

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**G LLEWELLYN GILL & CO.  
CHARTERED ACCOUNTANTS  
P O BOX 546, CASTRIES**

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**DECEMBER 31, 2021**

**CONTENTS**

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1-3
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Comprehensive Income	6
Statement of Cash Flows	7
Notes to Financial Statements	8-20

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**INDEPENDENT AUDITORS' REPORT**

To the Members of:  
**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**  
Report on the Audit of the Financial Statements

*Opinion*

We have audited the financial statements of **DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**. ("the Society"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*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.

*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 has no realistic alternative but to do so.

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**

Report on the Audit of the Financial Statements  
(Continued)

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- o 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.
- o 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.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o 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.
- o Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**

Report on the Audit of the Financial Statements  
(Continued)

*Other Legal Matters*

This report is made solely to the Society's members as a body. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinion we have formed.

Castries, St Lucia  
May 26, 2022

Chartered Accountants

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and balances with banks (Note 7)	\$ 8,879,529	\$ 8,029,592
Financial assets (Note 8)	7,766,197	5,399,288
Accounts receivable (Note 9)	162,585	168,264
Investments (Note 10)	449,179	455,059
Loans to members (Note 11)	15,715,406	16,079,629
Deferred Building Cost	120,475	32,225
Capital assets (Note 12)	<u>188,928</u>	<u>301,745</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 33,282,299</u></b>	<b><u>\$ 30,465,802</u></b>
<b>LIABILITIES</b>		
Accounts payable and accruals (Note 13)	\$ 460,721	\$ 457,985
Members withdrawable shares and deposits (Note 14)	<u>28,020,802</u>	<u>25,451,202</u>
<b>Total Liabilities</b>	<b><u>28,481,523</u></b>	<b><u>25,909,187</u></b>
<b>MEMBERS' EQUITY</b>		
Share Capital (Note 15)	1,732,545	1,609,610
Reserves (Note 19)	1,477,075	1,425,009
Member Funds (Note 20)	69,218	64,570
Retained earnings	<u>1,521,938</u>	<u>1,457,426</u>
<b>Total Members' Equity</b>	<b><u>4,800,776</u></b>	<b><u>4,556,615</u></b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 33,282,299</u></b>	<b><u>\$ 30,465,802</u></b>

**APPROVED BY THE BOARD:**

\_\_\_\_\_ President

\_\_\_\_\_ Secretary

The accompanying notes form an integral part of these statements.

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF CHANGES IN MEMBERS' EQUITY**

**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>SHARE CAPITAL</b>		
Share capital at beginning of year	\$ 1,609,610	\$ 1,487,985
Net shares purchased	<u>122,935</u>	<u>121,625</u>
Share capital at end of year	<u><u>1,732,545</u></u>	<u><u>1,609,610</u></u>
<b>RESERVES</b>		
<b>Statutory reserve</b>		
At beginning of year	928,647	898,806
Add : 25% of net surplus for the year	32,256	29,354
Entrance Fees	<u>456</u>	<u>487</u>
At end of year	<u><u>961,359</u></u>	<u><u>928,647</u></u>
<b>Building reserve</b>		
At beginning of year	496,362	478,750
Add: 15% of net surplus for the year	<u>19,354</u>	<u>17,612</u>
At end of year	<u><u>515,716</u></u>	<u><u>496,362</u></u>
<b>TOTAL RESERVES</b>	<u><u>1,477,075</u></u>	<u><u>1,425,009</u></u>
<b>MEMBER FUNDS</b>		
<b>Development fund</b>		
At beginning of year	64,570	59,079
Add : 10% of net surplus for the year	12,902	11,741
Training expenses for the year	<u>(8,254)</u>	<u>(6,250)</u>
At end of year	<u><u>69,218</u></u>	<u><u>64,570</u></u>
<b>TOTAL MEMBER FUNDS</b>	<u><u>69,218</u></u>	<u><u>64,570</u></u>
<b>UNDIVIDED EARNINGS</b>		
At beginning of year	1,457,426	1,468,754
Total Comprehensive Income for the year	<u>129,024</u>	<u>117,415</u>
	1,586,450	1,586,169
Statutory reserve	(32,256)	(29,354)
Development fund	(12,902)	(11,741)
Building reserve	(19,354)	(17,612)
Dividends and Patronage	<u>-</u>	<u>(70,036)</u>
At end of year	<u><u>1,521,938</u></u>	<u><u>1,457,426</u></u>
<b>MEMBERS' EQUITY, END OF YEAR</b>	<u><u>\$ 4,800,776</u></u>	<u><u>\$ 4,556,615</u></u>

The accompanying notes form an integral part of these statements.

