

25th AGM

ANNUAL GENERAL MEETING



Of the

DENNERLY COMMUNITY CREDIT
CO-OPERATIVE SOCIETY LTD



“Forging Ahead Together.”

Visit us at: High Street, Dennerly

PHONE 758-453-4189/485-4200

FAX 758-453-4800

EMAIL dencun93@gmail.com

Website: dennerlycreditunion.com

Date: 27 September, 2020

Venue: Chateau Heritage

Time: 3:00 p.m.

“SAVE TODAY FOR A BETTER TOMORROW!”

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CREDIT UNION PRAYER

Prayer of Saint Francis of Assisi

Lord, make me an instrument of thy peace

Where there is hatred let me sow love

Where there is injury, pardon

Where there is doubt, faith

Where there is despair, hope

Where there is darkness, light and

Where there is sadness, joy.

O Divine Master, grant that I may not
So much seek to be consoled as to
console

To be understood as to understand

To be loved as to love

For it is in giving that we receive

It is in pardoning that we are pardoned

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

VISION

Our vision is to be the lifetime financial partner for our community empowering our members to achieve success.

MISSION

To educate members of our community about the principles and benefits of co-operatism so as to attract membership from a wide cross section of our community in an effort to harness our collective resources to promote the educational, social and economic development of members and the wider community.

CO-OPERATIVE PRINCIPLES

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Co-operation among Co-operatives
7. Concern for Community

CO-OPERATIVE VALUES

1. Self-help
2. Self-responsibility
3. Democracy
4. Equality
5. Equity
6. Solidarity

CORPORATE INFORMATION

Board of Directors

Daniella Martelly - President
Thomas Flavien - Vice President
Marlyn Prince - Secretary
Claudius Charles - Treasurer
Sybilliana Marquis - Director
Hiram Hunte - Director
Joseph Charles - Director

Credit Committee

Dwight St. Ville - Chairperson
Gabriel Fenelon - Secretary
Crepin Jn. Baptiste - Member
Jasmin M. –Bissette - Member
Ensley Charlery - Member

Supervisory Committee

Hilanda Leon - Chairperson
Emaline Hunte - Secretary
Antonia Aurelien - Member
Emery Modeste - Member

Staff

Thora Dundas - General Manager
Elaine Desir- Senior Loans Officer
Madrianna Fontenelle-Admin. Clerk
Jercel Gedeon - ATM Support/Clerk
Jonathan Francis – Teller/Clerk
Janta Jules – Teller/Clerk

Auditor

Llewellyn Gill & Co.

Solicitors

George Charlemagne Chambers

Affiliation

St. Lucia Co-operative Credit Union
League Ltd.

Bankers

Bank of Saint Lucia
Republic bank
1st National Bank

Education Committee

Hiram Hunte - Chairperson
Vercilli J. Gustave -Secretary
Shirley Bissette - Asst. Secretary
Antonius Thomas - Member

Delinquency Committee

Thomas Flavien - Chairperson
Elaine Desir - Secretary
Dwight St. Ville - Member
Agnita Thomas - Member
Daniella Martelly - Member
Thora Dundas - Member

Social & Public Relations Committee

Ramel Polius - Chairperson
Rosaly Collymore- Secretary
Jasmin M. –Bissette - Member
Daniella Martelly – Liaison to Board

STANDING ORDERS

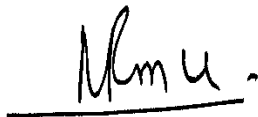
1. (a) A member shall stand and state his name when addressing the Chair.
(b) Speeches to be clear and relevant to the subject before the meeting.
2. A member shall only address the meeting when called upon by the Chairperson to do so, after which he/she shall immediately take his/her seat.
3. No member shall address the meeting except through the Chairperson.
4. A member may not speak twice on the subject except:
(a) The Mover of a motion who has the right to reply
(b) He/she rises to object or to explain (with permission of the Chair)
5. The Mover of a Procedural Motion – (adjournment, lay on table, postponement) shall have no right of reply.
6. No speeches shall be made after the “Question” has been put, carried or negated.
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) A member should not “Call” another member “To Order”, but may draw attention to the Chair to a “Breach of Order”.
(b) In no event 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 fails.
11. The Chairperson shall have, in addition to his/her ordinary vote, a “Casting Vote” in case of an equality of votes.
12. If there is an equality of votes on a motion or an amendment, and if the Chairperson does not exercise his/her casting vote, the motion or amendment is lost.
13. The Chairperson shall make provision for the protection of members from vilification (personal abuse).
14. No member shall impute improper motives against another member.

NOTICE & AGENDA

Notice is hereby given of the 25th Annual General Meeting of the Dennery Community Credit Co-operative Society Limited to be held on Sunday 27th September 2020, at Chateau heritage commencing at 3:00 pm.

Agenda

1. Ascertaining a Quorum
2. National Anthem
3. Call to Order and Prayers
4. Welcome Remarks
5. Apologies for Absence
6. Message from the President of the League
7. Minutes of the 24th Annual General Meeting
 - Reading of Minutes
 - Errors and Omissions
 - Confirmation of Minutes
 - Matters Arising
8. Reports
 - Financial Services Regulatory Authority
 - Board of Directors
 - Treasurer
 - Audit and Financial Statements
 - Credit Committee
 - Supervisory Committee
9. Resolution – Building
10. Appointment of Auditor
11. Election of Officers
12. Any Other Business
13. Adjournment



