to April 16, 2022

Name	Position	Meetings	Attended	Excused
David Lawrence	Chairman	3	3	-
Kimoi Jones	Secretary	3	2	1
Keisha Morris	Member	3	3	-
Rhe-Ann Niles Mapp	Member	3	3	-
Tracia Seifert-Licorish	Member	3	3	-

Attendance from April 17 to December 31, 2022

Name	Position	Meetings	Attended	Excused
David Lawrence	Chairman	9	9	-
Kimoi Jones	Secretary	9	7	2
Rhe-Ann Niles Mapp	Member	9	9	-
Allana Goodridge	Member	9	9	-
Shanice Licorish **	Member	6	4	2

OVERVIEW

At the first meeting of the Supervisory Committee held on April 20, 2022, Mr. David Lawrence was elected to serve as Chairman & Ms. Kimoi Jones as Secretary. Ms. Shanice Licorish was selected by the Committee to serve fill the vacant position and serve for a period of one (1) year. Ms. Licorish had submitted her documents to the FSC and we were awaiting their approval.

**** Member Shanice Licorish was approved by the Financial Services Commission and was granted authorization to attend meeting from August 2022**

Under the Co-operatives Societies Act CAP.378A, 212, the responsibilities below fall under the portfolio of the Supervisory Committee:

Responsibilities of the Supervisory Committee

- Examination of the books of the Credit Union
- Monitoring the management of the Credit Union
- Appraise the Credit Union's policies and operating procedures to make recommendations to the Board of Directors
- Receive and investigate any complaint made by any member affecting the proper management of the Society

- Confirm the cash instruments, property and securities of the Credit Union
- Verify the assets of the Society.

Credit Union Monitoring

The Supervisory Committee carried out the following during the year under review:

- Received, reviewed and verified the monthly and quarterly financial statements filed with the Financial Services Commission
- Reviewed and new accounts
- Received and responded to queries and suggestions made by members
- Reviewed the policies of the Society and made recommendations where necessary
- Reviewed approved loans
- Verified the Assets of the Credit Union
- Sought clarification on matters arising

Conclusion

During the year under review, after reviewing and testing of the Light & Power Employee's Corporative Credit Union, The Supervisory Committee found no evidence of misstatements or misdirection in their books; or that any contravention of the By-Laws or the Act has occurred.

YEAR IN REVIEW

First Quarter – Q1

- Reviewed the policies of the Credit Union Loans Policy, Travel Policy & Communication & Device Policy

Second Quarter – Q2

- Establish the Supervisory Committee Member positions
- Reviewed the Credit Unions Member's Reporting Process
- Reviewed New member application

Third Quarter – Q3

- Reviewed approved loans
- Reviewed New Member Application

Fourth Quarter – Q4

- Executed a surprised cash audit
- Performed a Fixed Asset Verification
- Reviewed and queried received complaint
- Reviewed policies

The Supervisory Committee also reviewed the Financial Statements submitted to the Financial Services Commission (FSC) on a monthly basis.

Complaints, Queries & Suggestions Received

Complaint

During the course of the financial year ending 2022, a member submitted one complaint in December. This is still under investigation by the Supervisory Committee.

Training Attended

- Auditing and Controls for New Supervisory Committee Members
- Financial Literacy Orientation for Directors



Information Security

As part of the Supervisory Committee's responsibility to keep members' confidential information safe, we have established a framework for the sharing of sensitive information with the Board of Directors and the Management Team through an established platform, which is managed by the Credit Union.

Acknowledgements

The Supervisory Committee wishes to extend its gratitude to the Management and Staff of the Light & Power's Employees Corporative Credit Union. We also wish to extend our appreciation to The Board of Directors and the Credit Committee for their continuous support and corporation during the past financial year.

We will also like to extend a Thank You to the members of our Credit Union for the confidence, which they have placed in us, and we look forward to serving your interest in the future

David Lawrence
Chairman

CREDIT COMMITTEE'S REPORT

For the Year Ended December 31, 2022

Following the Annual General Meeting held on April 16th, 2022, the Credit Committee met, and Mr. Rommel Cumberbatch was elected to serve as Chairperson, while Mr. Corey Shockness was elected to serve as Secretary. Ms. Andrea Edey was appointed by the Board of Directors to serve as a member from April 26th, 2022. Mrs. Cindy Callender was then appointed to fill the position vacated by Ms. Edey, effective July 12th 2022.