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED****STATEMENT OF COMPREHENSIVE INCOME****YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>INCOME</b>		
Interest on members' loans	\$ 1,411,090	\$ 1,091,941
Interest on fixed and savings deposits	<u>250,505</u>	<u>192,269</u>
	<u>1,661,595</u>	<u>1,284,210</u>
<b>Interest Expense</b>		
Interest and bank charges	6,652	4,769
Members fixed deposit interest	7,000	4,701
Member deposits	<u>496,004</u>	<u>200,364</u>
	<u>509,656</u>	<u>209,834</u>
 Net Interest Income	 1,151,939	 1,074,376
 Provision for Impairment of loans	 (192,947)	 (360,430)
Provision for Impairment of Investments	(5,880)	2,880
CUNA Insurance	(160,084)	(150,275)
Other Income (Note 16)	<u>75,551</u>	<u>73,588</u>
<b>Net Interest and Other Income</b>	<u>868,579</u>	<u>640,139</u>
 <b>OPERATING EXPENSES</b>		
Advertising and promotions	15,904	7,182
Depreciation	37,664	34,335
Insurance	10,326	12,074
Office supplies and stationery	29,912	21,723
Other expenses (Note 17)	351,252	188,868
Rent	17,200	12,000
Salaries, benefits and allowances	213,880	190,996
Security services	30,000	29,000
Utilities	<u>33,417</u>	<u>26,546</u>
	<u>739,555</u>	<u>522,724</u>
 <b>TOTAL COMPREHENSIVE INCOME for the year</b>	 <u>\$ 129,024</u>	 <u>\$ 117,415</u>

The accompanying notes form an integral part of these statements.



**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from Operating Activities</b>		
Surplus (Deficit) for the year	\$ 129,024	\$ 117,415
Add (deduct): charges to income not involving cash		
Depreciation	37,664	34,335
Provision for Impairment of Loans	192,947	360,430
Loss on disposal of assets	180,216	286
Provision for impairment of Investments	<u>5,880</u>	<u>(2,880)</u>
	545,731	509,586
Net change in non-cash working capital balances related to operations		
(Increase) in accounts receivable	5,679	14,192
(Increase) in short-term investments	(2,366,909)	(1,854,907)
(Increase) in loans to members	171,275	(266,937)
Increase in members fixed and other deposits	2,569,600	2,221,750
Increase in accounts payable and accruals	2,737	46,725
(Increase)/decrease in investments	<u>-</u>	<u>(40)</u>
Net cash flow provided by operating activities	<u>928,113</u>	<u>670,369</u>
<b>Cash flows from Investing Activities</b>		
Purchase of fixed assets	(105,063)	(62,267)
Deferred building cost	<u>(88,250)</u>	<u>(25,025)</u>
Net cash flow (used in) investing activities	<u>(193,313)</u>	<u>(87,292)</u>
<b>Cash flows from Financing Activities</b>		
Dividends paid	-	(70,036)
Payments from development fund	(8,254)	(6,250)
Increase in members' shares	122,935	121,625
Entrance fees	<u>456</u>	<u>487</u>
Net cash flow provided by financing activities	<u>115,137</u>	<u>45,826</u>
<b>INCREASE IN CASH</b>	<b>849,937</b>	<b>628,903</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u><b>8,029,592</b></u>	<u><b>7,400,689</b></u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u><b>\$ 8,879,529</b></u></u>	<u><u><b>\$ 8,029,592</b></u></u>

The accompanying notes form an integral part of these statements.

# DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 1. LEGAL STATUS

The Dennery Community Credit Co-operative Society Limited was duly registered as a society on February 17th 1993 pursuant to the Co-operative Society Act. Chapter 82 of the Laws of Saint Lucia (1957) Revision, and is continued pursuant to Section 241 of the Co-operative Societies Act. No. 28 of 1999. The Society was formed to promote thrift and co-operative principles among its members by providing the means to facilitate savings.