Marlyn Prince
Secretary

BOARD OF DIRECTORS



Daniella Martelly



Thomas Flavien



Claudius Charles



Hiram Hunte



Marlyn Prince



Joseph Charles



Sybilliana Marquis

BOARD OF DIRECTORS REPORT

For the year ended December 31, 2019

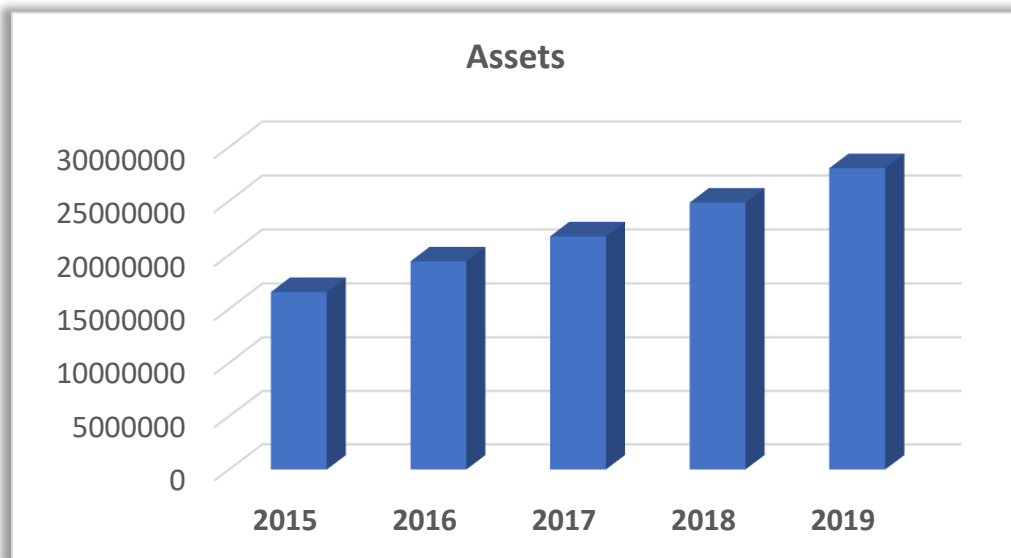
Overview

The Board of Directors is pleased to report a steady growth in total assets of \$3.2 million (\$3.1 m – 2018) representing an increase of 13.3%. This growth resulted primarily from members' savings (deposits and withdrawable shares) which registered an increase of \$2.9 million (\$2.8 m – 2018). Members' savings accounted for 84.3% (81.7% - 2018) of total assets.

At the end of 2019, Members Equity represented by 15.7% of total assets. Institutional capital (as per the PEARLS Ratio) stood at 14.4% (minimum rate requirement is 10%). Statutory and other reserves stood at 12.3% (inclusive of members' funds) of total liabilities (minimum requirement 10%).

Loans (net) to members grew by \$1.5 million and accounted for 57.7% (59% - 2018) of total assets. Personal and Other loans combined declined by \$1,757,016 while Mortgage loans increased by \$3,497,769 at the end of 2019.

The graph below shows steady growth in total assets over the last five (5) years.



Governance

During 2019, the Board of Directors focused on strengthening the governance structure of our credit union. In that regard, the following policies were adopted and implemented:

- AML/CFT (revised)
- Code of Ethics
- Records Retention and Disposal
- Investment (revised)

Membership

During the period under review, we registered 267 new members, bringing the total membership at the end of 2019 to 3,195. This represents a growth rate of 8.6% when compared to 2018.

Financial Performance

The Society registered a net surplus of \$180,882 which mirrors that of last year. This performance is attributed to a significant increase in the provisions for impairment of loans of \$206,777. This increase in the provision has resulted primarily from a change in the method of provisioning. Further explanation is provided in the Treasurer's Report.

Dividends

The Board proposes dividends of 5% for the financial year ended December 31, 2019 amounting to \$70,061, to be credited to equity shares.

Loan Portfolio

i) Interest Rate

During the year in review, we recognized that the mortgage loan portfolio remained constant. In an effort to grow that portfolio, a decision was taken to reduce the interest rate for mortgage loans to 7.5% resulting in the tripling of that portfolio. The reduced rate was applied to both existing and new loans.

iii) Homeowners Insurance

During the last quarter of 2019, our insurance brokers negotiated a Group Homeowners Insurance Policy on our behalf. Going forward, we expect that this policy will be tied to our House Construction/ Renovation loans.

iii) Delinquency

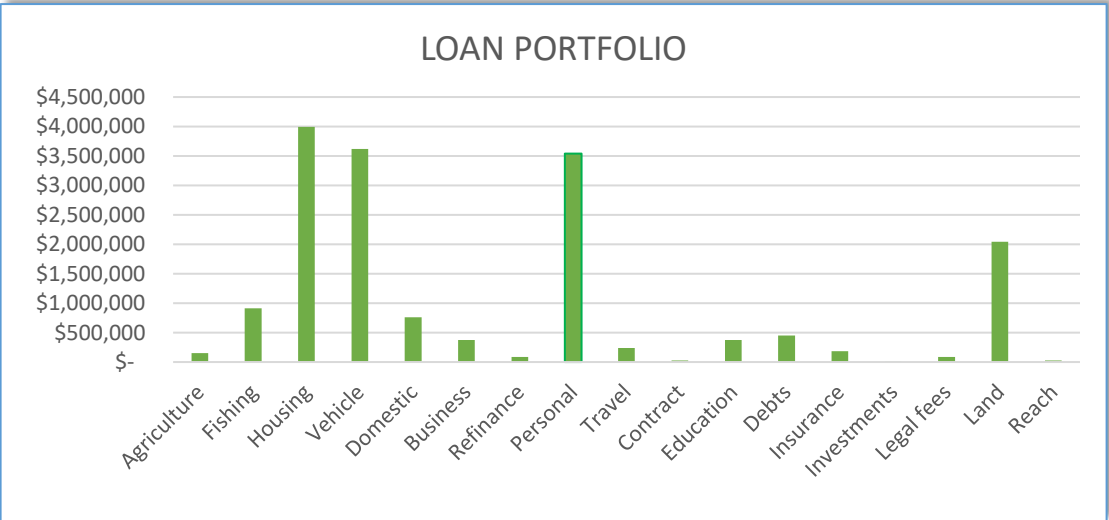
At the end of 2019, delinquent loans to total loans stood at 6.1%, 1.1% above the 5% benchmark. Management continue to monitor loans on a monthly basis and to develop strategies to reduce delinquency including rescheduling of loans.

iv) Portfolio

An analysis of the loan portfolio revealed the following:

- Housing loans accounts for the highest percentage - 23.7%
- Vehicle loans accounted for 21.4 % (2nd highest)
- Personal loans accounted for 21%
- Land loans accounted for 12%
- Fishing loans accounted for 5.4%

The graph below shows the composition of the loan portfolio for the period under review.



IFRS 9

Last year, we reported that the Society had upgraded its accounting system (Emortelle) and work had commenced work on the process for implementation of IFRS 9 that impacts the provision for impairment of loans (provision for bad debts). Although considerable effort has been focused in that area, management is not satisfied with the output from the IFRS module. As such, we were not compliant with this standard in 2019. Management continues to focus on ensuring that the Society becomes compliant with this standard.

We recognize however, that uncertainties brought about in the global environment by the Covid 19 pandemic will undoubtedly impact delinquency in 2020. Some members found themselves unemployed as a result of the pandemic. In an effort to provide relief to members, moratoriums on interest and principal repayment were granted. Management therefore will have to focus on rescheduling of loans to ensure that members who are repaying their loans promptly, do not appear delinquent because of an accumulation of arrears on such loans.

Building

In 2019, no progress was made on the building. The Board proposes that construction commence in the first quarter of 2021. To that effect, a resolution will be put to the members at this Annual General Meeting, to grant the Board the approval to proceed.

Training

The following workshops were attended:

- In July 2019, as part of the review and implementation of the revised AML/CFT Policy, a training session was organized for board members and committee members, and another for staff.
- In June 2019, five (5) representatives (2 board, 1 Education Committee, 1 supervisory committee and the Manager) attended the OECS Summit held in St. Lucia.

