



# **PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**

# **2022**

## **ANNUAL GENERAL REPORT**



# DREAM OF OWNING A NEW CAR? HAVING YOUR OWN HOME?

THE PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LTD.  
OFFERS NEW INTEREST RATES ON LOANS



## Loans within Shares-0.50%

**Mortgage Bill of Sales** - (Roll on, Roll Off) - 0.75% • (Used Vehicles) - 0.90%

**Mortgage Loans** - (New Mortgage) - 0.50%



Republic Bank Limited

### ONLINE PAYMENTS TO REPUBLIC BANK JUST GOT EASIER

Palo Seco Credit Union has been added to the List of Companies/Utility Bill Payment Online

WE CONTINUE TO OFFER YOU A WIDE RANGE OF SERVICES AND BENEFITS

#### SHARE ACCOUNT

- Deposit Account
- Special Deposit Account
- T.I.A. Account
- Loans (Personal, Mortgages, Computer, Motor Vehicles)
- Competitive Interest Rates
- Direct Deposit and Standing Order available
- Comfortable Surroundings

#### CUNA

##### Family Indemnity Plan (FIP)

- Sagcor & Guardian Life Medical Plan
- Educational Seminars
- Scholarship/Bursary
- Net Banking/Linx Debit & Credit Services
- Spacious Auditorium for Rent

**Become a part of the Credit Union Family,  
where our friendly staff are waiting to give you service with a smile**

*Palo Seco Credit Union - The Premier Financial Institution "of the Deep South"*



856-858 Siparia Erin Road, Los Bajos



649-5683 / 6253 / 4507



palseccu@gmail.com

**PALO SECO CREDIT UNION  
CO-OPERATIVE SOCIETY LIMITED**

**2022 ANNUAL GENERAL REPORT**

**Honouring the Past, Treasuring the Present, Shaping the Future**

## NATIONAL ANTHEM

Forged from the love of Liberty  
In the Fires of Hope and Prayer  
With boundless faith in our Destiny  
We solemnly declare  
Side by side we stand  
Islands of the blue Caribbean Sea  
This our Native Land  
We pledge our lives to Thee  
Here every Creed and Race  
Finds an equal Place  
And may God bless our nation  
Here every Creed and Race  
Finds an equal place  
And may God bless our nation

## CREDIT UNION PRAYER

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  
Where there is sadness, Joy

O Divine Master, grant that I may not  
So much seek to be consoled, as to console  
To be understood, as to understand  
To be loved, as to love  
For it is in giving that we receive  
It is in pardoning that we are pardoned  
And it is dying that we are born to  
Eternal Life.  
Amen



## THE VISION

Palo Seco Credit Union  
As the Premier Credit Union  
Co-operative Society Limited  
In Trinidad & Tobago

## THE MISSION

To transform Palo Seco Credit Union  
into a leading Co-operative Institution  
providing the best financial services  
to its members, through the prudent  
management of their financial resources  
While continuously developing its human  
Resources in keeping with the  
Co-operative philosophy and principles of  
the Credit Union Movement.



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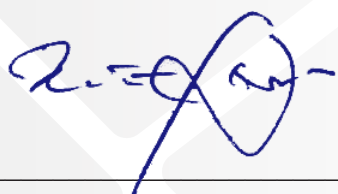
# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 74th Annual General Meeting of the Palo Seco Credit Union Co-operative Society Limited will be held on Saturday 20th May, 2023 at the Palo Seco Credit Union's Auditorium, 856-858 Siparia Erin Road, Los Bajos from 1:30 p.m.

## AGENDA

1. Reading and confirmation of Minutes of 73rd Annual General Meeting
2. Matters arising from the Minutes.
3. Consideration and Acceptance of Reports
4. Reading and Consideration of Resolutions.
5. Election of Officers
6. Conduct of General Business.

**Registration begins on Monday 15th May, 2023 from 10:00 am, and continues until Saturday 20th May, 2023 from 12:00 noon.**



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**RICHARD PRINCE  
HON. SECRETARY  
BOARD OF DIRECTORS**

# AGENDA

1. National Anthem
2. Invocation
3. Safety Briefing
4. Call to Order
5. Reading of Notice
6. Welcome
7. President's Address
8. Moment of Silence for the Deceased
9. Adoption of the Standing Orders
10. Motion on Rising Time
11. Minutes of the 73rd Annual General Meeting held on 10th September, 2022
12. Correspondence
13. Reports:
  - a. Board of Directors
  - b. Credit Committee
  - c. Supervisory Committee
  - d. Education Committee
  - e. Nomination Committee
  - f. Treasurer's Report
  - g. Report of the Auditor and Audited Financial Statements
14. 2023 Budget
15. Resolutions
16. Election of Officers:
  - a. Supervisory Committee
  - b. Credit Committee
  - c. Board of Directors
17. General Business
18. Vote of Thanks

# STANDING ORDERS

1. A member shall stand when addressing the chair. Speeches shall be clear and relevant to the subject before the meeting.
2. A member shall address the meeting when called upon by the Chairman to do so.
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 to or explain (with permission of the chair).
5. No speeches shall be made after the question has been put and carried or negated.
6. The mover of a "procedural motion" (adjournment, lay on the table, motion to postpone) shall have no right to reply.
7. A member rising on a "Point of Order" shall state the point clearly and concisely. A point of order must have relevance to the standing orders.
8. A member shall not "call" another member "to order" but may draw the attention of the Chair to a "breach of order". On no account can a member call the Chair "to order".
9. Only one amendment shall be before the meeting at one and the same time.
10. When a motion is withdrawn, any amendment to it falls.
11. The Chairman shall have the right to a "casting vote".
12. If there is an equality of voting on an amendment and if the chairman does not exercise his casting vote, the amendment is lost.
13. Provision shall be made for protection of the Chairman from vilification (personal abuse).
14. No member shall impute motives against another.
15. Only members and specially invited guests would be admitted.



## PRESIDENT'S ADDRESS 2023



Fellow Directors, officers, Representatives of the Credit Union League, Officers of the Cooperative Division, other Specially Invited Guests, the Manager, Staff, and most importantly you, our esteemed members, good afternoon. I am pleased to report on the performance of the Palo Seco Credit Union Co-operative Society Limited (Palseccu) for the Financial Year ended 2022 December 31st, and my first period as President of this illustrious organization.

During the year under review the Credit Union was led by by three Presidents Mr. Stephenson, Mr. Hamilton, and me. I, therefore, take this opportunity to join you in mourning the the death of Mr. Alvin Stephenson and to thank both gentlemen for for their contributions to the Credit Union during this period. I also take this opportunity to thank all members of the Board and its Sub-Committees, the Supervisory and Loans Committees, and Members of Staff, especially those who served as member representatives of Committees and those who volunteered their time, beyond the call of normal duty, to assist in several of the initiatives conducted during the period. Many of these initiatives are reported in detail in the Committees' reports including, opening of our Guest House in Tobago, establishment of our YouTube channel, and the introduction of a downloadable Republic Online App for easy transfers.

The year 2022 was another challenging year. We continued to feel the financial impact, having to operate in a domestic economy punctuated by: high unemployment rates,

circa 5.4%; surges in international and local food commodity prices and supply disruptions, influenced by the Russia-Ukraine war; supply and demand imbalances caused by the Covid 19 pandemic; and adverse local weather conditions, all pushing headline inflation to 8.8%, the highest rate since 2014, and food inflation to 13.8%. These predominated our business environment and overshadowed the positive changes in the National Economy, published by the Central Statistical Office, which showed several areas of growth including a 6.6% year-on-year growth in GDP, during the second quarter of 2022, driven mainly by a 10.5% growth in the non-energy sector, which compensated for the 2.5% decline in the energy sector. Understandably many of our members chose to wait and see using shares to pay loans and using shares rather than contracting new loans.

In addition, we are aware that we maintained our rigid protocols to safeguard all persons visiting the Credit Union facilities from contracting Covid 19. We know this increased inconvenience required longer processing times for transactions and required you to stand in external lines waiting to enter. We extend our sincere regrets and extend our deepest thanks to everyone for their patience and understanding. We have recently relaxed some of these measures, in line with approved National protocols, to reduce inconvenience. You are reminded, though, that contagion levels are still high and ask that you exhibit responsible behaviors to protect yourself and others, while doing business at the Credit Union's facilities.

A review of our Key Performance Indicators shows that we are not immune to the changes in our 'Business Ecosystem'. The following highlights of our performance are shared to explain. On the positive side:

- Membership – Our membership grew by just ~0.32 or 1%.
- Expenses – decreased by ~34%
- Surplus before appropriation – grew by ~3%

We are happy for the confidence shown in the Credit Union as seen by a net increase in our membership; albeit, our new members growth was masked by the high number of deaths, a consequence of our aging population, and some resignations principally related to the ease of doing business. We are also grateful to all who participated to achieve the significant decrease in our expenses and are thankful that, in spite of all, we were still able to make a surplus, although, not at the levels we projected.

On the negative side we had decreases in the following key performance indicators.

- Total Assets – decreased by ~2%
- Members Equity – members shareholding decreased ~1%
- Loans – our loan portfolio decreased by ~22%
- Revenue – decreased by ~15%

We acknowledge that these decreasing trends, particularly in our loans and shares portfolios, started some time ago; it is imperative, however, that we arrest them and reverse the direction, to avoid the knock-on impact it has on the Credit Union's performance, especially our asset value, revenue, and surplus. We are committed to address that issue, together with you. We are aware of the challenges that people are facing. We are also aware of the many risks that exist in our Business Ecosystem. We are not daunted. Consequently, your Board, has already put in motion activities to address them. We have reviewed the Board sub-committees and our reporting processes to ensure there is continuous oversight of all aspects of the Credit Union's activities. We met during the period 2023 March 16-19 to examine possible causes, ways to address them, and develop a workplan for the upcoming period. We also used the opportunity to review and sign-off on several work procedures, we started earlier in the period. Some of the work concluded, some initiatives in progress, and some initiatives identified during this exercise are shared for your information:

- Enterprise Risk Management & Business Sustainability Plan – We have completed our enterprise risk management and business continuity plan to be rolled out to the staff and committees.

- Establishment of Charters – We have developed and signed off charters to direct the works of all sub-committees of the Board.
- Self-service – Completion of our website with an interactive self-service module and synchronized mobile apps are paramount to provide opportunities for several areas of electronic processing, reducing the need for contact and being ready to respond if there are any further outbreaks or similar situations. We have reviewed three suppliers' proposals and have decided on a way forward.
- Process review – We are in the process of completing our business process reviews to identify pinch points and areas for optimization of our office operations.
- Review of loan interest rates, share requirements for loans, and establishment of revolving credit limits. – This is expected to significantly reduce the time spent and paperwork involved in processing loans within character limits; and to ensure our interest rates are competitive with other lending institutions.
- Succession Planning – An exercise is in place to review the job competency requirements, employees' competencies and developmental needs to ensure efficient delivery of the Credit Union services.
- Performance Management System – A new performance management plan has been designed to provide continuous performance monitoring and management. This will be implemented after consultation with the employees and their bargaining representatives.
- Increase collaboration with the schools within our bond to facilitate and maintain youth membership.

It is important to note that these proposed changes cannot be successful without your participation. Let us work together to make our Vision at Palo Seco “to be the Premiere Credit Union in Trinidad and Tobago” a reality.

I Thank you



**NEIL DERRICK**  
**PRESIDENT**

**MINUTES OF THE 73RD ANNUAL GENERAL MEETING  
OF THE PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED,  
HELD AT THE PALO SECO CREDIT UNION AUDITORIUM  
ON SATURDAY 10TH SEPTEMBER, 2022**

*There were 48 members present at the start of the meeting.*

**1.0 National Anthem**

The National Anthem was played by a pannist.

**2.0 Credit Union Prayer**

Ms. Bevon Lord led in the recitation of the Credit Union Prayer.

**3.0 Call to Order**

The Meeting was called to order by the President, Mr. Jerome Hamilton

**4.0 Reading of Notice**

The Notice Convening the meeting was read by the Secretary, Mr. Richard Prince.

**5.0 Introduction/Welcome**

The Vice President Mr. Neil Derrick introduced the members of the Head Table, and he welcomed all present at the meeting.

**6.0 Moment of silence**

A moment of silence was observed in memory of those members who passed and special reference was made to the late President, Mr. Alvin Stephenson.

**7.0 President's Address**

**7.1 The President,** Mr. Jerome Hamilton spoke on the development and implementation of the International Financial Reporting Standard Nine (IFRS9) and how it impacted the Credit Union.

**7.2 The key performance indicators of the Credit Union.**

**7.3 The achievements of the Board of Directors,** Credit Committee and Supervisory Committee.

**7.4 The Credit Union's outlook for 2023.**

**8.0 Adoption of the Standing Orders**

A motion to adopt the Standing Orders was moved by Ms. Dolores Nicome and seconded by Ms. Judith James.

All voted in favour of the motion.



### **8.1 Motion on Rising Time**

A motion to set the rising time at 3:00 p.m. was moved by Mr. Jerome Hamilton and seconded by Ms. Carrie Ann Fisher. All voted in favour of the motion.

### **9.0 Minutes of the 72nd Annual General Meeting**

A motion to adopt the Minutes of the 72nd Annual General Meeting moved by Mr. Lennox Gould and seconded by Mr. Lester Blades.

All voted in favour of the motion.

### **10.0 Reports in the AGM brochure**

A motion that all the reports in the Annual General Meeting's Brochure be taken as read was moved by Mr. Jerome Hamilton and seconded by Mr. Dennis Greenidge.

All voted in favour of the motion.

### **11.0 Report of the Board of Directors**

#### **11.1 Adoption of the Report of the Board of Directors.**

A motion to adopt the Report of the Board of Directors was moved by Mr. Dennis Greenidge and seconded by Ms. Yvonne Henry-John.

All voted in favour of the motion.

### **12.0 Report of the Credit Committee.**

#### **12.1 Adoption of the Report of the Credit Committee.**

A motion to adopt the Report of the Credit Committee was moved by Mr. Learie Reason and seconded by Mr. Kent Richardson.

All voted in favour of the motion.

### **13.0 Report of the Supervisory Committee.**

#### **13.1 Corrections/Omissions**

A correction was made that Mr. Dennis Greenidge was the Chairman of the committee and not Ms. Theodore Lewis-Johncilla as stated on the report.

#### **13.2 Adoption of the Report of the Supervisory Committee.**

A motion to adopt the Report of the Supervisory Committee was moved by Mr. Kent Richardson and seconded by Ms. Gail O'Brien.

All voted in favour of the motion.

### **14.0 Report of the Education Committee.**

#### **14.1 Adoption of the Report of the Education Committee.**

A motion to adopt the Report of the Education Committee was moved by Ms. Dolores Jones-Lara and seconded by Ms. Margaret Telesford.

All voted in favour of the motion.



## **15.0 Report of the Treasurer.**

### **15.1 Mr. Aldwin Browne** asked for clarification on Assets and Liquidity.

Mr. Neil Derrick responded.

Adoption of the Report of the Treasurer.

A motion to adopt the Report of the Treasurer was moved by Mr. Dennis Greenidge and seconded by Ms. Carrie Ann Fisher.

All voted in favour of the motion.