The registered office and principal place of business of the Society is High Street, Dennery, St. Lucia.

### 2. BASIS OF PRESENTATION

The financial statements have been prepared under the historical basis except for financial assets and liabilities designated at fair value through profit or loss, all of which have been measured at fair value. The financial statements are presented in Eastern Caribbean dollars (ECDS)

### 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. The Society is also required to comply with Sections 119 (3) (a) and (b) re its liquidity reserve and other reserves. The Society has complied with the respective provisions.

### 4. PRESENTATION OF FINANCIAL STATEMENTS

The Society presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 25 (b).

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### FINANCIAL ASSETS

Financial Assets - initial recognition and subsequent measurement

#### **Date of recognition**

Financial assets and liabilities, with the exception of loans and advances to members and balances due to members, are initially recognised on the date that the Society becomes a party to the contractual provisions of the instrument. Loans and advances to members are recognised when funds are transferred to the members' account. The Society recognises due to members balances when funds reach the Society.

#### **Initial measurement of financial assets**

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### **Financial assets measured and classified at amortised cost**

The Society classifies financial assets or financial liabilities at amortised cost if it is held within its business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

# DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### **Financial assets measured at fair value through other comprehensive income**

A debt instrument shall be measured at fair value through other comprehensive income if it is held in a business model whose objective is both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. The society did not hold any such assets at December 31, 2021.

### **Financial assets and financial liabilities designated at fair value through profit or loss**

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at FVPL upon initial recognition when one of the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- o The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- o The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in net gain or loss on financial assets and liabilities designated at FVPL.

### **Loans and advances to Members**

Loans and advances to Members include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, loans and advances to members are subsequently measured at amortised cost less allowance for impairment.

### **Impairment of financial assets**

The Society assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset, or a group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the member is experiencing significant financial difficulty; or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Under IFRS 9 which became effective on January 1, 2018, new impairment requirements require the use of an expected credit loss model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

# DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Recognition of Revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. As regards the society, interest on members' loans is recognized as income only to the extent that payments are received and or accrued for not more than ninety (90) days. Income on fixed and other deposits are recognized on the accrual basis. Commissions and non-productive loan income is recognized when received.

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand and short term deposits with original maturities of less than one year. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. For the purpose of the cash flow statement, cash and cash equivalents comprise balances of cash on hand and current accounts.

### Property, Plant & Equipment

Land and Building comprise the main office. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisitions of the items.

Subsequent costs are recognized as a separate asset when it is probable that future economic benefits will flow to the organization and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred. Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives as follows:

Building	- 3%
Furniture and equipment	- 10%- 33.33%
Leasehold Improvements	20%

### Impairment of Loans

Loans originate by the Society, by providing money directly to the borrower with fixed or determinable payments that are not quoted in an active market. Third party expenses, such as legal fees incurred in securing the loans are treated as part of the cost of the transaction. All loans and advances are recognized when cash is advanced to borrowers.

An allowance for impairment is established if there is objective evidence that the Credit Union will not be able to collect all amounts due according to the original contractual terms of loans.

Objective evidence that loans are impaired includes observable data, historical patterns and information on loans pending legal consultation.

The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows discounted at the loans original interest rate. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognized in the Income Statement. The provision for impairment is considered to be adequate. When a loan is written off it is charged off against the impairment account. Subsequent recoveries are credited to the impairment account.

# DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### **Provisions**

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **Income Tax**

The Society is not liable to Income taxes in accordance with Section 25 (1) (q) of the Income Tax Act Cap. 15.02 of Revised Laws of St. Lucia.

### **Dividends**

Dividends are recognized in equity in the period in which they are paid.

### **Shares**

The market value of shares is at the nominal value of \$ 5.00 per share in accordance with the By Laws of the Society.

### **New standards and revisions issued and effective for the financial year beginning January 1st, 2021.**

IFRS 16 - Covid-19 Related Rent Concessions which became effective on June 1, 2020. The amendment permits leases, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the Covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for these rent concessions as if they were not lease modifications.