- In November 2019, Ms. Marlyn Prince attended the Carib De 36-training session held in Barbados.
- In May 2019, the staff received training in the IFRS module.

Education

A report from the Education Committee is included in this annual report.

Social Responsibility

During the year in review, we donated \$8,000 towards hurricane relief efforts to the Bahamas. Additionally, a total of 40 donations were given for community activities amounting to \$24,745.

League Matters

The Automated Teller Machine (ATM) project materialized in December 2019 with our credit union being part of the second phase to be connected in April 2020.

In May 2019, Alternate Delegate representing our credit union Ms. Daniella Martelly, was elected to serve on the Board of the St. Lucia Co-operative Credit Union League Ltd. in the capacity of Treasurer.

Bereavement

We mourned the loss our founding member and stalwart Mr. Hayden Williams who passed in September 2019. He will always be remembered for his contribution to the co-operative movement in Saint Lucia.

Meetings Attendance Record for 2019

The table below shows the attendance record for 2019.

Names	No of Meetings Scheduled		No. of Meetings Attended	
	Regular	Joint	Regular	Joint
Daniella Martelly	14	4	14	3
Thomas Flavien	14	4	14	4
Sybilliana Marquis	14	4	14	3
Marlyn Prince	9	2	9	2
Claudius Charles	14	4	14	4
Hiram Hunte	14	4		4
Joseph Charles	14	4	14	4

Conclusion

The Board of Directors extends its deepest appreciation to all members for their continued support and patronage. We thank management and staff for working with us towards the attainment of success. To the members of our Credit Committee, Supervisory Committee, Education Committee and Social & Public Relations Committee, we extend our sincere gratitude for your dedicated service.

May we continue to work together as we face uncertainties brought about by unprecedented times. “Together we will achieve, together we will progress to higher levels”.

For and on behalf of the Board of Directors



Daniella Martelly

President

EDUCATION COMMITTEE REPORT

For the year ended December 31, 2019

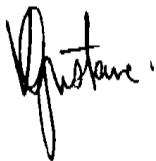
During the period 2019-2020, the Education Committee embarked on several initiatives geared towards raising awareness of the cooperative.

The committee collaborated with the Seventh Day Adventist Church in March and October to host two community health fairs. At both fairs, information on the services offered by our Credit Union was disseminated along with various health services.

Two new scholarship were awarded during the financial year. The recipients were Livingston John and Jeanaya Mitchel. In addition to the two full scholarships, a bursary of \$500 was also awarded to Sylvanna St Rose. Moving forward, the award of a one-time bursary will be made to an applicant who does not qualify for the full scholarship. The other awardees in the scholarship programme continued to perform well and meet their minimum requirements stipulated.

The committee successfully hosted another edition of the Bring Smiles Christmas activity with the delivery of 40 hampers to needy persons within the Dennery community

For and on behalf of the Education Committee



Vercilli J. Gustave
Secretary

TREASURER REPORT

For the year ended December 2019

On behalf the Dennerly Community Credit Cooperative Society Ltd., I would like to welcome you to this 25th Annual general Meeting. My name is Claudius Charles and I have held the position of Treasurer for the pass three (3) years. It is with great pleasure that I present the Treasurer's Report for the year 2019.

An analysis of the financial statements for 2019 revealed the following:

Statement of Financial Position

At the end of 2019, Total Assets grew by \$3,189,097 or 12 %, a constant growth compared to the previous year. This was attributed to the following:

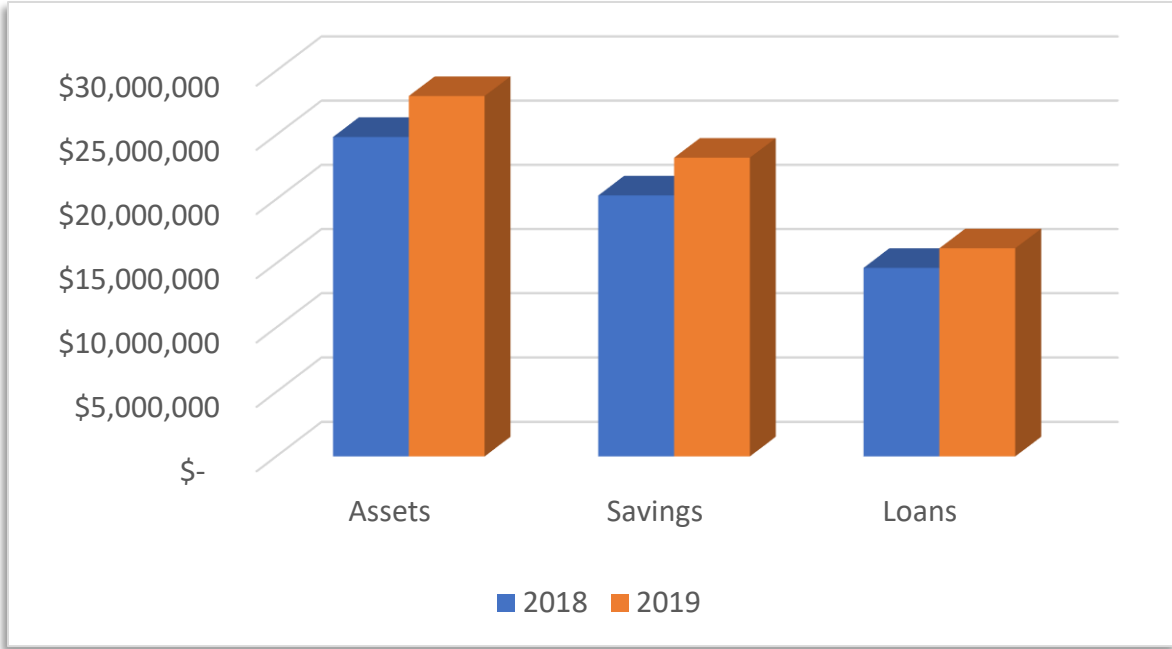
- i) Cash and cash equivalents increased by of \$422,688 or 6% while Short Term Investments (Financial assets) increased by \$1,268,779.
- j) Members' loans increased by \$1,516,257 or 10% compared to 7.2% for 2018.

Liabilities increased during the year 2019 by \$2,942,808 or 14%. The major contributors to the increase in liabilities were member's withdrawable shares and deposits amounting to a total increase of \$2,939,857 or 14%.

Total membership shares stood at \$1,487,985 which is 5.3% of total assets. Management will continue to monitor its growth to ensure that it remains above the required 5% of total assets.