The Credit 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, to determine whether the loan sought is for provident or productive purposes, and endeavour diligently to assist applicants in solving their financial problems. The Committee is required to meet no less than once a month. However, in an effort to better serve members, this Committee has remained dedicated to meeting weekly, to adjudicate loans.

In the fiscal year 2022, the Credit Committee approved 324 loans. This represented an increase of 38 loans (13.3%) over the 286 approved in 2021. These 324 loans disbursed totalled \$6,026,038, an increase of \$1,160,063 (23.8%) over the 2021 total of \$4,865,975. Of note is the fact that double digit (%) growth was re-

corded in both the number of loans disbursed and the overall loan portfolio. This show that the Credit Union is headed in the right direction post-pandemic.

The Committee noticed that members had good interest in the Credit Union's Regular Line of Credit (L.O.C) services during the year. There was a 47% increase in the amount disbursed for this L.O.C. facility, which totalled \$1,132,500. Additionally, loan categories such as; Education (\$319,150), Vehicle Purchases (\$1,729,971) and Real Estate (\$1,785,000) would have all seen growth in excess of 40%. Despite overall growth, a decline was observed in some key loan categories, including Home Construction, Home Improvements, Summer L.O.C and General Expenses.

As Chairperson of the Credit Committee, it was a pleasure working with the dedicated team of; Mr. Corey Shockness, Ms. Andrea Edey and Mrs. Cindy Callender. Special mention to Ms. Edey and Mrs. Callender, who raised their hands and volunteered to sit on the committee when assistance was needed. The committee would also like to thank the management and staff for their support and guidance rendered during the past year. Lastly, heartfelt thanks to the members for the opportunity to serve you in reaching your personal and financial goals.

ATTENDANCE JANUARY 1ST TO APRIL 16TH – 2022

NAME	POSITION	MEETINGS HELD	ATTENDED	EXCUSED
JANIEL YEARWOOD	CHAIRPERSON	15	13	2
COREY SHOCKNESS	SECRETARY	15	14	1
ROMMEL CUMBERBATCH	MEMBER	15	14	1

ATTENDANCE APRIL 17TH – DECEMBER 31ST 2022

NAME	POSITION	MEETINGS HELD	ATTENDED	EXCUSED
ROMMEL CUMBERBATCH	CHAIRPERSON	45	44	1
COREY SHOCKNESS	SECRETARY	45	42	3
ANDREA EDEY	MEMBER	7	7	0
CINDY CALLENDER	MEMBER	31	30	1