## **16.0 Extension of Rising Time**

A motion to adopt an extension of the Rising Time to 3:30 p.m. was moved by Mr. Jerome Hamilton and seconded by Mr. Kent Richardson

All voted in favour of the motion.

## **17.0 Budget 2022**

### **17.1 Acceptance of the Budget**

A motion to accept the Budget for the period ending 31st December 2022 was moved by Mr. Lennox Gould and seconded by Mr. Lester Blades.

All voted in favour of the motion.

## **18.0 Independent Auditor's Report**

### **18.1 The Independent Auditor's Report** was read by Mr. Richard Prince.

### **18.2 Acceptance of the Independent Auditor's Report.**

A motion to accept the Independent Auditor's Report was moved by Mr. Lennox Gould and seconded by Ms. Yvonne Henry-John.

All voted in favour of the motion.

## **19.0 Resolutions**

### **19.1 Appointment of Auditors**

A motion for the acceptance of the Board's recommendation that Maharaj Mohammed and Company be appointed Auditors for the Palo Seco Credit Union Co-operative Society Limited for the financial year ending 31st. December 2022, was moved by Mr. Richard Prince and seconded by Mr. Emilo Taylor.

All voted in favour of the motion.

### **19.2 Distribution of Surplus**

A motion for the acceptance of the Board's recommendations Re: Distribution of Surplus was moved by Mr. Richard Prince and seconded by Mr. Lennox Pilgrim.

All voted in favour of the motion.

### **19.3 Honoraria**

A motion that an honorarium of the sum of three hundred and twenty-six thousand, seven hundred dollars be distributed amongst Directors and members of Committees, in accordance with the recommendations of the Board of Directors, was moved by Mr. Richard Prince and seconded by Ms. Esther Hewitt-Titus

All voted in favour of the motion.

### **19.4 Maximum Liability**

A motion for the acceptance of the recommendation of the Board of Directors Re: Maximum Liability of ninety million dollars (\$90,000,000.00) was moved by Mr. Richard Prince and seconded by Mr. John De Gannes.

All voted in favour of the motion.

## **20.0 ELECTION OF OFFICERS.**

**20.1 The Chairman of the Nominations Committee**, Mr. Richard Prince, read the report of the Nominations Committee.

### **20.2 Nominees to the Board of Directors**

Mr. Jerome Hamilton

Ms. Bevon Lord

Mr. Gabriel O'Brien

Mr. Kibwe Herrera

### **20.2 Nominees to the Credit Committee**

Mr. Lennox Gould

Mr. Desmond Haynes

Mr. Lester Blades

Ms. Yvonne Henry-John

Mr. Patrick Browne

Mr. Emilio Taylor

Mr. Richard Dalip

### **20.3 Nominees to the Supervisory Committee**

Ms. Avien Browne

Mr. Dennis Greenidge

## **20.4 Acceptance of the Report** of the Nominations Committee

A motion for the acceptance of the Report of the Nominations Committee was moved by Mr. Aldwyn Telesford and seconded by Ms. Pearl Lewis-Browne. All voted in favour of the motion.

## **21.0 Credential Report**

A count revealed that there were ninety-five (95) members present at this time.

## **22.0 Election of Officers**

**22.1** The President, Mr. Jerome Hamilton, handed over the proceedings to Ms. Dianne Joseph, the Chief Operations Officer of the Co-operative Credit Union League of Trinidad and Tobago, to serve as the Returning Officer.

## **22.2 Supervisory Committee**

<b>NOMINEES</b>	<b>NOMINATED BY</b>	<b>SECONDED BY</b>
Judith James	Dennis Greenidge	Jerome Hamilton
Jhwel Thompson	Kathleen Derrick	Martin Prince
Carrie Ann Fisher	Theodore Lewis-Johncilla	Antonia Billy

A motion for nominations to be ceased was moved by Mr. Lennox Pilgrim and seconded by Mr. Christopher Hospedales. All voted in favour of the motion.

## **22.3 Credit Committee**

<b>NOMINEES</b>	<b>NOMINATED BY</b>	<b>SECONDED BY</b>
Antonia Billy	Judith James	Christine Neptune

A motion for nominations to be ceased was moved by Mr. Jerome Hamilton and seconded by Mr. Anton Vargas. All voted in favour of the motion.

## **22.4 Board of Directors**

<b>NOMINEES</b>	<b>NOMINATED BY</b>	<b>SECONDED BY</b>
Theodora Lewis-Johncilla	Dennis Greenidge	Christine Neptune
Aldwyn Browne	Kent Richardson	Dianne Richardson
Carlos Newton	Clivia Pierre	Dolores Jones-Lara

A motion for nominations to be ceased, was moved by Ms. Pearl Lewis-Browne and seconded by Ms. Antonia Billy. All voted in favour of the motion.

## **23.0 General Business**

### **23.1 Green Fund**

Mr. Aldwin Browne asked for a clarification on the Credit Union adoption of use of the Green Funds.

Mr. Neil responded by explaining how the Green Fund as applied by businesses.

### **23.2 Death Benefit Limit**

Mr. Barendra Ram asked for a clarification on the Death Benefit to nominees at the Credit Union.

Mr. Jerome Hamilton explained that a limit of fifty thousand dollars is set by the legislation as a death benefit to nominees of deceased members. He also reported that the Cooperative Movement is continuing its efforts to have the limitation reduced to the benefit of all members.

## **24.0 Election Results**

### **24.1 Supervisory Committee**

<b>NAMES</b>	<b>VOTES</b>
Dennis Greenidge	83
Judith James	75
Avien Browne	57
Jhwel Thompson	50
Carrie Ann Fisher	31

### **24.2 Credit Committee**

<b>NAMES</b>	<b>VOTES</b>
Lennox Gould	83
Yvonne Henry-John	71
Lester Blades	70
Desmond Haynes	65
Patrick Browne	56
Antonia Billy	55
Emilio Taylor	43
Richard Dalip	30

### 24.3 Board of Directors

NAMES	VOTES
Jerome Hamilton	77
Bevon Lord	74
Kibwe Herrera	60
Theodora Lewis-Johncilla	28
Aldwyn Browne	23
Carlos Newton	17
Gail O'Brien	14

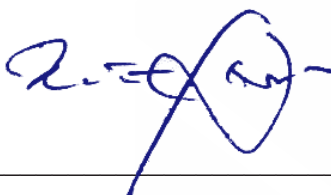
### 24.4 Destruction of Ballots

A motion for the destruction of the ballots was moved by Mr. Lester Blades and seconded by Mr. Dennis Greenidge

All voted in favour of the motion.

As there was no further business, the meeting ended at 5.15pm.

Respectfully submitted,



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**RICHARD PRINCE**  
**HON. SECRETARY**

## **25.0 REPORT OF THE BOARD OF DIRECTORS TO THE SEVENTY FOURTH (74TH) ANNUAL GENERAL MEETING FOR THE YEAR ENDED 2022, DECEMBER 31ST**

The Board of Directors of the Palo Seco Credit Union Co-operative Society Limited is pleased to report to the membership on its stewardship for the period January 1st 2022 to December 31st 2022.

### **Composition of the Board of Directors.**

The Board of Directors is composed of the following persons:

Mr. Neil Derrick	President
Mr. Jerome Hamilton	Vice President
Mr. Richard Prince	Secretary
Mr. Aldwin Ferguson Jr.	Asst. Secretary
Mr. Jemmot Beckles	Treasurer
Mr. Theophilus Henry	Director
Ms. Bevon Lord	Director
Ms. Pearl Lewis-Browne	Director
Mr. Kibwe Herrera	Director

### **Credit Union Operations and the Covid 19 Pandemic**

Throughout the year under review, the Credit Union observed strict Covid 19 protocols to safeguard its members, staff and other stakeholders. The Board of Directors apologizes to any member who experienced any inconvenience because of the measures adopted at the office.

The Credit Union's 73rd Annual General Meeting which was scheduled for earlier in the year was postponed to Saturday 20th August 2022 and for the first time in three years, the meeting was convened at the Credit Union's auditorium in Los Bajos.

The Board, however, managed to achieve all its statutory obligations and began meeting face to face during the month of August 2022 and continued to do so for the balance of the year.



### **Digitization of the Operations at the Credit Union**

The Board of Directors continues to hold discussions with service providers with the view to optimize the use of technology in the operations at the Credit Union. Work is ongoing on the Credit Union's website and attempts are being made to make it as user-friendly as possible. Members are invited to visit the website to access information on the products and services offered by the organization and the requirements and procedures to follow when doing business with the Credit Union.

### **Investment**

During the period under review, the Board of Directors continued to hold discussions with various Investment Brokers and Financial Organizations with the view to maximize the returns on investments made, as it prudently managed the resources of the Credit Union.

### **Collective Agreement with the Oilfield Workers' Trade Union**

Collective Agreements between the Palo Seco Credit Union Co-operative Society Limited and the Oilfield Workers' Trade Union dated 2015 November 01 and 2018 November 01 were signed by both parties and forwarded to the Ministry of Labour, Small and Micro Enterprises for registration before being sent to the Industrial Court for registration.

Negotiations will resume early in the New Year.

### **Encashment of Government Cheques**

In April 2022, the Manager, Ms. Marcia Brown and the then President, Mr. Alvin Stephenson, participated in a consultation on the 'Encashment of Government Cheques and the Assignment of Government Employees' Salaries to Credit Unions.' This is a matter that the Co-operative Credit Union League of Trinidad and Tobago has been pursuing on behalf of Credit Unions and negotiations have been successful. Additional information will be placed on the Credit Union's website.

### **Leadership and Training.**

Members of the Board of Directors, the Supervisory and Credit Committees, attended various training programmes conducted by the League and the Caribbean Confederation of Credit Unions. Some of the topics covered were 'Understanding Financial Statements,' 'Internal Audit and Officers' Responsibilities,' 'Audit, Risk Management and Compliance,' and 'Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT)'. Some of those programmes are mandatory.

Online training programmes were also conducted to members who seized the opportunities to gain information and broaden their knowledge.

### **Group Health Insurance**

The Credit Union continues to engage providers of Group Health Insurance for the benefit of its members. One of the plans was renewed in July 2022 and we urge members to take advantage of this chance to the benefit of themselves and their dependents.

### **Credit Union Month Celebration**

The Credit Union participated in the 2022 Credit Union Month Celebrations which were held from Saturday October 1, 2022 to Monday October 31, 2022.

Transport and refreshments were provided to members, on a first come first served basis, to attend the Credit Union Week Opening Ceremony hosted by the North-West Regional Chapter on Sunday October 16, 2022.

### **Guest House in Tobago**

The Credit Unions' Guest House in Tobago, 'Villa de Palo,' located at #7 Alfred Crescent, Bon Accord, is now open for business.

Members are invited to utilize that facility when they plan any visit to Tobago.

## **Membership**

During the period under review, membership in the Credit Union increased by 0.32% bringing our total membership 16,760.

## **Meetings**

The Board of Directors held twelve Statutory Monthly Meetings, five Special Meetings, five Executive Committee Meetings and two Joint Committee Meetings in the discharge of its functions, during the period under review.

## **Dividend**

The Board of Directors recommends a Dividend of 2% to be allocated as per the resolution covering the declaration of Dividends.

## **Honorarium**

The Board of Directors recommends an honorarium of three hundred and twenty-six thousand, seven hundred dollars (\$326,700.00) to be distributed amongst Directors and Committee Members.

## **Outgoing Officers**

The following members of the Board of Directors are outgoing and are eligible for re-election:-

Aldwin Ferguson Jr.  
Neil Derrick  
Pearl Lewis-Browne

The following members of the Credit Committee are outgoing and are eligible for re-election

Lennox Gould  
Desmond Haynes  
Lester Blades  
Yvonne Henry-John  
Patrick Browne

The following members of the Supervisory Committee are outgoing:

Dennis Greenidge	- Ineligible for re-election
Judith James	- Ineligible for re-election
Jhwel Thompson	- Eligible for re-election

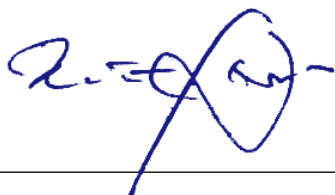
### **Condolences**

The Board of Directors extends its most sincere condolences to the relatives and friends of all those who lost loved ones during the period under review.

### **Acknowledgements**

The Board of Directors acknowledges the value of the role played by the members of the Credit Committee, the Supervisory Committee, the Manager, the members of staff, the shareholders and all other stakeholders, in making the year under review, a successful one. Your contributions are greatly appreciated.

Respectfully submitted,



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**RICHARD PRINCE**  
**HON. SECRETARY**

## 26.0 THE CREDIT COMMITTEE REPORT TO THE 74TH ANNUAL GENERAL MEETING

The 73rd Annual General Meeting was held on Saturday 10th September, 2022 at the Palo Seco Credit Union Auditorium and those elected to the Credit Committee were: Lester Blades, Patrick Browne, Lennox Gould, Desmond Haynes and Yvonne Henry-John with Antonia Billy and Emilo Taylor as Alternates.

**The Table of Attendance are as follows:-**

NAMES	POSITION	PRESENT	ABSENT/EXCUSED
Lennox Gould	Chairman	46	3
Desmond Haynes	Secretary	47	2
Lester Blades	Member	47	2
Patrick Browne	Member	38	11
Yvonne Henry-John	Member	38	11
Antonia Billy	Alternate	32	17
Emilo Taylor	Alternate	20	29

Mr. Lennox Gould and Mr. Desmond Haynes were elected as Chairman and Secretary respectively at the first meeting of the Credit Committee after the Annual General Meeting.

The Credit Committee approved 538 loans for approximately eleven million dollars (\$11,000,000.00), slightly less than the quantum and total of the previous year total. The Credit Committee also approved several requests for share withdrawals, some of which were in lieu of loan applications within shares which required the member to get supporting documents and then return to make the application, which they did not consider feasible.

This would mean a reduction of interest income and also shares and dividend. We should consider a change in our requirements for loans within shares under these circumstances. We must find ways to encourage borrowing to enhance dividend.

26.1 The Loans Chart is hereby presented:-

No. of Loans	Purpose of Loans	\$ Value of Loans	%
76	Housing, Maintenance & Repairs	2,438,000.00	22.37
61	Legal Fees	32,179.75	0.30
11	Medical Expenses	168,100.00	1.54
13	Education and Uniform	225,400.00	2.07
2	Purchase Home Appliance	47,000.00	0.43
1	Burial Expenses	20,000.00	0.18
76	Personal Expenses	604,700.27	5.55
15	Vacation Expenses	228,000.00	2.09
4	Small Business	70,000.00	0.64
7	Consolidation of Debts	171,894.75	1.58
22	Motor Vehicle Repairs	243,100.00	2.23
1	Motor Vehicle Insurance	6,448.47	0.06
13	Purchase of Used Vehicle	741,288.78	6.80
4	Purchase of New Vehicles	685,500.00	6.29
2	Ceremonial	45,000.00	0.41
1	Home Furnishing	17,000.00	0.16
6	Investments	300,000.00	2.75
105	Christmas Shopping	931,160.00	8.55
1	Purchase of Land and Development	30,000.00	0.28
6	Purchase of Credit Union Shares/Bonds	6,000.00	0.06
3	Special Christmas Loan	29,000.00	0.27
11	Refinance Loan Clearing	994,167.33	9.12
13	Bailiff Fees	8,500.00	0.08
19	Dividend	64,348.00	0.59
61	Split Loans	2,588,980.62	23.75
1	1st Mortgage	139,000.00	1.28
1	Life Insurance	8,000.00	0.07
2	Loans within shares 0.5% Int	54,000.00	0.50
538		10,896,767.97	100%

We are still suffering from the effects of COVID 19, and the closure of PETROTRIN, so we should be on the lookout for creative ways to encourage growth in our membership in our Credit Union.