The graph below shows the assets, savings, and loans (net) for 2019 compared to 2018.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

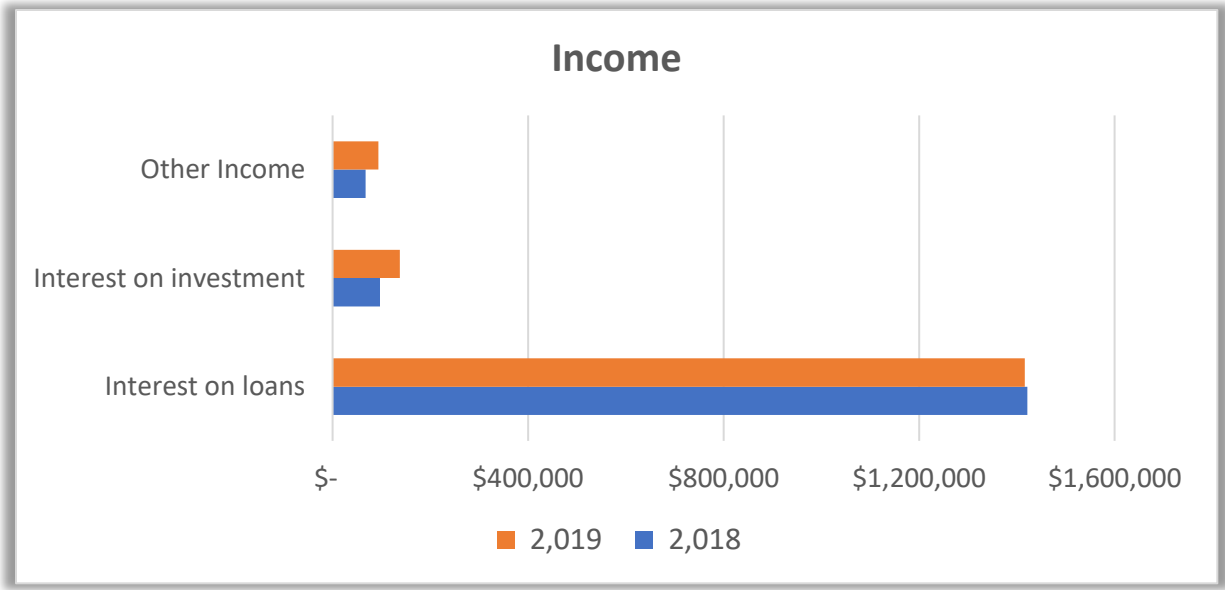


Statement of Income

Interest on loans registered a slight decline of 0.4% while interest on fixed & savings deposits increased by 4.7% registering a slight increase in Income of \$35,860 or 2.4% over the previous period. This performance was partly due to the reduction in the interest rate for mortgage loans from 9% to 7.5%. Additionally, there was a reduction in Personal and Other Loans of \$1,757,016. Mortgage Loans registered an increase of \$3,497,769. Net Interest Income (income less interest expense) showed a marginal increase of 1.7%.

The graph below shows income per category for 2019 compared to 2018.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED



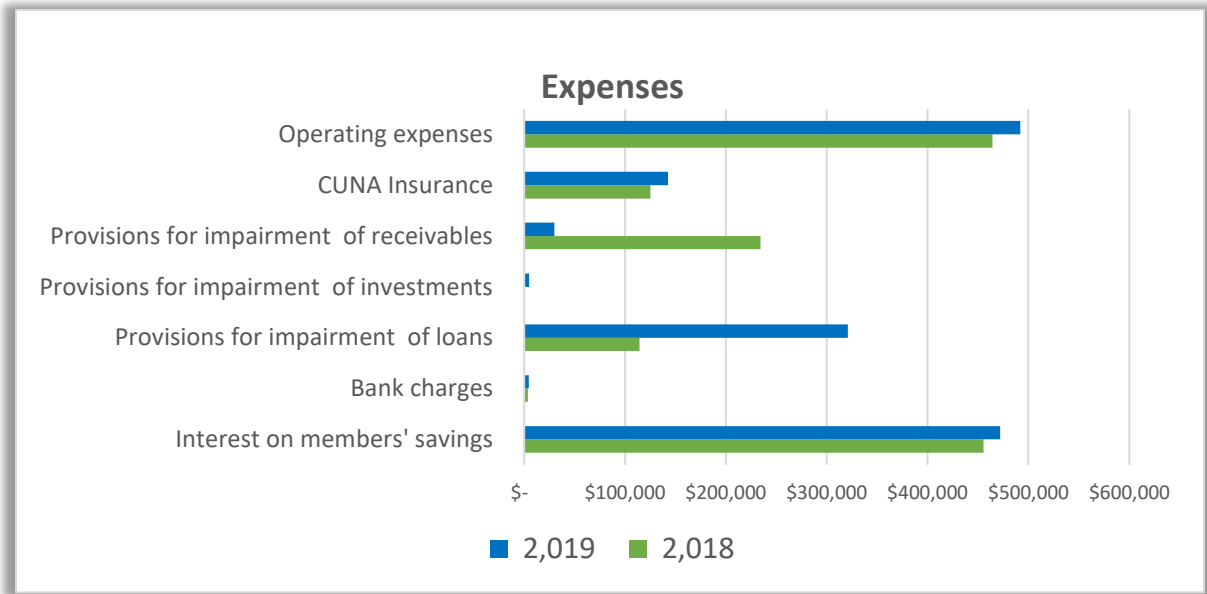
Interest paid on withdrawable shares and deposit amounted to \$476,398 an increase of \$17,342 over the 2018 figure.

Provisions for impairment of loans amounted to \$320,977 almost tripling the provision recorded for last year. This has resulted partly from the adoption of a new method for computing the provision as shown in Note 11 to the Financial Statements.

Operating expenses increased by \$27,705 or 6% due to an increase in Donations for hurricane relief as explained in the Board of Directors report (Social Responsibility),

The graph below shows expenses per category for 2019 compared to 2018.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED



We recorded a net surplus of \$180,882, a slight decline of \$7,156 when compared to the 2018 figure. This performance is due primarily to an increase of \$206,777 in the provision for impairment of loans. \$118,857, of the increase in the provision is the result of a change in the method of computing the provision which is based on an arrears management list.

Conclusion

The Society continues to explore all avenues to ensure improvement in the delinquency rate. In this regard, I am appealing to members who are delinquent to work with the Society on improving their financial status.

May God continue to bless the society as it continues to progress.