IFRS 4- Extension of the Temporary Exemption from applying IFRS 9 as it amends IFRS 4 issued in June 2020, by two years. It will expire for annual reporting periods beginning on or after January 1, 2023. IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 - Interest rate Benchmark Reform - Phase 2 issued in August 2020 amends IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The objectives of the Phase 2 amendments are to (a) support companies in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships because of the reform and (b) assist companies in providing useful information to users of financial statements.

The above amendments have no effect on our current financial statements.

### **Standards revised and issued but not yet effective and not early-adopted.**

IAS 16 – Property, Plant and Equipment

This amendment addresses Proceeds before Intended Use and prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceed and related cost in profit or loss.

# DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Annual Improvements to IFRS's 2018 to 2020 Cycle was issued in May 2020.

IFRS 1 - First time adoption of International Financial Reporting Standards - This relates to a Subsidiary as a First time Adopter.

IFRS 9, Financial Instruments – Fees in the "10 percent" test for derecognition of financial liabilities and IAS 41 Agriculture - Taxation in fair value Measurements

The amendments to IFRS 17 re Insurance Contracts are not applicable to the Credit Union.

IAS 1- Classification of Liabilities as Current or Non-current - Deferral of effective date issued in July 2020 to become effective on January 1, 2023 . This amendment clarifies a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

There are no other IFRS or IFRIC interpretations that are not yet effective and expected to have a material impact on the financial statements of the Society.

### Early adoption of standards

The Society did not early-adopt any new or amended standards in 2021.

### Comparative figures

Where changes have been made in the presentation of the current years' figures, comparative amounts have been restated.

### Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on May 26, 2022.

## 6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Society's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Society's control and are reflected in the assumptions if and when they occur.

### Going concern

The Society's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Society's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## 7. CASH AND BALANCES WITH BANKS

	<u>2021</u>	<u>2020</u>
BOSL - Operating Account	\$ 4,407,651	\$ 4,199,595
Ist National Bank - Savings Account	3,695,929	3,053,729
Republic Bank - Savings Reserve	<u>775,949</u>	<u>776,268</u>
	<u>\$ 8,879,529</u>	<u>\$ 8,029,592</u>

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**8. FINANCIAL ASSETS**

	<u>2021</u>	<u>2020</u>
Certificate of deposits	\$ 3,849,556	\$ 2,625,709
Deposits with League	614,959	599,133
Treasury Bills and Treasury Notes	<u>3,301,682</u>	<u>2,174,446</u>
	<u>\$ 7,766,197</u>	<u>\$ 5,399,288</u>

The Certificate of deposits and Savings at the Bank of Nova Scotia are held in principal to meet the requirements for the liquidity reserve required to be maintained under Section 119(3) of the Co-operatives Act, Cap 12.06, Revised Laws of St. Lucia. Interest rates paid are in the range of 1.5% to 6.8%.

**9. ACCOUNTS RECEIVABLE**

	<u>2021</u>	<u>2020</u>
CLICO International Life Insurance Ltd	\$ -	\$ 480,000
Loan interest receivable	43,369	59,423
Other	<u>119,216</u>	<u>108,841</u>
	162,585	648,264
Less provisions for advances	<u>-</u>	<u>(480,000)</u>
	<u>\$ 162,585</u>	<u>\$ 168,264</u>

**10. INVESTMENTS**

	<u>2021</u>	<u>2020</u>
Financial assets measured at fair value through profit and loss		
Eastern Caribbean Financial Holdings Ltd		
2021 - 12,000 shares (2020 - 12,000 shares)	\$ 48,000	\$ 53,880
1st National Bank Shares, 20,000 shares	200,000	200,000
St Lucia Co-operative League - Shares	200,050	200,050
Dennery Fishermen's Co-operative Society	<u>1,129</u>	<u>1,129</u>
	<u>\$ 449,179</u>	<u>\$ 455,059</u>

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**11. LOANS TO MEMBERS**

	<u>2021</u>	<u>2020</u>
Personal Loans	\$ 8,069,414	\$ 8,626,290
Others	3,287,447	3,133,645
Mortgage Loans	<u>5,235,099</u>	<u>5,282,962</u>
	16,591,960	17,042,897
Provision for Impairment of Loans	<u>(876,554)</u>	<u>(963,268)</u>
	<u>\$ 15,715,406</u>	<u>\$ 16,079,629</u>
Provision for Impairment of Loans		
Balance at beginning of year	\$ 963,268	\$ 692,462
Charges for the year	192,947	360,430
Write Offs/Recoveries	<u>(279,661)</u>	<u>(89,624)</u>
Balance at end of year	<u>\$ 876,554</u>	<u>\$ 963,268</u>

The Society uses the IFRS 9 module in the Emortelle accounting system to calculate expected credit losses. This module is linked to the arrears management listing and is updated periodically by the adoption of a loan granting and review process which updates the client risk profile with the members' personal information, customer factors, business factors and geographical factors.