Yours respectfully

*Desmond Haynes*

**DESMOND HAYNES**  
**SECRETARY**



## 27.0 REPORT OF THE SUPERVISORY COMMITTEE

The Annual Report of the Supervisory Committee for the year ended 31st December 2022 is presented for consideration and adoption at the Palo Seco Credit Union Co-operative Society Limited's (PSCU) 74th Annual General Meeting.

At the 73rd Annual General Meeting, which was held at the Palo Seco Credit Union Auditorium on 10th September, 2022, three (3) members and two (2) alternates were elected.

- Mr . Dennis Greenidge
- Mrs. Judith James
- Mrs. Avien Browne
- Ms. Jhwel Thompson
- Ms. Carrie Ann Fisher

During the Committee's inaugural meeting held on 19th September, 2022, Mrs. Browne announced she was not interested in serving on the Committee, citing personal reasons for her decision.

Subsequent to the Inaugural meeting, a virtual meeting was held on 26th September, 2022 and the following appointments were made in accordance with the Credit Union's Bye-Laws, article 38 'Supervisory Committee, Section (a) which states 'the Supervisory Committee shall consist of three (3) members to be elected annually by the members at each Annual General Meeting', and section (e) 'any vacancies occurring in the interim between Annual Meetings shall be filled by substitutes elected at the Annual General Meeting' as such the 1st Alternate Ms. Jhwel Thompson was asked to fill the vacancy left by Mrs. Browne's departure, to which Ms. Thompson accepted and the following appointments were made:-

- **Mr. Dennis Greenidge - Chairman**
- **Mrs. Judith James - Secretary**
- **Ms. Jhwel Thompson - Member**
- **Ms. Carrie Ann Fisher - Alternate**

## 27.1 ATTENDANCE RECORD OF COMMITTEE MEMBERS

MEMBERS	PHYSICAL	VIRTUAL	EXCUSED
Dennis Greenidge	25	5	0
Judith James	24	5	1
Jhwel Thompson	14	5	11
Carrie-Ann Fisher	8	4	0
Kent Richardson	3	0	0

Attendance at the meetings of the Supervisory Committee is being reported for the calendar year January to December 2021; therefore, the attendance for the outgoing members Mrs. Theodora Lewis-Johncilla and Mrs. Gail O'Brien are also included. The Committee held twenty-five (25) meetings during this period (1 – virtual meeting and 24 – physical meetings).

MEMBERS	PRESENT	EXCUSED
Theodora Lewis-Johncilla	23	1
Judith James	23	2
Dennis Greenidge	25	0
Gail O'Brien	2	-
Thompson	1	0
Kent Richardson	1	0
Carrie-Ann Fisher	1	0

## 27.2 FUNCTIONS AND RESPONSIBILITIES

### Functions: -

The functions of the Supervisory Committee are to inspect the Credit Union's records for accuracy, its assets for security, adherence to procedures for the proper handling and use of the funds. In addition, the committee ensures that decisions made by the with the goals of the Credit Union.

## **Responsibilities: -**

The Supervisory Committee's responsibilities include ensuring that all members' accounts are verified, and that Management and Staff's activities and processes are audited. The Committee is also responsible for examining policies and processes and when appropriate, making suggestions to the Board of Directors, as well as ensuring that the Credit Union follows all applicable laws and regulations set forth by Regulatory Agencies.

Outlined hereafter, is a summary of the works completed by the Supervisory Committee during the financial year ended 31st December 2022.

### **27.3 COMPLIANCE AUDIT**

Compliance Audits for the periods January to December 2021 and January to June 2022 were conducted. These audits were done in accordance with the governing laws and legislation relative to the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Act.

The registers and files maintained by the Credit Union's Compliance Officer were examined as to ensure compliance with the policies and procedures outlined in the AML/CFT. At the end of the auditing periods, the Credit Union's Compliance Programme was upgraded/reviewed in November, 2021 and the Board of Directors, Elected Officers and members of staff were provided with copies of the program and all updates made.

- Members were ninety percent (90%) compliant with respect to updating their membership information. Internal Training Programmes for Directors, Elected Officers and Members of Staff were completed.

## **Audit Observations and Recommendations**

Poor record keeping among customers who are self-employed was seen during the aforementioned audits. The Committee advised the Credit Union to take all feasible steps to encourage members to update their information and make sure accurate records are maintained. Additionally, it was recommended that these clients be given access to training sessions related to proper record keeping as it relates to the submission of source of funds documentation.

All findings and recommendations in respect to the above-mentioned audits were communicated to the Board of Directors for their attention and necessary action.

### **27.4 AUDIT OF ARREARS AND RECOVERIES**

An audit of Arrears and Recoveries for the period ending 31st December, 2021 was conducted. An account is considered to be in arrears once loans have not been serviced between two (20 months to three hundred and sixty-four (364) days.

#### **The following documents were examined:**

- Arrears and Recoveries as at 31st December, 2021
- Members files in Arrears and Recoveries

#### **Arrears Summary**

**There were one hundred and fifty six (156) files in arrears with the following:-**

- Loans - \$ 93,246.56
- Interest - \$ 2,237.56
- Shares - \$ 30,168.04

Random selection of some of the members files in Arrears were examined and showed that every effort was made to contact members via telephone and the issuing of letters. However some of the members experienced challenges in making their payments,

### Recoveries Summary

Table 2 below is an examination of the Recoveries Report as at 31st December, 2021 and is as follows:-

No. of Files in Recoveries	Accounts	Loan Amount \$	Interest \$	Shares \$	Net Liabilities \$
76	365-710 Days	2,827,341.54	936,958.67	3,234.38	3,761,065.83
716	Over 719 Days	11,925,088.90	8,245,899.24	13,617.19	20,157,370.95
67	Secure Loans	4,860,488.43	3,561,857.28	74,566.04	8,347,779.67
101	Deceased	2,440,911.41	2,024,322.35	15,664.68	4,449,569.08
37	Migrated	576,658.08	1,045,363.10	551.77	1,621,469.41
2	365 days and over with share balances	91,572.78	7,433.69	58,224.38	40,782.09
999		22,722,061.14	15,821,834.33	165,858.44	38,378,037.03

Net liability of \$38,378,037.03 amounts to 45% of the Members Loan Portfolio of 85.2 million as at 31st December, 2021.

It should be noted that when members are delinquent in the repayment of their loans this impacts the dividend amount paid at years end. The delinquent report showed that there are loans in recoveries as far back as 1992. Some members' files were sent to the Commissioner for judgement, however, it takes a long time for judgement to be ascertained. Some files were also sent to the Bailiff for mean and asset assessment. There were instances where letters were not sent but officers were in contact with delinquent members via telephone.

### **Committee Recommendation to the Board of Directors**

It is the recommendation of this committee, that more stringent measures in the recovery of outstanding loans, including the use of debt collection agencies and publishing of delinquent members accounts via the media (social media, daily newspapers, notice board in the lobby of the Credit Union) should be implemented.

It is our view; that the Credit Union needs to recover at least 80% of outstanding liabilities in order to maintain its standing.

### **27.5 TRAINING AND INFORMATION**

For the financial year ended 31st December, 2022, all members of the Supervisory Committee inclusive of the Alternate attended the following virtual training session organized by the Co-operative Credit Union League of Trinidad and Tobago.

- Internal Audit and officer's responsibilities – 8th November, 2022
- Compliance Training – 10th November, 2022

The Committee also attended an internal AML/CFT presentation on 12th October, 2022 which was organized by the Compliance Officer of the Credit Union.

The Committee would like to highlight the need for improved communications and dissemination of information to officers and members. During our tenure, we became aware of different events/functions either by accident or on the day of the event. It is our recommendation that more effective ways of communication be used to send information to its officers and members, encouraging everyone to take part in future training sessions and seminars. The use of social media, emails and frequent updating of the Credit Union's website are ways the committee recommends the Credit Union use to keep in touch with its members and officers.



## 27.6 OBSERVATION

The Credit Union continues to face challenges because of the ongoing Covid-19 pandemic. With the downturn of the economy, the Credit Union continues to experience challenges as investment opportunities have decreased and interest rates have reduced significantly.

We note that one of the objectives of the Credit Union is 'the promotion of the economic welfare of its members' and by extension the community. With this in mind, the committee continues to urge and support management as they seek to innovate and grow the Palo Seco Credit Union for the benefit of all.

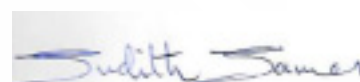
## 27.7 ACKNOWLEDGEMENT

We wish to express our sincere thanks to the Board of Directors, Management, Staff and fellow officers for their support during this period for the financial year 2022 in the execution of our duties. We wish to thank the members for their confidence in electing us to office and giving us the opportunity to serve.

As we continue to navigate these challenging times, we look forward to your continued support as we work together to achieve the goals of Palo Seco Credit Union Co-operative Society Limited.



DENNIS GREENIDGE  
CHAIRMAN



JUDITH JAMES  
SECRETARY

## **THE NOMINATION COMMITTEE'S REPORT TO THE 74TH ANNUAL GENERAL MEETING**

Subsequent to the Palo Seco Credit Union Co-operative Society Limited 73rd Annual General Meeting in August 2022, the Board of Directors under its terms of reference re. By-Laws Articles 31 and 33 enacted its Nominating Committee.

Further, the Committee comprising of not more than five (5) members of the Society whose duty was to select qualified members, willing to be considered for election to the Board, Supervisory or Credit Committees by the Annual General Meeting" was duly considered at the inaugural meeting of the Board of Directors.

At this inaugural meeting of the Board Messrs. Jerome Hamilton and Theophilus Henry were appointed to the Nominating Committee with a given mandate to incorporate other members in good standing for completion. The Committee was finalized with the addition of Messrs. Keith Perreira and Glen Roberts who unfortunately had to attend to an emergency aboard.

The following documents were reviewed and updated during the period under review: -

- Board Note re. Nominating Committee
- Nominating Committee Charter
- Advertisement Package for Candidates
- Nomination Form 2023

The Committee was represented at a virtual workshop entitled "Nomination Screening Process" hosted by the Co-operative Credit Union League on Tuesday 28th February 2023.

### **Nominations for Elections Process**

Advertisement for nominations for the new term of office was published in the newspaper in February 2023 with the closing date being Friday 3rd March 2023.

At the advertised deadline there was an insufficient number of submissions which prompted an extension of the closing date to 20th March 2023 after which a total



of fifteen (15) valid nominations were received, together with one (1) other deemed invalid due to incompleteness on submission. The breakdown is as follows: -

Board of Directors -five (5)

Supervisory Committee – two (2)

Credit Committee – eight (8)

The Nominating Committee based on the evaluation process inclusive of interviews as deemed necessary, is satisfied that the members listed below meet the criteria required to be nominated. for the election process.

### **Board of Directors**

- Neil Derrick
- Aldwin Ferguson Jr.
- Pearl Lewis Browne
- Atiya Maison
- Kenneth Pujadas

### **Supervisory Committee**

- Carrie Ann H. Fisher
- Jhwel Thompson

### **Credit Committee**

- Desmond Haynes • Patrick Browne
- Lennox Gould • Emilo Taylor
- Antonia Billy • Yvonne Henry John
- Lester Blades • Dennis Greenidge

### **Conclusion**

Notwithstanding the recommendations of this Committee, and in accordance with the governing Byelaws; any member shall have the right to nominate other members for election to the Board, Supervisory or Credit Committee at 74th Annual General Meeting.

The Committee wishes to thank all those who have volunteered to be elected for serving on the various committees and wish you well in your endeavors.

Submitted by

Chairperson - Jerome Hamilton

Secretary - Theophilus Henry

Member - Keith Perreira

Respectfully submitted

A handwritten signature in blue ink that reads "Theophilus Henry". The signature is written in a cursive style and is positioned above a horizontal line.

THEOPHILUS HENRY  
CHAIRMAN

## **28.0 REPORT OF THE EDUCATION COMMITTEE TO THE 74TH ANNUAL GENERAL MEETING OF THE PALO SECO CREDIT UNION FOR THE PERIOD 2022 JANUARY – 2023 MARCH**

At the inaugural virtual meeting of the Board of Directors held on Sunday 19th December 2021 directors Aldwin Ferguson Jr and Pearl Lewis Browne were appointed to serve on the Education Committee and propose additional members. The first committee meeting was held on 13th January 2022 and persons were elected to the positions of Chairman and Secretary in accordance with rule 41b of the Bye-Laws. The following persons constituted the Education Committee for the period under review:

- Aldwin Ferguson Jr - Chairman
- Pearl Lewis Browne - Secretary
- Lystra Thorpe - Member
- Cheryl Valley-Mitchell - Staff Representative
- Khalifa Seales-Billy - Staff Representative

With the Covid 19 Pandemic prevailing on its deadly path, the Education Committee continued the work of the previous committee by convening weekly meetings on virtual platforms to plan and execute the following programmes:

- Annual Educational Awards Function – held on 5th March 2022
- Online Educational Training Programme - 'Will and Intestacy' held on Wednesday 23rd March and
- Saturday 26th March 2022.
- Online Educational Training – Understanding Palo Seco Credit Union's Financial Statements - Saturday 7th May 2022
- Wellness Week - July 25th – July 29th 2022

## **28.1 ANNUAL EDUCATIONAL AWARDS FUNCTION**

The Annual Educational Awards Function under the theme of "Educational Excellence Rising Amidst Worldwide Adversities", was held on Saturday 5th March 2022 in a revised format in the form of an awards presentation and photoshoot. The event was managed under strict Public Health protocols to minimize the risk of the spread of the Covid 19 virus among attendees.

The Education Committee would like to take the opportunity to congratulate our awardees and their parents/guardians in making this event successful. We wish the awardees continued success on their journey toward their career path of choice.

## **28.2 ONLINE EDUCATIONAL TRAINING PROGRAMME – WILLS AND INTESTACY**

Two Educational Training Programmes entitled "Wills and Intestacy" were held on Wednesday 23rd March 2022 and Saturday 26th March 2022 on a virtual platform. A system of advertisement on social media along with an online registration format attracted seventy-five (75) prospective participants to the sessions of which approximately fifty percent (50%) attended. The sessions were facilitated by Attorneys at Law Mr. James Philbert and Ms. Martha St Hilaire-Noel supported by Mr. Christopher St Hilaire-Noel respectively. Attendees were exposed to a very informative experience which provided useful tips in planning the disposal of their assets to their beneficiaries upon passing.

The general feedback from attendees completing the program's Evaluation Form highlighted an overall 4.3 out of 5 rating score on the success of the program. Recommendations proposed by the participants have been considered into designing new programs to be offered to our membership in the future. The committee encourages members to take advantage of participating in educational and social programs offered or promoted by the Credit Union in the future.