ROMMEL CUMBERBATCH

Chairperson – Credit Committee

LOANS COMPARISON FOR ANNUAL REPORT FOR THE YEAR ENDING 31ST DECEMBER 2022

CATEGORY	AMOUNT (\$)	AMOUNT (\$)	VOLUME	VOLUME	DIFFERENCES	
	2022	2021	2022	2021	AMOUNT (\$)	VOLUME
ATTORNEY FEES	9,500	38,492	2	4	-28,992	-2
BILL PAYMENTS	1,068	13,014	1	5	-11,946	-4
BUSINESS	10,000	21,000	1	2	-11,000	-1
CHRISTMAS EXPENSES	-	2,000	0	1	-2,000	-1
CHRISTMAS L.O.C	232,900	260,800	30	38	-27,900	-8
COMPUTER LOAN	5,650	-	3	0	5,650	3
DEBT CONSOLIDATION	83,000	225,439	10	7	-142,439	3
EDUCATION	319,150	195,250	12	10	123,900	2
EQUIPMENT	89,661	64,209	9	3	25,452	6
FUNERAL EXPENSES	46,125	33,500	5	5	12,625	0
GENERAL EXPENSES	28,571	47,100	7	6	-18,529	1
GRADUATION	2,000	-	2	0	2,000	2
HOME CONSTRUCTION	30,000	468,000	1	3	438,000	-2
HOME FURNISHING	1,990	16,265	1	5	-14,275	-4
HOME IMPROVEMENT	105,729	443,120	19	40	-337,391	-21
HOME MAINTENANCE	-	2,500	0	1	-2,500	-1
INSURANCE (HOME)	1,009	4,160	1	2	-3,151	-1
INSURANCE (VEHICLE)	21,221	14,360	12	9	6,861	3
INSURANCE (GENERAL)	-	1,086	0	1	-1,086	-1
INVESTMENT	13,500	12,000	2	1	1,500	1
MEDICAL	51,112	34,650	9	8	16,462	1
REAL ESTATE	1,785,000	1,149,000	8	6	636,000	2
RE-FINANCE	8,500	244,500	2	3	-236,000	-1
REGULAR L.O.C	1,132,500	269,000	99	31	863,500	68
SCHOOL SUPPLIES	10,700	5,500	3	2	5,200	1
SETTLEMENT	-	190,000	0	1	-190,000	-1
SUMMER L.O.C	220,085	240,900	24	46	-20,815	-22
TAXES	562	631	1	1	-69	0
TRAVEL/VACATION	31,500	28,500	5	5	3,000	0
VEHICLE PURCHASE	1,729,971	744,499	37	22	985,472	15
VEHICLE REPAIRS	52,035	86,500	17	17	-34,465	0
WEDDING EXPENSES	3,000	10,000	1	1	-7,000	0
TOTALS	6,026,038	4,865,975	324	286	1,160,063	38

DELINQUENCY COMMITTEE'S REPORT

For the Year Ended December 31, 2022

The Delinquency Committee for the year ending 31 December 2022 comprised The Credit Committee, and the Member Services Supervisor.

The aims and objectives of the Delinquency Committee are:

1. To recover all outstanding loan payments and/or overdue balances.
2. To provide financial counselling to members
3. To offer guidance to members who are experienc-

ing 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.

The following table provides a comparative analysis of Delinquent Loans:

CATEGORIES	2021	2022	CHANGE	
Total loans outstanding at year-end	27,650,753	28,251,477	600,724	Increase
Shares held for outstanding delinquent loans	419,990	349,006	(70,984)	Decrease
Total principal outstanding delinquent loans	3,307,708	2,440,716	(866,992)	Decrease
Total exposure (loans at risk)	2,887,718	2,091,710	(796,008)	Decrease
Percentage exposure compared to total loans	11.96%	8.64%	3.32%	Decrease
Number of delinquent members	72	72	-	No change
Accounts Written Off	0	0	-	
Amounts Written Off	0	0	-	

Introduction

During the year under review, members continued to experience the effects of the Covid19 pandemic. This was evidenced by the continued current levels of delinquency.

The Credit Union operates within the framework of the IFRS9 standard, which was adopted globally in 2018, and stipulates that delinquency is recognized 30 days after a missed payment, instead of 90 days as in previous years. Delinquency is therefore monitored monthly to mitigate its impact.