The loan loss provision at December 31, 2021 is as follows:

IFRS 9 \$ **876,554** (December 31, 2020 - \$ 963,268)

In accordance with Schedule of the Co-operative Societies Regulations the Value of delinquent loans and their exposure are as follows:

<b>Duration and Period of Overdue Loans</b>	<b>Percentage of Outstanding Loan Balance</b>	<b>that is deemed Loss Exposure</b>	
3 months but less than 6 months	25%	\$ 226,745	\$ 56,686
6 months but less than 9 months	50%	\$ 60,972	\$ 30,486
9 months but less than 1 year	75%	\$ 66,908	\$ 50,181
1 year or more	100%	<u>\$ 693,607</u>	<u>\$ 693,607</u>
		<u>\$ 1,048,232</u>	<u>\$ 830,960</u>



**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**12. PROPERTY, PLANT & EQUIPMENT**

	<u>2019</u>			<u>2020</u>
	<u>B/forward</u>	<u>Additions</u>	<u>Disposals</u>	<u>C/forward</u>
<b>Cost</b>				
Land	\$ 48,496	\$ -	\$ -	\$ 48,496
Buildings	214,867	-	-	214,867
Furniture & Equipment	157,449	62,267	18,095	201,622
Leasehold improvements	<u>18,277</u>	<u>-</u>	<u>-</u>	<u>18,277</u>
	<u>439,089</u>	<u>62,267</u>	<u>18,095</u>	<u>483,262</u>
<b>Depreciation</b>				
Buildings	28,470	6,446	-	34,916
Furniture & Equipment	118,244	27,889	17,809	128,324
Leasehold improvements	<u>18,277</u>	<u>-</u>	<u>-</u>	<u>18,277</u>
	<u>164,991</u>	<u>34,335</u>	<u>17,809</u>	<u>181,517</u>
Net book value	\$ <u>274,098</u>			\$ <u>301,745</u>
	<u>2020</u>			<u>2021</u>
	<u>B/forward</u>	<u>Additions</u>	<u>Disposals</u>	<u>C/forward</u>
<b>Cost</b>				
Land	\$ 48,496	\$ -	\$ -	\$ 48,496
Buildings	214,867	-	214,867	-
Furniture & Equipment	201,622	44,416	19,724	226,314
Leasehold improvements	<u>18,277</u>	<u>60,647</u>	<u>18,277</u>	<u>60,647</u>
	<u>483,262</u>	<u>105,063</u>	<u>252,868</u>	<u>335,457</u>
<b>Depreciation</b>				
Buildings	34,916	2,667	37,583	-
Furniture & Equipment	128,324	31,651	16,792	143,183
Leasehold improvements	<u>18,277</u>	<u>3,346</u>	<u>18,277</u>	<u>3,346</u>
	<u>181,517</u>	<u>37,664</u>	<u>54,375</u>	<u>146,529</u>
Net book value	\$ <u>301,745</u>			\$ <u>188,928</u>

**13. ACCOUNTS PAYABLE AND ACCRUALS**

	<u>2021</u>	<u>2020</u>
Member deposits and withdrawable shares interest	\$ 166,976	\$ 160,077
Dennery Fishermen's Co-operative	207,000	200,000
Accruals and sundry payables	<u>86,745</u>	<u>97,908</u>
	\$ <u>460,721</u>	\$ <u>457,985</u>