### **28.3 ONLINE EDUCATIONAL TRAINING – UNDERSTANDING PALO SECO CREDIT UNION'S FINANCIAL STATEMENT**

This Training Program was held on Saturday 7th May 2022 on a virtual platform. Social media was used to advertise this program along with online registration which attracted twenty-five (25) participants of which fifty percent (50%) attended. Ms. Denise Knights facilitated the session, whilst Mrs. Rhonda Hamilton-Clement, staff representative presented the Credit Union's products and services.

The general feedback from attendees completing the program's Evaluation Form highlighted an overall 4.4 out of 5 Rating Score on the success of the program. The Committee continues to encourage members to participate in future educational and social programs offered by the Credit Union.

### **28.4 WELLNESS WEEK – BEING HEALTHY IS KEY TO A BETTER LIFE**

Wellness Week was conducted during the week of July 25th – July 29th 2022. Morning events were held at the Credit Union where Vendors displayed their products and services, whilst Training events were conducted on evenings at the Gym. Feedback provided from participants indicated that the venture was enjoyable and successful. The Committee again encourages members to participate in future Wellness Initiatives for 'their health is their wealth'.

### **28.5 EDUCATION COMMITTEE 2022 - 2023**

On October 23rd, 2022 The Board of Directors appointed three (3) members to the Education Committee. These individuals were charged with the responsibility of co-opting staff and other members to constitute the committee. The following Directors were appointed by the Board of Directors:

Ms. Pearl Lewis Browne

Ms. Bevon Lord

Mr. Theophilus Henry

Three (3) members of staff volunteered to serve on the Education Committee, they are:

Ms. Melissa Vincent - Staff Representative

Ms. Clare La Chapelle - Staff Representative

Ms. Alyssa Seunarine Diaz - Staff Representative

A virtual meeting was held on 2022 November 10 where we elected the Chairman and Secretary of the Committee. Ms Pearl Lewis Browne was elected as Chairman and Ms. Bevon Lord as Secretary.

This newly constituted committee met monthly and as needed, both virtually and physically in order to adequately plan, discuss and deliver programs to our membership

### **28.6 RIGHT FOUNDATION PREPARATORY SCHOOL PARANG/SERENADE**

With Covid 19 on its decline path, the Committee treaded cautiously and hosted the Right Foundation Preparatory School. These youngsters serenaded our staff and members at our business centre on 2022 December 08. All Covid-19 protocols were observed and their performances were thoroughly enjoyed by all present.



### **28.7 PALO SECO CREDIT UNION EDUCATION COMMITTEE YOU TUBE CHANNEL**

The pandemic taught us the importance of using social media to get and keep in touch with our friends and family. The Education Committee thought it was an ideal opportunity to launch the Palo Seco Credit Union's Education Committee's YouTube Channel to keep our members informed.



## **28.8 SOCA PARANG AND CHRISTMAS CONCERT**

The Committee launched its YouTube Channel to coincide with the first Soca Parang and Christmas Concert which was held at the Credit Union on 2022 December 17. This event catered for members' children under the age of 12 and was live streamed on the You Tube Channel. Although rain seemed to dampen the afternoon, the show had a later than planned start with an evening packed with performances from schools, groups and even a professional entertainer from within our community.

## **28.9 ANNUAL SCHOLARSHIP AND BURSARY AWARDS**

The 2022 edition of the Bursary Awards was held on Saturday, 2023 January 14 at the Credit Union's auditorium. A total of twenty-six (26) students were honoured for their excellence in their academics. The theme "Investing in Education for a Brighter Future" was chosen to be the centre of the message shared with both the parents and young members present.

In closing, the Education Committee 2022-2023 remains committed to serving our members through provision of continuous personal development programs and encouraging and highlighting excellence in the performance of our members. Our aim is to fly the flag of the Palo Seco Credit Union high and work together to ensure that the Palo Seco Credit Union remains a leader and top performer in the Cooperative Movement.

We wish to express our sincere appreciation to the Board of Directors, Officers, Members of Staff and the membership for their support and assistance as we work towards strengthening the Cooperative ideals within our Sector and community.

Respectfully submitted



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PEARL LEWIS-BROWNE  
CHAIRMAN



## **29.0 REPORT OF THE TREASURER TO THE 74TH ANNUAL GENERAL MEETING**

Mr. President, Fellow Officers, Honoured Guests, Fellow Co-operators, Officers of the Cooperative Division, Management and Staff, Valued Members, Ladies and Gentlemen, I respectfully report on the performance of the Palo Seco Credit Union Co-operative Society Limited for the financial year ended 2022 December 31.

### **OVERVIEW**

Notwithstanding the dynamics of a financial operation such as ours, the greatest risk to our operation during the period under review was Covid 19, as this significantly threatened both 'lives' and 'livelihood'.

The Covid 19 protocols and mitigation strategies (mainly, mask wearing, social distancing and vaccination drive) of the year 2021 continued into 2022, but by mid-July protocols were significantly relaxed whereby mask wearing was downgraded from mandatory to highly recommended. We at Palo Seco Credit Union continue to be vigilant and be guided by the MOH guidelines.

For the period of the pandemic our operations were not negatively impacted by requiring closure of our facility and we owe that to our very conscientious and committed members of staff and you our valued members, who despite the discomfort of wearing mask and the inconvenience of having to wait outdoor, in line, willingly complied; this significantly contributed to our continued operation. Thank you!

For the five (5) years period 2017 to 2022 our investment portfolio grew from about 220M to 500M, while for a similar period the loan portfolio declined from 200M to 48M. Additional information on key areas of the operations are outlined in the graphs below.

## **ANALYSIS OF KEY PERFORMANCE PARAMETERS 2022**

### **Assets**

As a direct result of the current economic climate, our loans portfolio and investments portfolio have shrunk which has led to a reduction in our total assets of approximately \$13.5 million dollars in the year 2022 (2%). It is expected that this will improve as we work with the membership to increase our loan portfolio. As the outlook for the global economy changes, we expect incremental improvements in our investment portfolio.

### **Liabilities**

Our liabilities reduced by 3% (\$12.5 mil) in 2022, mainly due to a large decrease in members' shares. This significant decrease was partially offset by increases in members' deposits.

### **Members' equity**

An overall reduction in members' equity of approximately \$1 million (1%) was due to the \$4 million reduction in investment revaluation. This large reduction in investment revaluation was offset by an increase in retained earnings and reserve fund.

### **Revenue**

In 2022, we saw a \$5 million (15%) decrease in revenue. This can be directly attributed to the reduction in our loans portfolio which led to a reduction in the interest on loans received. There was also a substantial decrease in interest on fixed deposits because of the decrease in investments.

### **Expenses**

In line with all other categories, expenses also reduced by \$6 million (34%) mainly due to a smaller increase in bad debts provision for 2022 (\$1 mil), than that of 2021 (\$6.2 mil).

### **Surplus before appropriation and proposed dividend**

Despite the many challenges, this year's surplus before appropriation grew by 3% (~\$470,000). This minute increase has led us to propose a dividend rate of 2% for the year ended 31 December 2022.

### **CHALLENGES**

The major challenges faced by our organization are complex and intertwined, but can be placed into five (5) major categories, namely:

- a.** Declining Loan Portfolio
- b.** Loan Delinquency
- c.** Combination of Declining Loan Portfolio and Loan Delinquency
- d.** Ease of communicating with members
- e.** Disruptions

These challenges are of great concern to the Board and Management of the Credit Union and initiatives are being taken to address same.

#### **Declining Loan Portfolio**

Our loan portfolio peaked in 2016 at just over \$200 million and has been on a steady decline since, as at December 2022 it was \$48.8 million. Major contributors to this can be attributed to restructuring of TSTT, the closure of Petrotrin with a consequent reduction of activity in the area, the impact of Covid 19 and the introduction of additional lending agencies to the market. The combined effects of these contributors was the reduction in loan income to our organization.

Along with the reduction in interest rates which has already implemented, targeted marketing strategies would be developed and deployed to further assist in reversing this trend.

## **Loan Delinquency**

Loan delinquency can at best be seen as an undesirable attack from, at least, four (4) different angles:

- a.** It negatively impacts the Reputation of our organization.
- b.** Increases our expenses for Bad and Doubtful Debt provision.
- c.** Increases our expenses as we seek to recover arrears.
- d.** Reduces our retained earnings, which in turn, negatively impact the dividends paid.

Emphasis is being placed on creating better loans, by the introduction of a system of ranking members' credit worthiness via a Credit Score to work alongside the determination of Debt Service ratio.

Debt collection efforts were intensified, and we saw a reduction in the Delinquency count. From December 2021 to December 2022 the delinquency count dropped from 999 to 817.

## **Combination of Declining Loan Portfolio and Loan Delinquency**

This combination has the potential to portray the Delinquency Ratio in a 'bad light'. Delinquency Ratio is the ratio of bad debt expressed as a percentage of the Loan portfolio. It would be noted that as our loan portfolio decreased the Delinquency ratio increased.

## **Ease of communicating with members**

The traditional methods (newspapers, Ttpost, loudspeakers, etc) of engaging our members seem not to be providing the desired results. We need to be able to get the messages out in a timely manner. This would greatly assist in our marketing thrust. We are turning to Facebook, our website and other messaging systems to make this a reality.

## **Disruptions**

Being located geographically in the southwestern portion of the island, our organization was both directly and indirectly impacted by road blockages and flooding in the area. This resulted in closure of the operations on at least two (2) occasions.

Power outages did not have a direct impact on our operations, as our risk mitigation strategy (installation of a standby generator) for this event proved worthwhile.

## **MAJOR UPGRADES/IMPROVEMENT WORKS**

During the period under review, the following were accomplished:

- a.** PBX System: Installation, commissioning, and training on a new PBX System.
- b.** Guardian Life Health Plan: This Plan was renegotiated. All participants over the age of 60 have been transferred to the Senior Plan effective March 2022.
- c.** The Tobago Guest House was opened for business in 2022 October.
- d.** PSCUCS Website: Upgrade works commenced and are in progress.

## **TRAINING**

Officers and members of staff participated in the following programs:

- Credit in a Post Pandemic
- The Education Committee
- Avoiding Bad Debts/Understanding the recovery process
- Conduct of meetings
- Compliance Workshop
- The Effective Secretariat
- Internal Audit and Officer Responsibilities
- AML/CFT retraining.
- ICATT IFRS updates training
- Understanding Financial Statements

## DEPOSIT INSURANCE SCHEME FOR DEPOSITS AND SHARES IN CREDIT UNIONS

In January 2019, a sub-committee of Cabinet was appointed to investigate and determine the future role of the credit union sector in national development. A recommendation of this Cabinet sub-committee was that legislative changes should be made for a mandatory credit union deposit insurance scheme to be established in which all credit unions would be members.

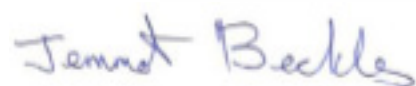
The Cabinet appointed Committee on the captioned, submitted the following:

- a. 2022 November: A Policy Proposal Document for the Establishment of A Deposit Insurance Scheme For the Deposits and Shares Held In Credit Unions.
- b. 2023 January: Report to the Credit Union Movement Quarter 4, Cabinet-Appointed Committee.

## WAY FORWARD

In 2023, our efforts would be concentrated on improving our financial performance by addressing the challenges indicated above, namely:

- a. Improved communication with the Credit Union, via our upgraded website.
- b. Ease of making deposits to accounts via online banking systems.
- c. Marketing campaign to attract more loans and discourage delinquency.
- d. Campaign to encourage members to use the website, thereby reducing the need for visits to the Credit Union's office.



JEMMOT BECKLES  
TREASURER



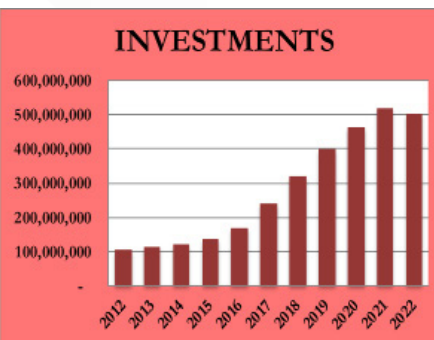
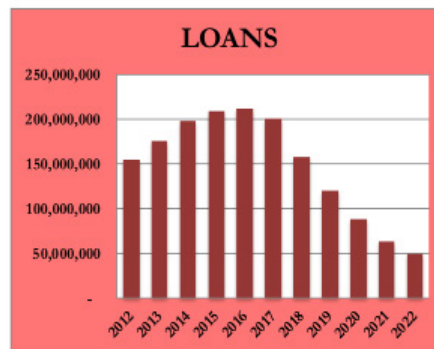
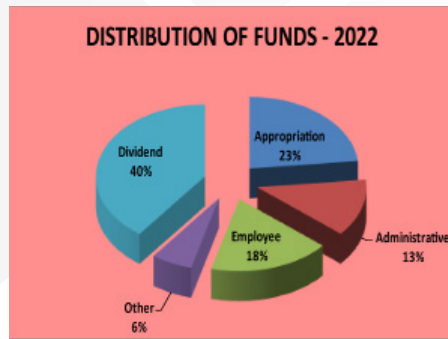
## CCULTT PEARLS RATIO

RATIOS	STD %	2022	2021	2020	2019	2018
Protection						
P1 Allowance for Loan Loss/Requirement for Loans Delinquent >12 months	100	110.19	98.48	59.26	30.79	68.97
P6 Solvency = Net Market Value of Assets/Total Shares and Deposits	100	138.87	135.74	122.01	111.76	112.77
<b>EFFECTIVE FINANCIAL STRUCTURE</b>						
E1 Net Loans/Total Assets	70-80	8.37	10.47	15.40	21.97	28.76
E2 Liquid Investment/ Total Assets	<=20	58.20	54.79	54.27	45.66	41.18
E5 Savings Deposits/Total Assets	70-80	4.16	3.24	3.35	3.50	3.39
E7 Members' Share Capital/Total Assets	<=20	59.56	63.64	68.74	72.71	73.67
E8 Institutional Capital/ Total Assets	<=10	6.38	4.84	10.84	6.44	7.14
<b>ASSET QUALITY</b>						
A1 Total Loans Delinquent/Gross Loan Portfolio	<=5	47.28	41.11	39.08	22.33	5.57
A2 Non-Earning Assets/ Total Assets	<=5	2.61	1.69	2.10	2.21	2.21
A3 Net Institutional & Transitory Capital + Non-Interest-Bearing Liabilities/Non-Earning Assets	>100	984.42	829.17	1020.07	743.58	990.48
<b>RATES OF RETURN AND COST</b>						
R1 Net Loan Income / Average Net Loan Portfolio	Entrepreneurial Rate	10.69	11.21	10.89	2.77	11.91
R2 Total Liquid Investment Income / Average Liquid Investment	Market Rates	4.79	5.76	6.43	5.42	5.94



<b>RATIOS</b>	<b>STD %</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
R4 Total Non-Financial Investment Income/Average Non-Financial Investment	> R1	5.55	3.32	3.26	1.20	4.65
R5 Total Interest Cost on Savings Deposit/Average Savings Deposit	R7 - 2	1.99	0.44	0.56	0.61	1.38
R7 Total Interest (Dividend) Cost on Shares/Average Member Shares	>Core Inflation	0.90	3.39	1.94	4.51	4.03
R8 Total Gross Income Margin/Average Total Asset	~ R9, R11, R12	2.90	2.85	2.53	3.39	3.65
R9 Total Operating CashFlow/Average Total Assets	<10	2.12	2.85	3.83	2.02	3.78
<b>LIQUIDITY</b>						
L1 S.T. Investments + Liquid Assets - S.T. Payables/Savings Deposit	>=15	1199.98	1542.18	1437.59	1171.88	1046.80
L3 Non-Earning Liquid Assets/Total Assets	<1	1.63	1.74	2.15	3.58	11.22
<b>SIGNS OF GROWTH</b>						
S1 Growth in Loans to Members	~E1	(21.93)	(29.01)	(27.10)	(23.43)	(21.46)
S5 Growth in Savings Deposit	~E5	25.52	0.84	(0.45)	3.55	(11.36)
S7 Growth in Share Capital	~E7 <=20	(8.52)	(3.38)	(1.67)	(1.06)	7.76
S8 Growth in Institutional Capital	~E8 >=10	6.67	(13.68)	12.73	3.34	(16.46)
S10 Growth in Membership	>=15	0.34	0.64	1.49	2.95	3.24
S11 Growth in Total Assets	>Headline Inflation	(2.26)	4.37	4.01	0.25	16.95

## 30.1 HISTORICAL ANALYSIS



## 30.2 BUDGET 2022

The Budget projections below are provided for your review and approval and are based on our best assumptions which are outlined in our Outlook for the year 2022 and our Strategy above.