Claudius Charles
Treasurer

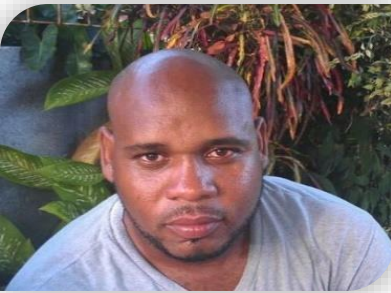
CREDIT COMMITTEE



Dwight St. Ville



Crepin Jn Baptiste



Ensley Charlery



Gabriel Fenelon



Jasmine Bissette- Monerville

CREDIT COMMITTEE REPORT

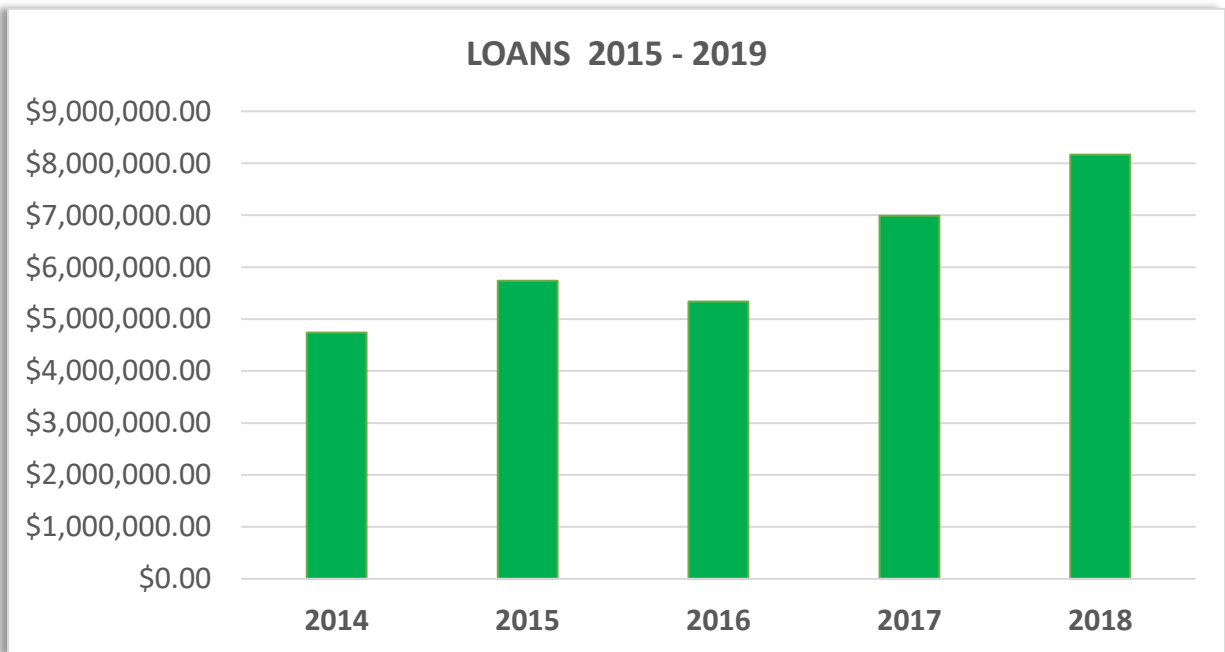
For the year ended December 31, 2019

It is with great pleasure that we present to you the Credit Committee's report for the year ended December 31, 2019. The role of the Credit Committee is to ensure that all loan applications are in compliance with the Loan Policy and to evaluate each member's ability to repay in order to mitigate delinquency. This entails:

1. Interviewing members.
2. Ensuring that all collateral is sufficient and up to date.
3. Ensuring that the debt service ratio is within the stipulated guidelines.
4. Assessing the member's ability to repay.

The year in review saw an increase in loans granted from \$5,835,640 in 2018 to \$8,167,005 in 2019, a difference of \$2,331,365. Mortgage Loans grew from \$1,706,491 in 2018 to \$5,204,260.

The graph below depicts total loans granted over the last five (5) years



DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

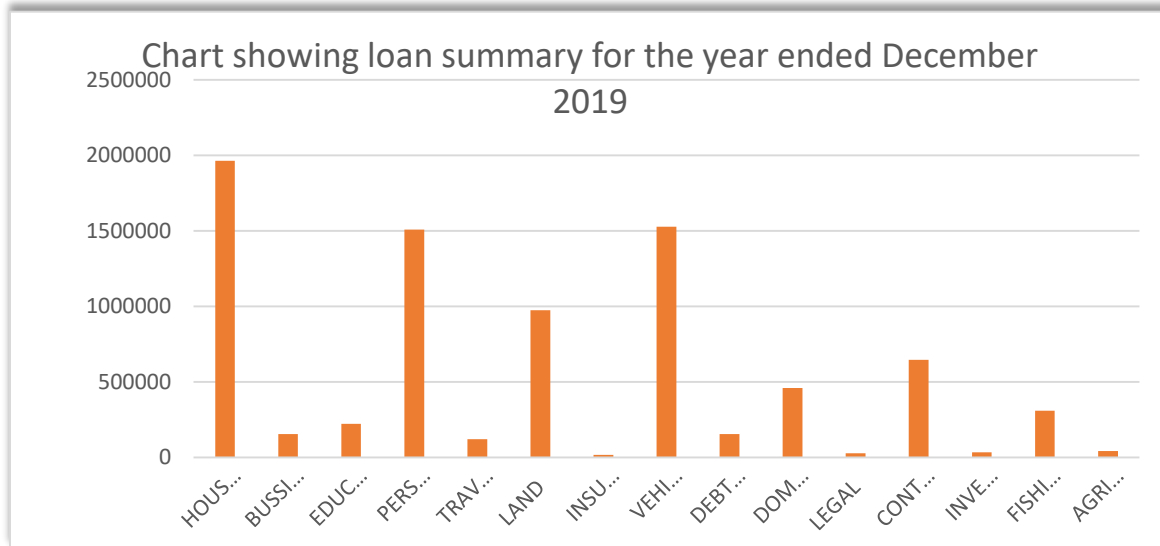
A summary of the loans granted by category are as follows:

SUMMARY OF LOANS GRANTED FOR THE YEAR 2019

LOAN CATEGORY	NUMBER OF LOANS	AMOUNT GRANTED
HOUSING	124	\$ 1,965,226
BUSINESS	8	\$ 155,326
EDUCATION	80	\$ 222,400
PERSONAL	694	\$ 1,509,829
TRAVEL	28	\$ 120,080
LAND	9	\$ 974,128
INSURANCE	19	\$ 17,900
VEHICLE	93	\$ 1,527,995
DEBT	35	\$ 153,802
DOMESTIC	91	\$ 459,786
LEGAL	8	\$ 27,800
CONTRACT	52	\$ 646,381
INVESTMENT	5	\$ 33,000
FISHING	9	\$ 309,882
AGRICULTURE	2	\$ 43,470
TOTAL	1257	\$ 8,167,005

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

This graph below shows the loans granted by category for 22019



The year in review saw 123 loans disbursed under the Reach promotion totalling \$263,705 and 52 loans totalling \$89,700 disbursed under the Back-to-School promotion.