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**14. MEMBERS' WITHDRAWABLE SHARES AND DEPOSITS**

	<u>2021</u>	<u>2020</u>
Opening balance of withdrawable shares	\$ 17,288,845	\$ 15,676,310
Additions	<u>5,114,691</u>	<u>5,137,338</u>
	22,403,536	20,813,648
Withdrawals	<u>(4,109,566)</u>	<u>(3,524,803)</u>
<b>Closing balance of withdrawable shares</b>	<b>18,293,970</b>	<b>17,288,845</b>
Member deposits	<u>9,726,832</u>	<u>8,162,357</u>
	<u><u>\$ 28,020,802</u></u>	<u><u>\$ 25,451,202</u></u>

Interest paid on withdrawable shares for 2021 - 1.0% (2020 - 1.0%)

**15. SHARE CAPITAL**

This represents the paid up shares of members at a par value of \$ 5 per share. Members are encouraged to maintain a minimum of 20 shares with a value of \$ 100.

**16. OTHER INCOME**

	<u>2021</u>	<u>2020</u>
Dividends received	\$ -	\$ 6,840
Commissions	<u>17,302</u>	18,928
Loan fees and service fees	<u>15,904</u>	6,678
Foreign exchange	<u>18,345</u>	17,142
Management fee	<u>24,000</u>	24,000
	<u><u>\$ 75,551</u></u>	<u><u>\$ 73,588</u></u>

**17. OTHER EXPENSES**

	<u>2021</u>	<u>2020</u>
Annual general meeting	\$ 9,437	\$ 8,693
ATM expenses	<u>21,096</u>	30,071
Audit fees	<u>18,636</u>	17,133
Board and Committee expenses	<u>10,737</u>	11,210
Credit Union day activities	540	-
Donations	<u>6,375</u>	12,430
Honorarium	<u>26,811</u>	19,385
League dues	<u>23,772</u>	24,345
Legal and professional fees	<u>9,990</u>	12,225
Disaster relief	<u>4,000</u>	-
Loss on disposal of property plant & equipment	<u>180,216</u>	286
Repairs and maintenance	<u>22,808</u>	39,166
Scholarships	<u>16,834</u>	13,924
	<u><u>\$ 351,252</u></u>	<u><u>\$ 188,868</u></u>

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**18.SENIOR MANAGEMENT COMPENSATION**

	<u>2021</u>	<u>2020</u>
Senior management compensation	\$ <u>96,350</u>	\$ <u>85,041</u>

**19.RESERVES**

Under Section 119(2) of the Co-operative Societies Act Cap. 12.06, Laws of St. Lucia, the credit union is required to appropriate at least 20% of the net surplus for each year to the statutory reserve fund. As per the By-laws of the credit union this appropriation has been set at 25%. In addition there is a Building Reserve with an appropriation of 15% of net surplus for the year.

**20.MEMBERS FUNDS**

These comprised of Funds for the benefit of members established by the Credit Union. These funds are supported from allocations from the Net Surplus for the year as follows:

Development fund - 10%

**21.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 by making financial and operational decisions. In this regard the balances of the Directors, Officers and Management at December 31, 2021 were as follows:

	<u>2021</u>	<u>2020</u>
Loans	\$ 508,903	\$ 773,769
Shares and Deposits	\$ 393,293	\$ 338,019

**22.COMMITMENTS**

The Dennery Community Credit Co-operative Society Limited has a commitment for its current accommodation of a monthly payment of \$ 1,800; (\$ 21,600 annually 2020 ( 12,000). The Society agreed at its AGM in 2020 to proceed with the construction of a new building to house the Society, which will replace an existing structure owned by the Society. The Old Building was demolished in 2021,

**23.CONTINGENT LIABILITIES**

- (a) There were no legal obligations at the year end.
- (b) There were no capital commitments outstanding.
- (c) At the year end, loans approved by the credit union but not yet fully disbursed:  
\$ 252,573 (2020- \$ 80,346)

**24.LEGAL CLAIMS**

There were no Legal Claims against the Society at December 31, 2021.

# DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 25. FINANCIAL RISK MANAGEMENT

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The Society is exposed to a variety of Credit, Liquidity and Market Risk as well as other Operational and Business Risks. The society seeks to minimize the effect that these risk will pose to the Business. The society's overall risk management policies and processes focus on identifying, analysing and monitoring all potential risks such as interest rate risk and credit risk that are faced by the Society. All treasury transactions are reported to and approved by the Directors.