	BUDGETED 2023	ACTUAL 2022	BUDGETED 2022
INCOME			
Loan Interest	10,000,000	8,440,294	12,000,000
Interest Fixed Deposit	20,000,000	19,380,614	18,000,000
Investment Income	5,500,000	4,383,955	7,500,000
Interest on Current/Savings	7,000	6,840	10,000
Other Income	300,000	295,127	275,000
Gym Income	24,000	22,996	24,000
Total Income	35,831,000	32,529,826	37,809,000
EXPENSE			
Interest Expense and Bank Charges	310,000	302,312	400,000
Administrative	9,000,000	8,400,881	12,000,000
Officers	525,000	512,226	525,000
Employees	6,000,000	5,851,105	6,250,000
Gym Expense	200,000	495,817	200,000
Depreciation	800,000	715,458	850,000
Total Expense (excluding Depreciation)	16,035,000	15,781,982	20,225,000
SURPLUS (excluding Depreciation)	19,796,000	16,747,844	17,584,000
Green Fund Levy	107,493	91,622	-
Exceptional Item	600,000	534,604	600,000
Income before Appropriation and Depreciation	19,688,507	16,656,150	16,984,000

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
PALO SECO CREDIT UNION  
CO-OPERATIVE SOCIETY LIMITED



### **Opinion**

We have audited the financial statements of Palo Seco Credit Union Co-Operative Society Limited which comprises the statement of financial position as at 31st December 2022, statement of comprehensive income, statement of changes in equity, statement of cash flows and receipts and payments account for the year then ended, and incorporating summary of significant accounting policies and other explanatory notes, as stated on pages 6 to 39.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Palo Seco Credit Union Co-Operative Society Limited as at 31st December 2022 and the results of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's 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.

### ***Other information***

Management is responsible for the other information. The other information comprises the information included in the Society's annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or have 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs



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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

#### **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

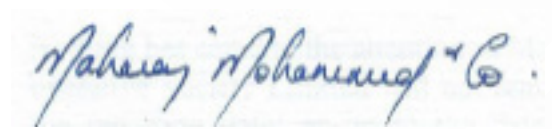
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we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

to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Rudranand Maharaj.



Maharaj Mohammed & Co.  
Chartered Accountants  
Trinidad & Tobago  
13th March 2023



## STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

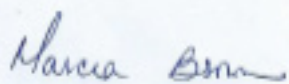
Management is responsible for the following:

- Preparing and fairly presenting the financial statements of Palo Seco Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31st December, 2022, the statements of comprehensive income, changes in equity, statement of receipts and payments and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;

- Ensuring that the Credit Union keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Credit Union's assets, detection/prevention of fraud, and the achievement of Credit Union's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Cooperative Societies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, Management utilized the International Financial Reporting Standard, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, Management chose those considered most appropriate in the circumstances. Nothing has come to the attention of Management to indicate that Palo Seco Credit Union Co-operative Society Limited will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorized for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Manager  
13th March 2023

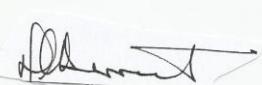



Treasurer  
13th March 2023


## STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER 2022

	Notes	2022 2 \$ \$	021
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and bank	5	16,751,883	8,625,403
Fixed deposits	6	322,949,535	318,561,272
Accounts receivable and prepayments	9	778,714	835,450
Interest receivable	10	<u>5,701,001</u>	<u>-</u>
		<b><u>346,181,133</u></b>	<b><u>328,022,125</u></b>
<b>Non-current assets</b>			
Members' loans	7	48,827,249	62,544,009
Investments	12	179,918,248	197,359,115
Deposit on land	11	935,664	935,664
Property, plant and equipment	15	<u>7,810,933</u>	<u>8,309,076</u>
		<u>237,492,094</u>	<u>269,147,864</u>
<b>Total Assets</b>		<b><u>583,673,227</u></b>	<b><u>597,169,989</u></b>
<b><u>MEMBERS' EQUITY AND LIABILITIES</u></b>			
<b>Members' equity</b>			
Retained earnings		10,720,558 9	,535,107
Reserve fund	3	4,048,817	32,315,896
Education fund	7	,663,099 7	,262,230
Special reserve fund		172,545	275,838
Investment revaluation reserve	14	84,167,289 8	8,638,301
Supplemental special reserve fund		<u>1,553,224</u>	<u>1,292,664</u>
		<b><u>138,325,532</u></b>	<b><u>139,320,036</u></b>
<b>Non- current liabilities</b>			
Member' shares-	18	<b><u>46,776,582</u></b>	<b><u>42,475,958</u></b>
<b>Current liabilities</b>			
Accounts payable and accruals	13	1,417,719	870,292
Due to deceased members	19	11,437,778	10,250,870
Members' deposits	16	23,808,506	18,927,424
Member shares - current	18	300,866,683	337,546,230
Thrift investment account		461,427	408,179
Members' term deposits	17	<u>6,057,000</u>	<u>47,371,000</u>
Total current liabilities		<u>398,571,113</u>	<u>415,373,995</u>
Total Liabilities		<u>445,347,695</u>	<u>457,849,953</u>
<b>Total Liabilities and Shareholders' Equity</b>		<b><u>583,673,227</u></b>	<b><u>597,169,989</u></b>

The accompanying notes on pages 11 to 35 form an integral part of these financial statements.

  
Neil Derrick President

  
Treasurer

  
Supervisory Chairman

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	2022 \$	2021 \$
<b>Revenue</b>			
Interest on members' loans 5		,950,644	8,440,294
Interest on fixed deposits		17,110,019	20,236,801
Investment income		4,662,926 4	,383,955
Interest on current and savings account 5		,625 6	,840
Fitness centre income	20	23,166	22,996
Tobago house income	3	,936 -	
Other income		<u>472,400</u>	<u>295,127</u>
Total revenue		<b><u>28,228,716</u></b>	<b><u>33,386,013</u></b>
<b>Expenses</b>			
Depreciation	15	680,534	715,458
Administrative and other	23 3	,515,080	9,316,036
Officers	21	551,376	512,226
Employee cost	25 5	,898,778 5	,883,465
Interest and bank charges	22	<u>456,155</u>	<u>302,312</u>
		<b><u>11,101,923</u></b>	<b><u>16,729,497</u></b>
Operating surplus for the year		<u>17,126,793</u>	<u>16,656,516</u>
Gain / (loss) on foreign exchange		146,181	(72)
Gain on investments		14,941 -	
Green fund levy		<u>( 68,598)</u>	<u>(91,622)</u>
<b>Net surplus before appropriations</b>		<b>17,219,317</b>	<b>16,564,822</b>
<b>Other comprehensive Income</b>			
Net movement in revaluation of investments		( 4,471,012)	<u>29,338,384</u>
<b>Total Comprehensive income</b>		<b><u>12,748,305</u></b>	<b><u>45,903,206</u></b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022

	Reserve Fund	Education Fund	Special Reserve Fund	Supplemental Special Reserve Fund	Investment Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 <sup>st</sup> January 2022	32,315,896	7,262,230	275,838	1,292,664	88,638,301	9,535,107	139,320,036
Net surplus for the year	-	-	-	-	-	17,219,317	17,219,317
10% to reserve fund	1,721,932	-	-	-	-	(1,721,932)	-
5% appropriation to education fund	-	774,869	-	-	-	(774,869)	-
Appropriations	-	-	300,000	150,000	-	(450,000)	-
	34,037,828	8,037,099	575,838	1,442,664	88,638,301	23,807,623	156,539,353
Entrance fees	10,989	-	-	-	-	-	10,989
Education fund expenses	-	(376,093)	-	-	-	-	(376,093)
Education fund receipts	-	2,093	-	-	-	-	2,093
Supplemental special reserve fund expenses	-	-	-	(195,133)	-	-	(195,133)
Supplemental special reserve fund receipts	-	-	-	305,693	-	-	305,693
Deceased members	-	-	(403,293)	-	-	-	(403,293)
Gain on revaluation – IFRS 9	-	-	-	-	(4,471,012)	-	(4,471,012)
Dividends paid	-	-	-	-	-	(13,087,065)	(13,087,065)
<b>Balance at 31<sup>st</sup> December 2022</b>	<b><u>34,048,817</u></b>	<b><u>7,663,099</u></b>	<b><u>172,545</u></b>	<b><u>1,553,224</u></b>	<b><u>84,167,289</u></b>	<b><u>10,720,558</u></b>	<b><u>138,325,532</u></b>

(continued)

	Reserve Fund	Education Fund	Special Reserve Fund	Supplemental Special Reserve Fund	Investment Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 <sup>st</sup> January 2021	30,658,172	6,573,918	254,081	1,291,050	59,299,917	3,490,393	101,567,531
Net surplus for the year	-	-	-	-	-	16,564,822	16,564,822
10% to reserve fund	1,656,482	-	-	-	-	(1,656,482)	-
5% appropriation to education fund	-	745,417	-	-	-	(745,417)	-
Appropriations	-	-	300,000	150,000	-	(450,000)	-
	32,314,654	7,319,335	554,081	1,441,050	59,299,917	17,203,316	118,132,353
Entrance fees	1,242	-	-	-	-	-	1,242
Education fund expenses	-	(57,105)	-	-	-	-	(57,105)
Supplemental special reserve fund expenses	-	-	-	(489,415)	-	-	(489,415)
Supplemental special reserve fund receipts	-	-	-	341,029	-	-	341,029
Deceased members	-	-	(278,243)	-	-	-	(278,243)
Gain on revaluation – IFRS 9	-	-	-	-	29,338,384	-	29,338,384
Dividends paid	-	-	-	-	-	(7,668,209)	(7,668,209)
<b>Balance at 31<sup>st</sup> December 2021</b>	<b><u>32,315,896</u></b>	<b><u>7,262,230</u></b>	<b><u>275,838</u></b>	<b><u>1,292,664</u></b>	<b><u>88,638,301</u></b>	<b><u>9,535,107</u></b>	<b><u>139,320,036</u></b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2022

(i)			
(ii)		<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		<b>\$</b>	<b>\$</b>
Net surplus for the year before appropriations		17,219,317	16,564,822
<b>Adjustment for non-cash items</b>			
Depreciation of property, plant and equipment		680,534	715,458
Loan loss provision		1,033,469	6,215,200
Changes in investment revaluation		(4,471,012)	29,338,384
Provision for impairment of interest receivable		<u>-</u>	<u>1,223,693</u>
<b>Operating income before working capital changes</b>		<b>14,462,308</b>	<b>54,057,557</b>
<b>Movements in working capital</b>			
(iii)	Increase in interest receivable		(5,701,001)
	-		
(iv)	Decrease in accounts receivable		56,736
	69,968		
(v)	Increase / (decrease) in accounts payable	547,427	(1,069,044)
(vi)	Changes in members' term deposits		13,208,000
	(995,000)		
Net change in Supplemental special reserve fund		110,560	(148,386)
Education fund expenses		(374,000)	(57,106)
Special reserve fund		(403,293)	(278,243)
Reserve fund		10,989	1,243
Changes in Thrift Investment Account		53,248	45,010
Changes in amount due to deceased members		<u>1,186,908</u>	<u>2,464,488</u>
<b>Net cash generated from operating activities</b>		<b><u>23,157,882</u></b>	<b><u>54,090,487</u></b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(182,391)	(64,654)
Changes in members loans		12,683,291	19,340,298
Net sale / (purchase) of investments		<u>17,440,867</u>	<u>(35,838,218)</u>
<b>Net cash generated from / (used in) investing activities</b>		<b><u>29,941,767</u></b>	<b><u>(16,562,574)</u></b>
<b>Financing activities</b>			
Increase in member's share balances		(32,378,923)	(13,305,414)
Dividends paid		(13,087,065)	(7,668,209)
Changes in members fixed deposits		<u>4,881,082</u>	<u>116,456</u>
<b>Net cash (used in) financing activities</b>		<b><u>(40,584,906)</u></b>	<b><u>(20,857,167)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b><u>12,514,743</u></b>	<b><u>16,670,746</u></b>
<b>Cash and cash equivalents</b>			
- at the beginning of the year		327,186,675	310,515,929
- at the end of the year		<u>339,701,418</u>	<u>327,186,675</u>
		<b><u>12,514,743</u></b>	<b><u>16,670,746</u></b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 2022

### 1. **Incorporation and principal activities**

Palo Seco Credit Union Co-operative Society Limited ("the Credit Union") was incorporated on January 30th 1948 under the Co-operative Societies Act of Trinidad and Tobago. Its registered office and principal place of business is #856-858 Siparia Erin Road, Los Bajos.

It operates as a Credit Union under an open bond for the benefit of persons of good character of Trinidad and Tobago.

It is governed by the Laws of the Republic of Trinidad and Tobago and its Bye-laws as adopted by members by way of resolutions adopted, at annual general meetings.

### 2. **Significant Accounting Policies**

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

#### (vii) **(a) Basis of accounting**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. These financial statements were prepared under the historical cost convention, except for the measurement at fair value of hold to collect and sell investments and certain other financial instruments.

#### **Functional and presentation currency**

The Credit Union's functional and presentation currency is Trinidad and Tobago dollars which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Society.



### **Foreign currency transactions and balances**

Foreign currency transactions during the year are translated into Trinidad and Tobago dollars at the exchange rates ruling at the dates of the transactions. Current assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Gains or losses thus arising are included in the statement of income.

(viii)

Standards amended and interpretations which are effective and have been adopted by the Credit Union in the accounting period.

The accounting policies adopted in the preparation of the Society's financial statements are consistent with those followed in previous financial year

## **2. Significant Accounting policies (continued)**

### **(a) Basis of accounting (continued)**

- (ii) *New standards, amendments and interpretations issued but not effective and not early adopted.*

There were no new standards, amendments and interpretations issued but not effective that would have an impact on the financial statements of the Credit Union.