Delinquency continues to be one of our major areas of concern. At the end of 2019, delinquent loans to total loans stood at 6.1%, an increase from 5.4% recorded for 2018.

The Credit Committee with the assistance of the Loans Officer continues to exercise great caution in processing loan applications.

The Committee maintains a good relationship with Management and Staff of the Society and takes great pride in serving you the members. We work diligently to ensure your needs are met.

We the members of the Credit Committee, would like to thank you for believing in us, and encourage you to continue utilizing the services that the Society offers. We look forward to serving you in the new financial year

Meetings Attendance Record for 2019

The table below shows the attendance record for 2019.

MEETINGS ATTENDANCE RECORD FOR 2019

NAME	NO. OF MEETINGS SCHEDULED		NO. OF MEETINGS ATTENDED	
	REGULAR	JOINT	REGULAR	JOINT
Yanicqueca Jn Bart	28	4	5	0
Jasmine Monerville	28	4	14	2
Crepin Jn Baptiste	28	4	24	4
Ensley Charlery	28	4	22	4
Gabriel Fenelon	28	4	27	4
Dwight St. Ville	28	4	25	4

For and on behalf of the Credit Committee.



Dwight St.Ville
Chairperson

SUPERVISORY COMMITTEE



Emaline Hunte



Antonia Aurelien



Jason Modeste



Hilanda Leon

SUPERVISORY COMMITTEE REPORT

For the year ended December 31, 2019

Introduction

At the 25th Annual General Meeting (AGM) of the Dennergy Community Credit Co-operative Society (DECOS) the Supervisory Committee (SC) welcomed Mr. Emery Modeste back, after serving a three year term, decided to continue with another three year term on the SC.

The first meeting of the SC after the AGM was held on 4th July, 2019. The SC structure comprised of the following:

- Ms. Hilanda Leon (Chairperson)
- Mr. Emery Modeste (Secretary)
- Mrs Emaline Hunte (member)
- Ms Antonia Aurelien (member)

Supervisory Committee Attendance Records for 2019				
Name	Meetings Schedule		Meetings Attended	
	Regular	Joint	Regular	Joint
Hilanda Leon	19	4	19	3
Emery Modeste	19	4	15	0
Antonia Aurelien	19	4	16	3
Emaline Hunte	19	4	16	1

Committee Focus

During the year under review, the committee focus was:

- Membership
- Internal Controls
- Credit Committee
- Delinquency
- Education Committee
- Staff and Manager
- Board of Directors

As volunteer members of the SC, we are dedicated to ensuring the safety and soundness of our policies, procedures and practices. We work to ensure the accuracy of records, make sure member deposits are adequately protected and that operations are in compliance with all relevant regulations, as well as our own bylaws and policies. We do this at least every fortnight by reviewing and examining the operations of DECOS and also work very closely with the various Committees, Board, Manager and Staff to make certain that all goes well at the co-operative.

In order to monitor the activity of the Board of Directors, the board minutes were used, and quarterly reports were sent to the board in addressing concerns, queries, updates and recommendations of the SC.

New Membership

A comparison of last financial year and the year under review, as shown in the table below, indicates a decrease in the number of new applicants / members to DECOS. We are of the view that more work has to be done in an effort to raise the awareness of our very competitive products and thus enabling an environment for a steadier increase in new membership.

FOCUSED YEAR	NUMBER OF NEW MEMBERS
2018	335
2019	267

Conclusion

As your representatives, the SC will continue to perform oversight activities so that we are confident that members' financial interests are well protected. We encourage you to contact us with any questions, concerns, observations or recommendations as it relates to DECOS.

With immense gratitude we the members of the SC, wish to thank, Miss Hilanda Leon, for her dedicated and unwavering contribution to the Credit Union. Miss Leon has served two three-year terms and cannot seek re-election, thank you again Miss Leon.

On behalf of the entire Committee, we appreciate the opportunity to serve the members of Dennery Community Credit Cooperative Society Ltd. and look forward to a secure and successful financial year.

For and on behalf of the Supervisory Committee,



Hilanda Leon
Chairperson

INDEPENDENT AUDITORS' REPORT

To the Members of:
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 2019, 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.

Basis for Qualified Opinion

IFRS 9, financial instruments became effective on January 1, 2018, That standard introduced an expected loss impairment model to replace the incurred loss model under IAS 39 for making provision for credit losses. The society has not complied with this provision of the standard as it utilised the incurred loss model in making its provision for 2018. The society therefore was not in compliance with International Financial Reporting Standards (IFRS)

In our opinion, except for the effects of the matter referred to in the basis for Qualified Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2019 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
September 10, 2020



Chartered Accountants

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT

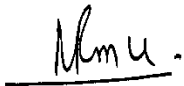
DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and balances with banks (Note 7)	\$ 7,400,689	\$ 6,978,001
Financial assets (Note 8)	3,544,380	2,275,601
Accounts receivable (Note 9)	182,456	193,891
Investments (Note 10)	452,139	457,090
Loans to members (Note 11)	16,173,124	14,646,866
Deferred Building Cost	7,200	7,200
Capital assets (Note 12)	274,098	286,340
TOTAL ASSETS	\$ <u>28,034,086</u>	\$ <u>24,844,989</u>
LIABILITIES		
Accounts payable and accruals (Note 14)	\$ 411,260	\$ 408,309
Members withdrawable shares and deposits	<u>23,229,452</u>	<u>20,289,595</u>
Total Liabilities	<u>23,640,712</u>	<u>20,697,904</u>
MEMBERS' EQUITY		
Share Capital (Note 15)	1,487,985	1,323,934
Member Funds (Note 18)	537,829	530,577
Reserves (Note 19)	898,806	852,946
Retained earnings	<u>1,468,754</u>	<u>1,439,628</u>
Total Members' Equity	<u>4,393,374</u>	<u>4,147,085</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u>28,034,086</u>	\$ <u>24,844,989</u>