#### (a) Credit risk

Credit risk is the risk that the Society will incur a loss because its members or counterparties fail to discharge their contractual obligations. The Society manages and controls credit risk by setting limits on the amount of risk it is willing to accept for its members and by monitoring exposures in relation to such limits.

The Society has established a credit quality review process to provide early identification of possible changes in the credit worthiness of its members, including regular collateral revisions..

The credit quality review process aims to allow the Society to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Impairment provisions are provided for losses that have been incurred at the Balance Sheet date. The society is guided by its loan policy and the regulations in the Co-operative Societies Act, taking into consideration changes in the economy or any particular segment that may represent a concentration in the society's portfolio.

The Maximum Exposure to Credit Risk is as follows:

	<b>December 31, 2021</b>	December 31, 2020
Cash Balances with Banks	\$ 8,879,529	\$ 8,029,592
Investments, Loans and receivables	8,215,376	5,854,347
Trade and other Receivables	162,585	168,264
Loans to members	<u>15,715,406</u>	<u>16,079,629</u>
	<u>\$ 32,972,896</u>	<u>\$ 30,131,832</u>

#### (b) Liquidity risk

Liquidity risk is defined as the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Society might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Society on acceptable terms. The Society has developed internal control processes and contingency plans for managing liquidity risk.

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

The following table presents an aging of current assets and liabilities of the Society for 2021

**DECEMBER 31, 2021**

	Up to 1 year	Beyond 1 year	Total
<b>Current Assets</b>			
Cash	\$ 8,879,529	\$ -	\$ 8,879,529
Held to Maturity Investments	7,151,238	614,959	7,766,197
Accounts receivable	162,585	-	162,585
Loans to members	<u>3,928,852</u>	<u>11,786,554</u>	<u>15,715,406</u>
	<u>20,122,204</u>	<u>12,401,513</u>	<u>32,523,717</u>
<b>Current Liabilities</b>			
Accounts Payable and Accruals	460,721	-	460,721
Members deposits	9,276,822	-	9,276,822
Members withdrawable shares	<u>5,488,191</u>	<u>12,805,779</u>	<u>18,293,970</u>
	<u>15,225,734</u>	<u>12,805,779</u>	<u>28,031,513</u>
Net Position	\$ <u>4,896,470</u>	\$ <u>(404,266)</u>	\$ <u>4,492,204</u>

**DECEMBER 31, 2020**

	Up to 1 year	Beyond 1 year	Total
<b>Current Assets</b>			
Cash	\$ 8,029,592	\$ -	\$ 8,029,592
Held to Maturity Investments	4,859,359	539,929	5,399,288
Accounts receivable	168,264	-	168,264
Loans to members	<u>4,019,907</u>	<u>12,059,722</u>	<u>16,079,629</u>
	<u>17,077,122</u>	<u>12,599,651</u>	<u>29,676,773</u>
<b>Current Liabilities</b>			
Accounts Payable and Accruals	457,985	-	457,985
Members deposits	8,162,357	-	8,162,357
Members withdrawable shares	<u>5,186,654</u>	<u>12,102,191</u>	<u>17,288,845</u>
	<u>13,806,996</u>	<u>12,102,191</u>	<u>25,909,187</u>
Net Position	\$ <u>3,270,126</u>	\$ <u>497,460</u>	\$ <u>3,767,586</u>

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Society classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. Market risk arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The interest rates on term contracts are fixed to the term of maturity. Rates on members deposits held are reviewed on an annual basis The rates for 2021 ranged from 1.5% to 6.8%.

The society is exposed to equity risks (fair value). Shareholdings in the Eastern Caribbean Financial Holding Company are traded on the open market through the Eastern Caribbean Securities Exchange. Investments are monitored by management and changes in value taken through the profit and loss account.

**DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**(d) Operational and Business Risk**

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Society cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

**26. EVENTS AFTER REPORTING DATE**

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activities and business operations. The pandemic is still with us, and the Society has extended moratoriums to its members on their Loan Repayments based on guidance from the Eastern Caribbean Central Bank. These moratoriums have affected the Interest earning ability of the Society. The full extent of the negative financial effects on the Society cannot be reasonably estimated at this time, The Society, however is taking measures to control the extent of the losses which may be incurred due to the prolonged nature of the pandemic and the economic impact of same on its members.