- (iii) *Standards and amendments to published standards early adopted by the Corporation*

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Credit Union's consolidated financial statements. These standards and interpretations will be applicable at a future date and will be adopted when they become effective.

- IFRS 3 Business Combinations – Amendments to IFRS 3 (effective January 1, 2022)
- IAS 16 Property, Plant and Equipment – Amendments to IAS 16 (effective January 1, 2022)

- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments to IAS 37 (effective January 1, 2022)
- IAS 1 Presentation of Financial Statements – Amendments to IAS 1 (effective January 1, 2023)
- IFRS 17 Insurance Contracts (effective January 1, 2023)
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments to IAS 1 (effective January 1, 2023)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments to IAS 8 (effective January 1, 2023)
- IAS 12 Income Taxes – Amendments to IAS 12 (effective January 1, 2023)
- IFRS 9 - Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective January 1, 2022)

The Credit Union does not expect that the adoption of the standards listed above will have a material impact on the financial statements in future periods.

## **2. Significant Accounting Policies (continued)**

### **(b) Revenue recognition**

Interest income from saving and fixed deposit accounts is accounted for on the accrual basis.

Interest on members' loans is accounted for on a cash basis, at the rate prescribed by the loan policy of the Credit Union.

Fitness centre and other income are accounted for on the accrual basis.

(ix) (c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on the following rates considered appropriate to write-off the cost of the assets over their estimated useful lives.

Building	4% straight line
Office furniture and equipment	27 ½ % in the first year thereafter 7 ½% on the reducing balance
Computer hardware and software	7 ½% on the reducing balance

The assets' residual values and useful lives are reviewed at each reporting date and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Increases in the carrying amount on revaluation of land and building are credited to the revaluation reserve in equity. Decreases that offset previous increase of the same asset are charged against reserves directly.

(e) Cash and cash equivalents.

Cash and cash equivalents comprise cash on hand, deposits with banks and short term highly liquid investments with maturities of three months or less when purchased. These balances are shown at cost and are subject to insignificant risk of change in value.

(x) (f) Accounts receivable

Trade receivables are measured at cost or transaction price. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement

of comprehensive income when there is objective evidence that the asset is impaired. This provision is equivalent to the carrying amount less the recoverable amount.

## **2. Significant Accounting Policies (continued)**

(g) Accounts payable

Accounts payable initially recognised at cost or transaction price, are obligations on the basis of normal credit terms and do not bear interest.

(i) Taxation

The Credit Union is subject to Green Fund Levy based on the stipulated rate for the respective year. The profits arising from the Society are exempt from Income Tax as per the Co-operative Societies Act Chapter 81:03 sections 76-77.

(j) Financial Instruments

Financial asset and financial liabilities are recognised when the Credit Union becomes a party to the contractual provision of the financial instrument. Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(k) Members' loans

Loans and advances granted by this Credit Union are stated at cost (amortized cost).

A loan is classified as non-accrual when principal or interest is past due or when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of principal or interest. Non-accrual loans may revert to performing status when all payments become fully current or when management has determined there is no reasonable doubt of ultimate collectability.

Loans are written off after all the necessary legal procedures have been completed and the amount of the loss is finally determined. This Credit Union maintains a loan loss provision, which in management's opinion, is adequate to absorb all incurred credit-related losses in its loan portfolio. The loan loss provision is calculated using a formula method taking into account recent loss experience. The provision for the year, less recoveries of amounts previously written off and the reversal of provisions no longer required, is disclosed in the statement of income as loan loss expense.

(l) Investment Securities

Debt investments that this Credit Union has the intent to hold to maturity are classified as held-to-maturity assets. All other investments are classified as available-for-sale.

On disposal or on maturity of an investment, the difference between the net proceeds and the carrying amount is included in the statement of income. When available-for-sale assets are sold, converted or otherwise disposed of, the cumulative gain or loss recognized in equity is transferred to the statement of income.

(m) Financial Assets and Liabilities

Financial instruments carried on the balance sheet include cash resources, investments, loans, deposits and other liabilities. The standard treatment for recognition, de-recognition, classification and measurement of this Credit Union's financial instruments are noted in notes (i) to (iv).

(i) Recognition

The Credit Union initially recognizes loans, advances and deposits on the date they originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the transaction date on which this Credit Union becomes a party to the contractual provision of the instrument.

(ii) De-recognition

This Credit Union derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. This Credit Union derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Classification

This Credit Union classifies its financial assets into the following categories: financial assets at fair value through profit and loss; loans and receivables; held-to-maturity and available-for-sale assets. Management determines the classification of its investments at initial recognition.

**Financial assets at fair value through the income statement**

This category includes financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when this Credit Union provides money directly to its members with no intention of trading the receivable.



## 2. Significant Accounting Policies (continued)

(m) Financial Assets and Liabilities (continued)

(iii) Classification (continued)

### **Held to maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that this Credit Union's management has the positive intention and ability to hold to maturity. Were this Credit Union to sell other than a significant amount of held-to-maturity assets, the entire category would be compromised and re-classified as available-for-sale.

### **Available for sale**

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

(iv) Measurement

Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition, all financial assets at fair value through profit and loss and available-for-sale assets are measured at fair value, based on their quoted market price, at the balance sheet date, without any deduction for transaction costs. Where the instrument is not actively traded or quoted on recognized exchanges, fair value is determined using discounted cash flow analysis.

Any available-for-sale assets that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost, including transaction cost, less impairment losses.

All non-trading financial liabilities originated loans and receivables and held-to-maturity assets are measured at amortized costs less impairment losses. Amortized cost is calculated on the effective interest method.

## 2. Significant Accounting Policies (continued)

(m) Financial Assets and Liabilities (continued)

**(v) Credit risk management**

The Credit Union's Board of Directors and Management is responsible for managing the Credit Union's credit risk by:

- (i)** ensuring that the credit union has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the credit union's policies and procedures, International Financial Reporting Standards and relevant supervisory guidance;
- (ii)** identifying, assessing and measuring credit risk across the credit union, from an individual financial instrument to the portfolio level;
- (iii)** creating credit policies to protect the credit union against the identified risks, including the obtaining collateral from borrowers, performing robust on-going credit assessment of borrowers, and continually monitor exposures;
- (iv)** as far as possible, limiting concentrations of exposure by type of loan, industry, credit rating, geographic location, etc.;
- (v)** establishing a robust control mechanism for loan approval;
- (vi)** categorising exposures according to the degree of risk of default;
- (vii)** developing and maintaining processes for measuring ECL; and
- (viii)** providing guidance to promote best practice in the management of risk.

**Significant increase in credit risk**

The credit union presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than thirty (30) days past due, unless the credit union has reasonable and supportable information that demonstrates otherwise. The credit union has monitoring procedures to ensure that significant increase in credit risk is identified before default occurs.

## 2. Significant Accounting Policies (continued)

(m) Financial Assets and Liabilities (continued)

### (vi) **Measurement of Expected Credit Loss (ECL)**

The key inputs used for measuring ECL are:

- (i) probability of default (PD);
- (ii) loss given default (LGD); and
- (iii) exposure at default (EAD).

The Credit Union measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The credit union's financial instruments are grouped on the basis of shared risk characteristics. Such as:

- (i) credit risk grade;
- (ii) collateral type;
- (iii) date of initial recognition;
- (iv) remaining term to maturity;
- (v) industry;
- (vi) geographic location of the borrower;
- (vii) income bracket of the borrower; and
- (viii) the value of collateral relative to the financial asset.

The groupings are reviewed on a regular basis to ensure that each grouping is comprised of homogenous exposures.

## 2. Significant Accounting Policies (continued)

(m) Financial Assets and Liabilities (continued)

### (vi) Measurement of Expected Credit Loss (ECL) (continued)

An analysis of the credit union's credit risk exposure without taking into account the effect of collateral is provided in the following tables. The amounts in the table represent gross carrying amounts.

**Palo Seco Credit Union Co-operative Society Ltd**  
**2022 IFRS 9**  
Aging and Expected Credit Loss Summary

	Performing Loans		Under-performing Loans		Non-performing Loans			Delinquency	Total	Delinquency from 31 Days & Over %
	0 - 30 Days		31 - 90 Days		91 Days and Over					
<b>Dec-22</b>	<b>46,047,096</b>		<b>6,437,787</b>		<b>20,055,101</b>			<b>23,695,149</b>	<b>72,539,984</b>	<b>33%</b>
	Performing	Watch	Substandard	Unacceptable	Doubtful	Critical	Loss			
	0	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 180 Days	181 - 365 Days	366 and Over			
Loans	36,048,350	9,998,746	4,227,777	2,210,010	1,785,940	3,029,452	15,239,709			
ECL	89,651		496,599			23,058,305			23,644,555	
Forward Looking Economic Factors	1.09		1.09							
<b>ECL Provisions</b>	<b>97,388</b>		<b>539,456</b>			<b>23,058,305</b>			<b>23,695,149</b>	

## 2. Significant Accounting Policies (continued)

**(n) Reserve fund**

In accordance with Bye Law 19 of the Society and The Co-operative Society Act, 1971, Section 47 (2), at least 10 % of the net surplus of the Society for the year is to be transferred to a reserve fund. All losses on investments which are beyond the control of the Society, are written off in the Reserved Fund.

**(o) Education fund**

In accordance with Bye Law 19 of the Credit Union, an amount of not less than 5 % of the net surplus of the year, after making provision for the reserve fund may be credited to an education fund. This fund is to be used for educational purposes.

**(p) Special reserve fund**

This fund has been established in accordance with the authority given to the general meeting in accordance with Bye Law 19 (f) of the Credit Union and is being used a maximum of \$50,000 per member and increasing shares of deceased members to a maximum of \$25,000 per member in accordance with a specific ratio of shareholding at time of death/age.

**(q) Supplemental special reserve fund**

This fund has been established in accordance with the authority given to the Annual General Meeting in accordance with Bye Law 27(d) of the Credit Union to increase the life savings and loan protection coverage of members to \$25,000 and \$50,000 respectively.

**(r) Dividends**

Dividends are recommended by the Board of Directors and confirmed by the members at the Annual General Meeting. The dividend is computed on the basis of the average number of shares in issue throughout the year, the average being determined on the basis of the number of shares in issue at the end of each month.

**(s) Provisions**

Provisions are recognised when the society has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Provisions are not recognised for future operating losses. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**(t) Members' deposits**

A member may deposit money into his account in the Credit Union subject to the terms and conditions specified by the Board.

**(i) *Members' deposits***

Members' savings deposits are stated at their current balance.

**(ii) *Special deposits and Thrift investment accounts***

Interest on members special deposits and thrift investments accounts are calculated generally at rates between 1.30% and 3.25 %.

**(u) Employee benefits / pension obligations**

The Credit Union operates a defined contribution plan and pays contributions to administered pension insurance plans. The Credit Union has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available.



**(v) Unclaimed shares**

Under Bye Law 13, the Board may transfer any shares and or interest not claimed (net of any amounts due to the Society) within one year from the date of the last transaction of a member, whose whereabouts are unknown, to an Unclaimed Shares Account. Any sums remaining unclaimed for two (2) years may be transferred to the Reserve Fund.

**(w) Comparative**

Where necessary, comparative figures have been adjusted to take account of the changes in presentation in the current year.

**3. Financial Risk Management**

The society is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the society to manage these risks are discussed below:

**(a) Operational risk**

Operational risk is the risk derived from deficiencies relating to the Credit Union's information technology and control systems, as well as the risk of human error and natural disasters. The Credit Union's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

**(b) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Credit Union's measurement currency. The Credit Union is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Society's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, customer deposits and other funding instruments. The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

i) *Bonds*

The Society invests mainly in medium to long term bonds consisting of both floating rate and fixed rate instruments. The market values of the fixed rate bonds are not very sensitive to changes in interest rates. The market values of the floating rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates.

As these assets are being held to maturity and are not traded, any changes in market value will not impact the statement of comprehensive income. The society actively monitors bonds with maturities greater than ten years, as well as the interest rate policies of the Central Bank of Trinidad and Tobago.

ii) *Loans*

The Society generally invests in fixed rate loans. These are funded mainly from member deposits and shares.

**(d) Reputation risk**

The risk of loss of reputation arising from the negative publicity relating to the Credit Union's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Society. The Credit Union engages in public social endeavours to engender trust and minimise this risk.

### 3. Financial Risk Management (continued)

**(e) Compliance risk**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Commissioner for Co-operative Development, as well as by the monitoring controls applied by the Credit Union.

**(f) Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Credit Union relies heavily on a written Loan Policy Manual, which sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Credit Union's lending philosophy; provide policy guidelines to team members involve in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The Credit Union's loan portfolio is managed and consistently monitored by the Credit Committee and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts. Cash balances are held with high credit quality financial institutions and the Credit Union has policies to limit the amount of exposure to any single financial institution. The society also actively monitors global economic development and government policies that may affect the growth rate of the local government.

**(g) Liquidity risk**

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Credit Union has procedures with the objective of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. The Credit Union is able to make daily calls on its available cash resources to settle financial and other liabilities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Credit Union. The Credit Union employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Credit Union's assets as well as generating sufficient cash from new and renewed members' deposits and shares. To manage and reduce liquidity risk the Credit Union's management actively seeks to match cash inflows with liability requirements.

**(h) Capital risk management**

The Credit Union manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members and providing value to its members by offering loan and savings facilities. The Credit Union's overall strategy remains unchanged from previous years. The capital structure of the Credit Union consists of equity attributable to members, and comprises members' funds, reserves and retained earnings.

## 4. Critical Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in the process of applying the Credit Union's accounting policies (see basis of preparation). Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Credit Union makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results.

Changes in accounting estimates are recognised in the statement of comprehensive income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) *Allowances for credit losses*  
Loans and investments accounts are evaluated for impairment.
- ii) *Financial assets and liabilities classification*  
The Society's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories. In classifying financial assets or liabilities as "fair value through the profit and loss", the Society has determined that it meets the description of trading assets and liabilities.
- iii) *Impairment of assets*  
Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

## 5. Cash and Bank

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2022 \$	2021 \$
Cash on hand	145,419	55,704
Cash in transit	374,326	253,785
Cash at commercial banks	<u>16,232,138</u>	<u>8,315,914</u>
	<u>16,751,883</u>	<u>8,625,403</u>

## 6. Fixed deposits

Short-term highly liquid deposits with maturities of three months or less are as follows:

	2022 \$	2021 \$
1st National Credit Union	1,000,000	1,000,000
Savinvest US Investment Inc	4,326,466	4,085,812
Savinvest Structured Investment	6,788,072	6,895,399
AIC Finance Ltd - TT\$	145,675,359	138,821,323
First Line Securities	39,477,505	41,930,641
Bourse Securities Investment	6,672,512	10,782,513
Fixed Income Investment (Bourse)	4,088	544,877
Firstline Members Special Deposit	82,646,622	77,797,767
KCL Members Special Deposit	32,718,088	32,718,088
Bourse USD Investment	2,640,823	2,984,852
Bourse TTD Fixed Income Investment	2,000,000	2,000,000
Less: Provision for underperforming investments	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	<u>322,949,535</u>	<u>318,561,272</u>



## 7. Members' loans (xi)

	2022 \$	2021 \$
		<b>94,876,081</b>
Outstanding principal balances	72,522,398	85,205,689
Less: Expected credit loss provision (See note 8 below)	(23,695,149)	(22,661,681)
Net Loan Balance	<u>48,827,249</u>	<u>62,544,009</u>

Loans to members are stated at principal outstanding net of a provision for loan losses. The provision for loan losses is based on management's evaluation of the performance of the loan portfolio under current economic conditions and past loan loss experience.