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, 2019

	<u>2019</u>	<u>2018</u>
SHARE CAPITAL		
Share capital at beginning of year	\$ 1,323,935	\$ 1,133,010
Net shares purchased	<u>164,050</u>	<u>190,925</u>
Share capital at end of year	<u><u>1,487,985</u></u>	<u><u>1,323,935</u></u>
RESERVES		
Statutory reserve		
At beginning of year	852,946	805,382
Add : 25% of net surplus for the year	45,220	47,009
Entrance Fees	<u>640</u>	<u>555</u>
At end of year	<u><u>898,806</u></u>	<u><u>852,946</u></u>
MEMBER FUNDS		
Development fund		
At beginning of year	78,959	68,515
Add : 10% of net surplus for the year	18,088	18,804
Training expenses for the year	<u>(37,968)</u>	<u>(8,360)</u>
At end of year	<u><u>59,079</u></u>	<u><u>78,959</u></u>
Building fund		
At beginning of year	451,618	423,412
Add: 15% of net surplus for the year	<u>27,132</u>	<u>28,206</u>
At end of year	<u><u>478,750</u></u>	<u><u>451,618</u></u>
TOTAL MEMBER FUNDS	<u><u>537,829</u></u>	<u><u>530,577</u></u>
UNDIVIDED EARNINGS		
At beginning of year	1,439,629	1,458,052
Total Comprehensive Income for the year	<u>180,882</u>	<u>188,038</u>
	1,620,511	1,646,090
Statutory reserve	(45,220)	(47,009)
Development fund	(18,088)	(18,804)
Building fund	(27,132)	(28,206)
Dividends and Patronage	<u>(61,317)</u>	<u>(112,442)</u>
At end of year	<u><u>1,468,754</u></u>	<u><u>1,439,629</u></u>
MEMBERS' EQUITY, END OF YEAR	<u><u>\$ 4,393,374</u></u>	<u><u>\$ 4,147,087</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, 2019

	<u>2019</u>	<u>2018</u>
INCOME		
Interest on members' loans	\$ 1,416,164	\$ 1,421,297
Interest on fixed and savings deposits	<u>137,882</u>	<u>96,889</u>
	<u>1,554,046</u>	<u>1,518,186</u>
Interest Expense		
Interest and bank charges	4,564	3,579
Members fixed deposit interest	4,551	4,419
Member deposits	<u>467,283</u>	<u>451,058</u>
	<u>476,398</u>	<u>459,056</u>
 Net Interest Income	 1,077,648	 1,059,130
 Provision for Impairment of loans	 (320,977)	 (114,200)
Provision for Impairment of Investments	(5,040)	(390)
Provision for Impairment of Receivables	(30,000)	(234,271)
CUNA Insurance	(142,567)	(125,262)
Other Income (Note 16)	<u>93,734</u>	<u>67,242</u>
Net Interest and Other Income	<u>672,798</u>	<u>652,249</u>
 OPERATING EXPENSES		
Advertising and promotions	9,962	12,077
Depreciation	24,766	20,211
Insurance	11,995	10,955
Office supplies and stationery	23,252	21,971
Other expenses (Note 17)	178,397	151,618
Rent	12,000	12,000
Salaries, benefits and allowances	184,315	184,507
Security services	29,800	28,800
Utilities	<u>17,429</u>	<u>22,072</u>
	<u>491,916</u>	<u>464,211</u>
 TOTAL COMPREHENSIVE INCOME for the year	 <u>\$ 180,882</u>	 <u>\$ 188,038</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, 2019

	<u>2019</u>	<u>2018</u>
Cash flows from Operating Activities		
Surplus (Deficit) for the year	\$ 180,882	\$ 188,038
Add (deduct): charges to income not involving cash		
Depreciation	24,766	20,211
Provision for Impairment of Loans	320,977	114,200
Loss on disposal of assets	2,875	698
Provision for impairment of Investments	5,040	390
Provision for impairment of Receivables	<u>30,000</u>	<u>234,271</u>
	564,540	557,808
Net change in non-cash working capital balances related to operations		
(Increase) in accounts receivable	(18,565)	(16,978)
(Increase) in short-term investments	(1,268,779)	(302,454)
(Increase) in loans to members	(1,847,234)	(965,925)
Increase in members fixed and other deposits	2,939,859	2,746,541
Increase in accounts payable and accruals	2,950	120,100
(Increase) in investments	<u>(89)</u>	<u>(1,000)</u>
Net cash flow provided by (used in) operating activities	<u>372,682</u>	<u>2,138,092</u>
Cash flows from Investing Activities		
Purchase of fixed assets	<u>(15,399)</u>	<u>(37,940)</u>
Net cash flow provided by (used in) investing activities	<u>(15,399)</u>	<u>(37,940)</u>
Cash flows from Financing Activities		
Dividends paid	(61,317)	(112,442)
Payments from development fund	(37,968)	(8,360)
Increase in members' shares	164,050	190,924
Entrance fees	<u>640</u>	<u>555</u>
Net cash flow provided by (used in) financing activities	<u>65,405</u>	<u>70,677</u>
INCREASE/(DECREASE) IN CASH	422,688	2,170,829
CASH AND CASH EQUIVALENTS, beginning of year	<u>6,978,001</u>	<u>4,807,172</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u>7,400,689</u>	\$ <u>6,978,001</u>

The accompanying notes form an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 IFRS 9

IFRS 9 became effective for all accounting periods from January 1, 2018. This Standard addresses financial asset classification as well as a new method of accounting for Impairment Losses. The new classifications are highlighted below.

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.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019.

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.

The society did not apply the new method in its determination of impairments provisions for 2019.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

IFRS 15 Revenue from Contracts with Customers

This standard became effective on January 1, 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price.

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.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

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.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Society's financial statements are disclosed below. The Society intends to adopt these standards, if applicable, when they become effective. IFRS 17- Insurance Contracts - This standard is applicable to annual reporting periods beginning on or after January 1, 2021. The standard established the principles for the recognition, measurement, presentation and disclosure of insurance contracts. An entity shall apply IFRS 17 to: Insurance and Re insurance Contracts.

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 September 10, 2020.

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.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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>2019</u>	<u>2018</u>
BOSL - Operating Account	\$ 3,997,867	\$ 3,775,307
Ist National Bank - Savings Account	2,626,364	2,426,061
Bank of Nova Scotia - Savings Reserve	<u>776,458</u>	<u>776,633</u>
	<u>\$ 7,400,689</u>	<u>\$ 6,978,001</u>

8. FINANCIAL ASSETS

	<u>2019</u>	<u>2018</u>
Certificate of deposits	\$ 1,493,562	\$ 1,462,247
Deposits with League	581,723	80,121
Treasury Bills	<u>1,469,095</u>	<u>733,233</u>
	<u>\$ 3,544,380</u>	<u>\$ 2,275,601</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>2019</u>	<u>2018</u>
CLICO International Life Insurance Ltd	\$ 480,000	\$ 500,000
Loan interest receivable	45,132	40,049
Prepaid expenses	23,044	8,664
Other	<u>114,280</u>	<u>95,178</u>
	<u>662,456</u>	<u>643,891</u>
Less provisions for advances	<u>(480,000)</u>	<u>(450,000)</u>
	<u>\$ 182,456</u>	<u>\$ 193,891</u>

The Society received full and final payments in respect of the Liens held against CLICO as part of agreement with the Judicial Manager. The outstanding balance has now been fully provided for with a provision of \$ 30,000 in 2019.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