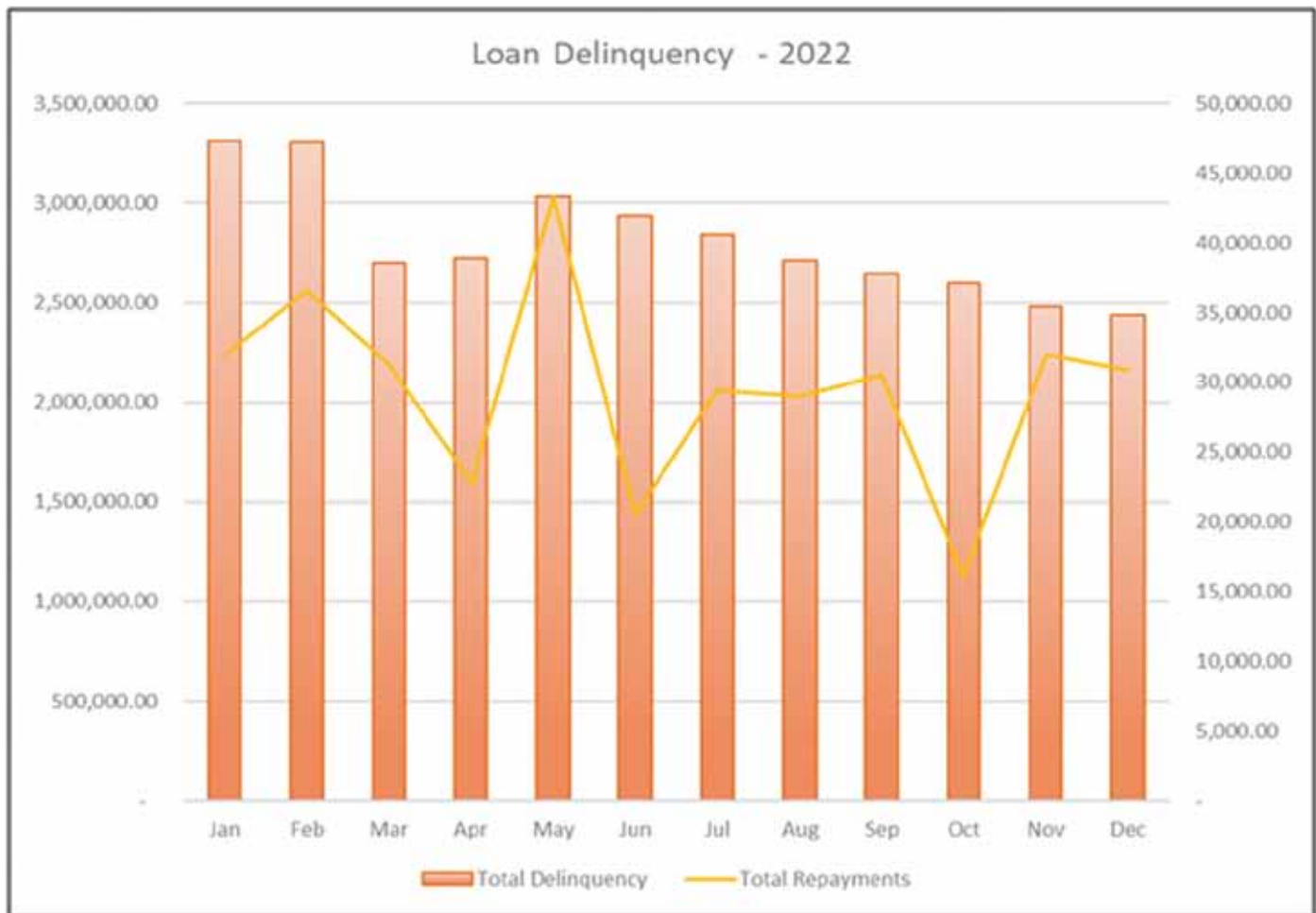
Delinquency Review

At year-end, there were 72 delinquent loans, totalling 2,440,716, a reduction of \$866,992 from 2021. Total delinquency stood at 8.64% at year-end.

The significant reduction in delinquency is commendable. The committee endeavours to work with members to not only reduce delinquency, but to foster a relationship where delinquency is managed before it occurs. The delinquency management mechanism seeks to utilise the Delinquency policy to work closely with members to mitigate delinquency and to assist them wherever possible.

During the year, a total of 7 delinquent loans were fully repaid. Some members brought their loans up to date, thereby eliminating their delinquency status. Total loan delinquency was reduced from 11.96% in 2021 to 8.64% in 2022 – a positive shift of 27.76%.

A total of \$685,745.56 in repayments from delinquent loans was realized over the 12-month period, with an average of \$29,547.69 per month.



Sincerest appreciation is extended to the team of professionals that manage delinquency on a daily basis. They are members of the Credit Union staff, the Credit Committee, the Attorneys-At-Law and the Bailiff.

ROMMEL CUMBERBATCH
Chairperson – Credit Committee

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 cooperation 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.

Discounts available to Members



OUR VISION

To be a dynamic financial services provider
driven by the needs of the 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 integrity.



**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
Email: lp.creditunion@caribsurf.com | www.lpecu.bb | Printed by Panagraphix Inc