## 8. Expected credit loss provision

	2022 \$	2022 \$
Opening balance as at 1 <sup>st</sup> January	22,661,681	16,446,481
Current year increase in provision	<u>1 ,033,468</u>	<u>6,215,200</u>
Closing balance as at 31 <sup>st</sup> December	<u>23,695,149</u>	<u>22,661,681</u>

Management applied the loan loss provisions along the guidelines of IFRS 9.

## 9. Accounts receivable and prepayments (xii)

	2022 \$	2022 \$
Prepayments	68,359	69,575
Sundry debtors	615,033	536,665
Government organizations	42,096	169,725
Non-Government organizations	<u>53,226</u>	<u>59,485</u>
	<u><b>778,714</b></u>	<u><b>835,450</b></u>

## 10. Interest receivable

(xiii)

	2022 \$	2021 \$
Outstanding interest	5,701,001	1,223,693
Less: Provision uncollectable balances	<u>-</u>	<u>(1,223,693)</u>
	59,485	68,620
	<u>5,701,001</u>	<u>-</u>

Interest receivable is stated at total amount of interest outstanding net of a provision for possible uncollectable balances.

## 11. Deposit on land 2022 2021

	2022 \$	2021 \$
Los Bajos – PSAEL down payment	435,664	435,664
Lot #130 Siparia Village	<u>500,000</u>	<u>500,000</u>
	<u>935,664</u>	<u>935,664</u>

The balance represents payments made by the Credit Union for the purchase of land. The transfer of the titles and completion of title documents has not been finalized at the time of the audit. Both matters are in the hands of the attorneys.

## 12. Financial securities

### i) Fair value through other comprehensive income

	2022 \$	2021 \$
FCB El Tucuche Fixed Income Fund	3,734,487	3,745,082
KSBM Asset Management	9,125,248	10,026,032
RBC TT\$ Money Market Fund	-	8,204,288
Unit Trust First Unit Scheme	2,780,769	3,076,727
Unit Trust Money Market Fund	19,336	2,864
Unit Trust Second Unit Scheme	<u>6,959,602</u>	<u>15,816,065</u>
	<u>22,619,442</u>	<u>40,871,058</u>

## 12. Financial securities (continued)

### Share holding

T.C.L. Limited	78,000	71,600
Republic Bank Limited	374,717	377,871
Scotiabank Shares	3,329,204	2,919,607
Royal Bank Canada	653,279	616,652
Neal & Massy Holdings	7,493,490	8,742,405
Praetorian	10,000	10,000
CCMB	3	3
Grace Kennedy	1,662,131	2,258,129
Guardian Holdings Limited	2,453,796	2,727,450
Republic Caribbean Equity Fund	658,948	658,948
Jamaican Money Market Brokers	200,168	239,992
AIC Financial GRP Class D 5% preference shares	2,000,000	2,000,000
AIC Financial GRP 6% preference shares	3,047,399	3,047,399
Sagicor	495,156	616,840
Bourse Brazil Latin Fund House	437,853	437,853
RFHL Shares JMMB	1,806,870	1,822,080
WITCO Shares JMMB	1,071,510	1,453,500
FCB Shares	1,039,012	1,244,616
TTNGL Shares	4,444,042	4,001,744
CLICO Investment Fund Shares	2,601,533	2,971,962
FCIB LTD Shares JMMB	719,400	810,480
KCL Preference Shares 5.75% - \$1.9m	1,900,000	1,900,000
KCL Preference Shares 5.75% - \$1.052m	1,052,601	1,052,601
KCL Preference Shares 5.75% - \$2m	2,000,000	2,000,000
Sheppard Securities Equities	10,218,614	9,558,709
National Enterprises Limited	<u>125,800</u>	<u>123,950</u>
	<u>49,873,526</u>	<u>51,664,391</u>
<b>Total fair value through Other Comprehensive income</b>	<b>72,492,968</b>	<b>92,535,449</b>

## 12. Financial securities (continued)

ii) Amortized cost	2022	2021
	\$	\$
GGTL Linstant properties & Jomiro leasing ltd	5,166,141	8,708,234
Guardian Global Fund Solution	1,479,579	1,692,383
Guardian Life Evolution Series	-	7,995,961
JGCL Preference Shares 12% - \$3.5m	3,533,676	3,533,676
JGCL Preference Shares 12% - \$9.5m	9,535,136	9,535,136
JMMB Investments	5,003,606	5,007,369
NIF 12-YEARS TT BONDS	10,217,460	10,195,086
NIF 20-YEARS TT BONDS	3,320,980	3,275,980
 NIPDEC 19 Year TT Bond	 5,412,479	 5,412,479
Sagicor Financial Ltd	1,038,217	1,038,216
Sheppard's Security Bond Portfolio	33,618,006	39,429,146
TT Police CU \$90m syndicated loan 9,000,000	9,000,000	
TSTT Bonds	<u>20,100,000</u>	<u>-</u>
 Total Amortized Costs	 <u>107,425,280</u>	 <u>104,823,666</u>
 <b>Total Financial Securities</b>	 <b>179,918,248</b>	 <b>197,359,115</b>

## 13. Accounts payable and accruals

	2022	2021
	\$	\$
Trade payables	356,961	346,753
Accruals	1,099,144	168,781
 Sundry and other	 <u>(38,386)</u>	 <u>354,758</u>
	<u>1,417,719</u>	<u>870,292</u>

## 14. Investment revaluation reserve

Investments are recognized in the Statement of Financial Position at the market value. The carrying amounts of the Credit Union's Investment Revaluation Reserve at the end of the reporting period is as follows:

	2022	2021
	\$	\$
Opening balance	88,638,301	59,299,917
Net change in market value for the period	<u>(4,471,012)</u>	<u>29,338,384</u>
Ending balance	<u>84,167,289</u>	<u>88,638,301</u>

## 15. Property, plant and equipment

### 31st December 2022

	Land & Buildings	Computer Hardware & Software	Furniture & Equipment	Total
Cost	\$	\$	\$	\$
Balance January 1, 2022	13,283,905	2,616,257	2,850,216	18,750,378
Additions	<u>141,398</u>	<u>39,108</u>	<u>1,885</u>	<u>182,391</u>
Balance December 31, 2022	<u>13,425,303</u>	<u>2,655,365</u>	<u>2,852,101</u>	<u>18,932,769</u>
Accumulated Depreciation				
Balance January 1, 2022	6,235,594	1,605,026	2,600,682	10,441,302
Charge for the year	<u>451,910</u>	<u>143,588</u>	<u>85,036</u>	<u>680,534</u>
Balance December 31, 2022	<u>6,687,504</u>	<u>1,748,614</u>	<u>2,685,718</u>	<u>11,121,836</u>
<b>Net book value 2022</b>	<b><u>6,737,799</u></b>	<b><u>906,751</u></b>	<b><u>166,383</u></b>	<b><u>7,810,933</u></b>

### 31st December 2021

	Land & Buildings	Computer Hardware & Software	Furniture & Equipment	Total
Cost	\$	\$	\$	\$
Balance January 1, 2021	13,253,559	2,593,306	2,838,859	18,685,724
Additions	<u>30,346</u>	<u>22,951</u>	<u>11,357</u>	<u>64,654</u>
Balance December 31, 2021	<u>13,283,905</u>	<u>2,616,257</u>	<u>2,850,216</u>	<u>18,750,378</u>
Accumulated Depreciation				
Balance January 1, 2021	5,784,223	1,467,189	2,474,432	9,725,844
Charge for the year	<u>451,371</u>	<u>137,837</u>	<u>126,250</u>	<u>715,458</u>
Balance December 31, 2021	<u>6,235,594</u>	<u>1,605,026</u>	<u>2,600,682</u>	<u>10,441,302</u>
<b>Net book value 2021</b>	<b><u>7,048,311</u></b>	<b><u>1,011,231</u></b>	<b><u>249,534</u></b>	<b><u>8,309,076</u></b>

## 16. Members' deposits

	2022 \$	2021 \$
Regular deposits	10,052,597	8,084,684
Special Deposits	<u>13,755,909</u>	<u>10,842,740</u>
Total deposits at year end	<u>23,808,506</u>	<u>18,927,424</u>

## 17. Members' term deposit

	2022 \$	2021 \$
	<u>60,579,000</u>	<u>47,371,000</u>

This represents funds deposited by members to be used for special investments. The rate of return is 4% for contributions less than \$400,000, and 4.35% for contributions greater than \$400,000.

## 18. Members- shares

In accordance with existing IFRSs and given the substance and the nature of Members' shares, this balance is accounted for as a liability and not as equity of the Credit Union. The Credit Union Bye Laws allow for the issue of shares at \$5.00 each. No member may hold at any time more than one fifth (1/5) of the total paid up share capital of the Credit Union. Members' shares consist of 69,528,653 shares at year ended December 2022.

	2022 \$	2021 \$
Non - current - encumbered portion ( <i>Note i</i> )	46,776,582	42,475,958
Current - unencumbered portion ( <i>Note ii</i> )	<u>300,866,683</u>	<u>337,546,230</u>
Total shares at year end	<u>347,643,265</u>	<u>380,022,188</u>

The allocation between current and non-current shares is recorded as follows:

### Note i - Unencumbered Shares

- Shares that are not held as collateral against a member loan which will take one (1) year or less to pay off.
- Shareholding of members that do not have existing loans

### Note ii - Encumbered Shares

- Shares that are held as collateral against a member loan which will take more than one (1) year to pay off i.e.



## 19. Due to deceased members 2022 2021

2022	2021
\$	\$
<u>11,437,778</u>	<u>10,250,870</u>

This represents amounts payable to the beneficiaries of deceased members, and includes excess of their share balance over loan balances plus any benefit due to them as per note 2 (p)

## 20. Fitness centre income

	2022	2021
	\$	\$
Sales		1,736
Less: Purchases	<u>(834)</u>	<u>(1,302)</u>
Gross profit		434
Registration fees	-	225
Membership fees	-	22,337
Other income	<u>24,000</u>	<u>-</u>
	<u>23,166</u>	<u>22,996</u>

## 21. Officers' expenses

	2022	2021
	\$	\$
Credit Committee Allowance	21,320	21,200
Honorarium	396,814	391,657
Officers Group Life Insurance	22,220	13,860
Officers Group Medical Insurance	36,519	27,914
Other	51,314	51,600
Refreshments	19,539	2,955
Supervisory Committee	<u>3,650</u>	<u>3,040</u>
	<u>551,376</u>	<u>512,226</u>

## 22. Interest and bank charges

	2022	2021
	\$	\$
Interest and Bank Charges	28,990	22,222
Interest - Employee Savings Plan	13,399	13,762
Interest - Thrift Investment Account	3,209	255
Special Deposit	<u>410,557</u>	<u>266,073</u>
	<u>456,155</u>	<u>302,312</u>

## 23. Administrative and general

	2022 \$	2021 \$
Advertising	55,577	13,903
AGM expense	123,620	185,005
Audit fees	83,625	55,000
Building repairs / maintenance	193,745	74,100
Cleaning & janitorial expenses	31,684	39,010
Consultant fees	8,938	22,303
Donation	5,625	11,386
Electricity	62,551	63,133
Expect credit loss provision on loans	1,033,469	6,215,200
Fumigation/pest control	23,604	27,922
Groceries & toiletries	68,858	48,227
Insurance - Fidelity	3,429	3,624
Insurance - Money	10,985	11,606
Insurance - Public Liability	1,643	1,737
Insurance on Building and Contents	38,884	26,313
League dues	49,516	49,516
Legal fees	53	2,835
MTS contract	465,293	515,174
Office expense	312,619	233,784
Other repairs and maintenance	280,811	268,942
Other 388	102,801	
Postage	76,849	75,256
Printing & stationery	100,301	141,838
Prior period adjustment	64,778	(535,011)
Professional fees	247,790	230,933
Provision uncollectable interest	-	1,223,693
Security services	9,364	49,158
Stipend	1,200	2,350
Telephone	145,179	143,114
Transportation	10,880	7,598
Water rates	3,822	5,586
	<u>3,515,080</u>	<u>9,316,036</u>

## 24. Employees 2022 2021

	2022	2021
The number of persons employed at year end	<u>39</u>	<u>40</u>

## 25. Employee costs 2022 2021

	2022 \$	2021 \$
Acting	39,407	42,378
Backpay	350,000	-
Bonus & Incentive	58,200	55,900
Cola	82,237	30,492
Employee Computer Subsidy	541	2,364
Employee Medical Expenses	13,788	10,252
Employee Mortgage Subsidy	3,489	3,489
Ex gratis Payment	6,000	5,000
Group Health	-	1,492
National Insurance - Gym	-	10,284
National Insurance	322,334	404,661
Overtime	89,932	93,164
Pension Plan	237,472	236,706
Salaries & Wages - Gym	-	102,352
Salaries & Wages	4,541,771	4,613,387
Savings Plan	46,880	42,900
Severance Benefits - Gym	-	74,590
Subsistence	150	110
Training & Development	48,459	62,675
Travelling Allowance	40,155	41,214
Uniforms	90	46,950
Workmen's Compensation	<u>17,873</u>	<u>3,105</u>
	<u>5,898,778</u>	<u>5,883,465</u>

## 26. Impact of COVID-19 Pandemic

On March 11th 2020, the World Health Organization declared the novel Coronavirus (Covid-19) outbreak a global pandemic. Management has considered the consequences of Covid-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Credit Union's ability to continue as a going concern.

As a result of the impact of the Covid-19 pandemic and the potential negative impact on the Society's loan portfolio arising from the decline in economic activity, a heightened application of judgement was exercised in the determination of whether a significant increase in credit risk (SICR) has occurred prior to granting new loans to members.

## 27. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Society.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market prices.

Balances and transactions with related parties and key management personnel during the year were as follows:

	2022	2021
	\$	\$
<b>Assets</b>		
Loans to directors and key management personnel	987,683	258,954
<b>Deposits and other liabilities</b>		
Directors, related parties, key management personnel	183,240	228,448
<b>Shares</b>		
Directors, related parties, key management personnel	6,805,605	4,472,764
	1,968	1,356
<b>Income</b>		
Directors, related parties, key management personnel	326,330	420,897
<b>Interest / dividends and other expenses</b>		
Directors, related parties, key management personnel	344,786	93,854
	626,351	628,750

### *Key management compensation*

The Credit Union's policy for lending to key management personnel is that all such loans were granted in accordance with normal lending terms. The Credit Union's policy for receiving deposits from key management personnel is that all transactions are approved and deposit accepted in accordance with normal terms and condition.

## 28. Dividends

Dividends are recommended by the Board of Directors and are subject to confirmation by the members at the Annual General Meeting. The dividend is computed on the basis of the average number of shares in issue throughout the year, the average being determined on the basis of the number of shares in issue at the end of each month.

The Board of Directors has proposed a dividend of 2% of the average value of members' shares in issue throughout the year, for the year ended December 31, 2022. This dividend amounting to \$6,874,156 (projected), (2021: \$13,087,065), is not recorded as a liability in the Statement of Financial Position, consistent with IAS 10 - Events after the Reporting Period.

## 29. Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

- a) Current assets and liabilities  
The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.
- b) Members' Loans  
Loans are net of specific provisions for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

- c) Investments  
The fair values of investments are determined on the basis of quoted market prices available at December 31, 2021.
- d) Members' deposits  
Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

### **30. Subsequent events**

There were no subsequent events occurring after the reporting date that significantly impacted the financial performance, position or cash flows which require disclosure.

### **31. Approval of Financial Statements**

These financial statements were approved by the board of directors and authorised for issue on 13th March, 2023.



## RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2022

RECEIPTS	\$	PAYMENTS	\$
Shares	29,643,017	Shares	57,699,193
FIP deposit	2,426,877	Ordinary deposit account	10,160,674
Personal loans	8,682,081	Bank charges	28,979
Interest on personal loans	3,027,890	Insurance - money	10,985
Ordinary deposit account	7,744,507	Prepaid expenses	68,358
Guardian life medical deposit	905,942	Insurance - fidelity	3,429
2019 Christmas loan sale	253,626	Insurance - public liability	1,643
Interest on 2019 Christmas	21,840	League dues	49,516
Sagicor medical deposit	318,914	Bank remittance	1,377,288
Payroll receivables	8,472,306	Accrued expenses	147,842
New loan within shares 0.5%	1,594,350	Office expense	210,449
Interest on new loan within	148,602	Accrued expenses-gym	19,452
Payment protector	12,561	Credit union payments	961,439
Business loan	326,441	New loan within shares 0.5%	5,288,419
Interest on business loan	85,159	Personal loans	6,197,887
Interest on mortgage loans	535,070	Transportation	10,880
Returned cheques	913,604	Postage	76,849
Holding deposit account	429,888	Payments to deceased members	2,960,230
Interest on MBoS (vehicle)	190,553	Sundries debtors	3,208,070
Vehicle loan (MBoS)	519,039	Printing and stationery	106,169
Sundries debtors	3,029,491	Accounts payable-union dues	11,226
Thrift investment account	90,360	Employees pension plan	118,736
Due from - Halliburton	60,181	Pension plan	237,472
Entrance fee	221	Employees medical plan	13,137
Rulebook & passbook	224	Employee medical expenses	13,788
Nomination fees	224	Holding deposit account	319,560
Interest on instrument of c	165,676	FIP deposit	28,561
Due from - T & Tec	442,948	Vehicle loan (MBOS)	2,544
Due from - Plipdeco	49,600	PAYE	517,564
Due from - Min of Health	1,946,393	Health surcharge	14,058
Mortgage loans	452,521	National insurance	354,694
Fixed deposit interest	7,682,373	NIS payable	176,941
Due from - Amalgamated Security	64,707	Unpresented cheques	2,300,391
Unpresented cheques	3,940,205	DIP payable	16,072
Suspense/other	26,380	FIP payable	2,822,450
Insurance payments	1,911	Office furniture & equipment	1,885
Interest on vehicle loans	170	SAG payable	82,997
Due from - TT Post	69,408	Telephone	139,518
Due from - Damus oil co. li	33,074	New mortgage loan 0.5%	525,000
A/C payable - deceased members	20,138	Professional fees	246,885
I.O.C	229,282	Groceries and toiletries	62,037
Dividend on investments	4,145,233	Returned cheques	147,132
Sundry creditors	8,142,550	Salary clearing	248,525
Due from- Atlantic LNG Co.	118,443	Sundry creditors	2,976,257

## RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2022

RECEIPTS	\$	PAYMENTS	\$
Sundries receipts	76,279	Building repairs/maintenance	33,600
Due from - Port Authority	131,747	Other repairs & maintenance	261,072
Due from- San Fernando city	66,843	building repairs/maintenance	18,200
Due from Penal/Debe Regional	5,500	Fumigation/pest control	18,387
Due from - Ministry of Education	7,920	Cleaning & janitorial service	30,183
Covid-19 Palo Seco 40% interest	252	Donation	5,925
Covid-19 government loan	7,415	Guardian Life medical deposits	707,890
Due from - national gas com	210,100	Mortgage Loans	322,918
Commission – F.I.P	309,749	Covid-19 relief loan payment	5,866
Due from - TECU	19,560	Covid-19 loan interest payment	2,974
Savings account interest	5,625	Covid-19 loan interest payable	36
Overage / shortage	198	Telephone	2,514
GGTL Linstant properties &	5,000,000	Premises maintenance	57,777
Investment revaluation rese	12,836,370	Office expense	43,889
Refinance members loans	282,497	Overage / shortage	792
Other special holding	189,650	Legal fees	53
UTC TT\$ income fund 2nd Sch	7,000,000	Water rates	2,868
RBC TT\$ money market fund	8,219,229	Sagicor medical deposit	252,503
Due from - min pub. Admin &	5,500	Water rates	666
Special computer loans	584	Other repairs & maintenance	9,450
Other	261,442	Credit committee allowance	21,320
Office expense	5	A/C payable-bank & employee	2,179
Prior year adjustments	0	Fumigation/pest control	6,332
Interest on business loan w	464	Other	1,261,831
Business loan within shares	8,017	investment revaluation	10,425,151
Due from - Ministry of Agri	5,031	Education fund expenses	117,032
Premises maintenance	0	Electricity-gym	12,027
KCL / Firstline members special	190,863	Electricity	46,951
Due from - Prestige Holding	44,067	TSTT bonds	7,000,000
AIC fin grp 6.5% pref share	197,538	Electricity	3,572
AIC fin grp class d 5% pref	99,726	M.T.S contract	423,047
Bank charges	4	Subsistence	200
Due from-Panell Kerr foster	771	Insurance on building and contents	5,990
Investment income	52,800	Prior year adjustments	180,507
Other income	152,662	Business loan	274,000
Company's life evolution se	7,945,511	Gain/loss on foreign exchange	13,185
Interest on special compute	0	GGTL Linstant properties &	6,000,000
Printing and stationery	5,787	Boardroom & fitness centre	131,063
Xmas loan within shares 0.5	7,723	Meeting and conferences	195,537
Interest on Xmas loan	261	Computer hardware & software	39,109
Tobago house rental income	3,936	Guardian Medical payable	235,090
Xmas loan dsr <60% 0.75%	5,690	Other-cost of sales	834
Interest on Xmas loan dsr <	65	Supervisory committee	3,650
Gain/loss on foreign exchange	79,105	Business loan within shares	21,000

## RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2022

RECEIPTS	\$	PAYMENTS	\$
		Advertising	43,686
		A/c payable - green fund	84,838
		Reserve fund	89
		Security services	9,364
		Travelling	11,051
		Refreshment	13,539
		Training and development	48,459
		Company's life evolution se	5,823
		Officers group life insurance	12,320
		Sundries receipt	13,650
		Insurance on building & con	8,583
		Suspense/other	1,900
		Uniforms	90
		AGM expenses	105,301
		Travelling allowance	373
		Insurance payments	6,448
		Building repairs/maintenance	47,586
		Stipend	1,200
		Workmen's compensation	2,349
		Credit union month expenses	29,888
		Office expense - Tobago	34,666
		Honorarium	82,660
		Ex gratis payment	6,000
		Cleaning & janitorial service	1,000
		Xmas loan dsr <60% 0.75%	253,500
		Xmas loan within shares 0.5	154,000
		Building - Tobago	10,335
		Consultant fees	3
	<u>140,400,466</u>		<u>129,151,056</u>

## RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2022

	Opening balances \$	Closing balances \$
Cash in transit	253,785	374,326
Cash in hand	55,705	145,419
Republic bank	3,030,197	14,418,944
Royal bank	89	-
RBTT current account	1,073,421	-
FCB current account-gym	13,906	15,077
First citizen bank	3,947,887	1,606,099
First citizens bank - USD Account	-	192,017
Royal us plus	250,414	-
Fixed deposit - first nat. C.U.	1,000,000	1,000,000
Savinvest US investment inc fund	4,085,812	4,326,466
Savinvest structured inv fund	6,895,399	6,788,072
AIC finance ltd - TT\$	138,821,322	145,675,359
Firstline securities limited	41,930,641	39,477,506
JMMB investments	5,007,369	5,003,606
Bourse securities investments	10,782,512	6,672,512
Fixed income investment bourse sec USD	544,878	4,088
Firstline members special Deposit	77,797,767	82,646,622
KCL members special deposit	32,718,088	32,718,088
Bourse USD investment	2,984,852	2,640,823
Bourse TTD fixed income investment	2,000,000	2,000,000
Tt police cu \$90m syndicated loan	9,000,000	9,000,000
UTC account 0000808-008	5,216,811	3,295,335
KCL pref shares 5.75% - \$1.9mil	1,900,000	1,900,000
KCL pref shares 5.75% - \$1.052mi	1,052,601	1,052,601
KCL pref shares 5.75% - \$2mil	2,000,000	2,000,000
JGCL pref shares 12% - \$9.5mil	9,535,135	9,535,136
JGCL pref shares 12% - \$3.5mil	3,533,676	3,533,676
Sheppards securities investments	<u>9,558,709</u>	<u>10,218,614</u>
	<u>374,990,976</u>	<u>386,240,386</u>

### Receipts & Payments Summary

	opening balances	374,990,976
+	receipts	140,400,466
-	payments	<u>(129,151,056)</u>
=	closing balances	<u>386,240,386</u>

## RESOLUTIONS

### Resolution 1 – Appointment of Auditors

Whereas the Commissioner of Co-operative Development has drawn up a list of approved Auditors for the accounts of Co-operative Societies in accordance with section 51 of the Co-operative Societies Act and Regulations thereof;

And whereas Bye-Law 27 (j) of the Palo Seco Credit Union requires the Annual General Meeting to appoint an Auditor for the ensuing term from the list of Auditors appointed by the Commissioner for Co-operative Development.

Be it resolved that Maharaj, Mohammed and Company be appointed Auditors of the Palo Seco Credit Union for the financial year ending December 31st, 2023.

### Resolution 2 – Distribution of Surplus

Whereas the Credit Union has realized a net surplus for the financial year ended December 31, 2022;

And whereas Bye-Law 19 of the Society makes provision for the distribution of this surplus in accordance with the regulations of the Co-operative Societies Act,

Be it resolved that a dividend of two percent (2)% be declared on Members' shares as at December 31, 2022 and credited to their share accounts,

And be it further resolved that for any account which is in arrears, the said sum be credited to outstanding loan and interest.

### Resolution 3 – Honoraria

Whereas during 2022 the Society's affairs have been effectively managed by the Board of Directors, Credit, Supervisory and other appointed Committees;

And whereas the Society has realised a net surplus on its operations during the financial year,

Be it resolved that an Honorarium of the sum of **three hundred and twenty six thousand, seven hundred dollars, (\$326,700.00)**, be distributed amongst Directors and Members of Committees in accordance with the recommendations of the Board of Directors.

#### **Resolution 4 – Maximum Liability.**

Whereas Regulation 14 (1) (2) and (3) of the Co-operative Societies Act and Regulation of 1971, Chapter 81.03 of the Laws of Trinidad and Tobago provides that:-

1. Every Society shall, from time to time, fix at a General Meeting the maximum liability it may incur in respect of loans or deposits whether from members or non-members.
2. The maximum liability fixed under sub regulation (1) shall be subject to the approval of the Commissioner, who may at any time reduce it.
3. No Society shall receive loans or deposits which are more than the maximum liability approved or fixed by the Commissioner;

And Whereas Bye Law No. 15 of the Palo Seco Credit Union Co-operative Society Limited specifies the way deposits are received from members;

And Whereas Bye Law No. 27 (h) of the Palo Seco Credit Union Co-operative Society Limited specifies that one of the powers of the Annual General Meeting is to approve the Maximum Liability of the Society,

Be it resolved that the Maximum Liability of Palo Seco Credit Union Co-operative Society Limited be \$90,000,000.00.



*To the families who have lost loved ones in 2022*

DECEASED MEMBERS 2022		
Cynthia Coutou	Gloria D. Cain	Roselyn Sankar
Selvon Figaro	Joseph Lambert	Reginald Marecheau
Samuel Daniel	Merle Friday	McKenzie Alexander
Gentle Date	Ingrid Clement	Mervyn Charles
Danhai Sieunarine	Eldon G. Roach	Merle John
Theresa Thomas	Sonia Maloney	Chunkar Narinesingh
Keith Sanchez	Benjamin Uriah Thomas	Norbert Williams
Sam Ramsoondar	Stephanie Allan-Joseph	Lewis Gordon
Cecil Patton	Raheil Ali John	Mitchell Davis
Susan Trim	Haley Crichlow	Marion Rodriguez
Alisha V. Ramdeen	Rae Cadore	Rodney Marciano
Quincy O'Brien	Omega Benjamin	Leonard Samuel
Joycelyn Thomas	Carlton Augustine	Bissoon Ramrattan
Belinda Phillips-McSween	Glewyn Brazzier	Amelia Moore
Paul Nicholas Figeroux	Catherine Samuel-Garcia	Edna Billy-Taitt
Hazel Jacob-Greaves	Augustus Flemming	Ralph Paulsingh
Richard Ramroop	Alvin Stephenson	Joseph Maitland
Susanna Joshua	Anora Haynes	Winston Lewis
Hollis P. Jackman	Merle Mungo	Sybil James
Louise Shepherd-Farrier	Ian Gross	Shakila Sammy
Naresh Deokiesingh	Vanessa Garcia	Hollis Reece
Sherry-Ann La Four	Joseph Duntin	Marjorie Pope
Sherine N. Mohammed	Elma Alexis	Ursula Douglas
Theresa Charles	Lowe Fortune	
Hollister Jackson	Eunice Benjamin	

*Our deepest condolences*

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TOBAGO HAS TO OFFER

# PALO SECO CREDIT UNION'S Villa De Palo

## ESCAPE TO PARADISE

Our cozy and comfortable Guest House is the perfect choice for travelers seeking a home away from home during their stay in Tobago.



### SINGLES

*Fully Furnished Rooms*

With special rates for groups, it's an excellent option for families, friends and colleagues traveling together



### MULTIPLES

*Fully Furnished Rooms*



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### GUEST HOUSE

Enjoy the privacy and convenience of our guest house without breaking the bank.

### Enjoy the best of the island within reach

Soak up the sun and sand at Store Bay beach facility without worrying about transportation. Our location offers unbeatable convenience, with a plethora of bars, restaurants, and grocery stores just a short stroll away.

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- Fully furnished rooms
- Private balcony
- Air Condition
- Family rooms
- Laundry Facility
- Group accommodation
- Free Wi-Fi
- And much more

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Special Rates Apply

Villa De Palo is the perfect vacation destination, located approximately 2 miles away from Crown Point Airport and in close proximity to Tobago's top attractions

For more information or to make a reservation at the Palo Seco Credit Union's, Villa De Palo Guest House please contact us:



1 (868) 774-2850



**Bon Accord, Tobago**

# 2022

ANNUAL GENERAL REPORT



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