10. INVESTMENTS

	<u>2019</u>	<u>2018</u>
Financial assets measured at fair value through profit and loss		
Eastern Caribbean Financial Holdings Ltd		
2019 - 12,000 shares (2018 - 12,000 shares)	\$ 51,000	\$ 56,040
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>1,089</u>	<u>1,000</u>
	<u>\$ 452,139</u>	<u>\$ 457,090</u>

11. LOANS TO MEMBERS

	<u>2019</u>	<u>2018</u>
Personal Loans	\$ 9,418,724	\$ 9,264,820
Others	2,242,602	4,153,522
Mortgage Loans	<u>5,204,260</u>	<u>1,706,491</u>
	16,865,586	15,124,833
Provision for Impairment of Loans	<u>(692,462)</u>	<u>(477,966)</u>
	<u>\$ 16,173,124</u>	<u>\$ 14,646,867</u>
Provision for Impairment of Loans		
Balance at beginning of year	\$ 477,966	\$ 366,252
Charges for the year	320,977	109,229
Write Offs/Recoveries	<u>(106,481)</u>	<u>2,485</u>
	<u>\$ 692,462</u>	<u>\$ 477,966</u>

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

DURATION AND PERIOD OF OVERDUE LOANS PERCENTAGE OF OUTSTANDING LOAN BALANCE

That is deemed Loss Exposure

3 months but less than 6 months	25%	\$ 248,396
6 months but less than 9 months	50%	\$ 140,900
9 months but less than 1 year	75%	\$ 321,393
1 year or more	100%	\$ <u>318,868</u>
		<u>\$ 1,029,557</u>

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

12. PROPERTY, PLANT & EQUIPMENT

	<u>2017</u> B/forward	<u>Additions</u>	<u>Disposals</u>	<u>2018</u> C/forward
Cost				
Land	\$ 48,496	\$ -	\$ -	\$ 48,496
Buildings	214,867	-	-	214,867
Furniture & Equipment	128,128	37,940	16,254	149,814
Leasehold improvements	<u>18,277</u>	<u>-</u>	<u>-</u>	<u>18,277</u>
	409,768	37,940	16,254	431,454
Depreciation				
Buildings	15,578	6,446	-	22,024
Furniture & Equipment	106,604	13,765	15,556	104,813
Leasehold improvements	<u>18,277</u>	<u>-</u>	<u>-</u>	<u>18,277</u>
	140,459	20,211	15,556	145,114
Net book value	<u>\$ 269,309</u>			<u>\$ 286,340</u>
	<u>2018</u> B/forward	<u>Additions</u>	<u>Disposals</u>	<u>2019</u> C/forward
Land	\$ 48,496	\$ -	\$ -	\$ 48,496
Buildings	214,867	-	-	214,867
Furniture & Equipment	149,814	15,399	7,764	157,449
Leasehold improvements	<u>18,277</u>	<u>-</u>	<u>-</u>	<u>18,277</u>
	431,454	15,399	7,764	439,089
Depreciation				
Buildings	22,024	6,446	-	28,470
Furniture & Equipment	104,813	18,320	4,889	118,244
Leasehold improvements	<u>18,277</u>	<u>-</u>	<u>-</u>	<u>18,277</u>
	145,114	24,766	4,889	164,991
Net book value	<u>\$ 286,340</u>			<u>\$ 274,098</u>

13. MEMBERS' WITHDRAWABLE SHARES AND DEPOSITS

	<u>2019</u>	<u>2018</u>
Opening balance of regular shares	\$ 14,087,177	\$ 12,428,806
Additions	<u>4,329,856</u>	<u>4,178,040</u>
	18,417,033	16,606,846
Withdrawals	<u>(2,740,723)</u>	<u>(2,519,669)</u>
Closing balance	15,676,310	14,087,177
Member deposits	<u>7,553,142</u>	<u>6,202,418</u>
	<u>\$ 23,229,452</u>	<u>\$ 20,289,595</u>

Interest paid on withdrawable shares for 2019 - 2.5% (2018 - 2-3%)

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

14. ACCOUNTS PAYABLE AND ACCRUALS

	<u>2019</u>	<u>2018</u>
Member deposits and withdrawable shares interest	\$ 187,979	\$ 179,734
Dennery Fishermen's Co-operative	156,260	151,709
Accruals and sundry payables	<u>67,021</u>	<u>76,866</u>
	<u>\$ 411,260</u>	<u>\$ 408,309</u>

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>2019</u>	<u>2018</u>
Dividends received	\$ 14,704	\$ 4,179
Commissions	15,662	17,397
Loan fees and service fees	11,262	7,839
Foreign exchange	28,106	23,827
Management fee	<u>24,000</u>	<u>14,000</u>
	<u>\$ 93,734</u>	<u>\$ 67,242</u>

*

17.OTHER EXPENSES

	<u>2019</u>	<u>2018</u>
Annual general meeting	\$ 18,505	\$ 20,239
Audit fees	16,992	19,000
Board and Committee expenses	15,507	9,153
Credit Union day activities	2,079	5,658
Donations	24,745	13,049
Honorarium	23,585	24,505
League dues	23,000	22,000
Legal and professional fees	14,751	6,000
Disaster relief	8,000	698
Loss on disposal of property plant & equipment	2,875	-
Repairs and maintenance	16,938	19,466
Scholarships	<u>11,420</u>	<u>11,850</u>
	<u>\$ 178,397</u>	<u>\$ 151,618</u>

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

18. SENIOR MANAGEMENT COMPENSATION

	<u>2019</u>	<u>2018</u>
Senior management compensation	\$ <u>83,425</u>	\$ <u>83,425</u>

19. 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%
Building fund -15%

20. 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%.

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, 2019 were as follows:

	<u>2019</u>	<u>2018</u>
Loans	\$ 496,751	\$ 340,392
Shares and Deposits	\$ 307,856	\$ 292,473

22.COMMITMENTS

The Dennery Community Credit Co-operative Society Limited has a commitment for its current accommodation of a monthly payment of \$ 1,000; (\$ 12,000.00 annually).

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 totalled \$ 855,963 (2018- \$ 67,230)

24. LEGAL CLAIMS

There were no Legal Claims against the Society at December 31, 2019.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

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:

	December 31, 2019	December 31, 2018
Cash Balances with Banks	\$ 7,400,689	\$ 6,978,001
Investments, Loans and receivables	3,996,520	2,732,691
Trade and other Receivables	182,450	193,891
Loans to members	<u>16,173,124</u>	<u>14,646,866</u>
	<u>\$ 27,752,783</u>	<u>\$ 24,551,449</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, 2019

The following table presents an aging of current assets and liabilities of the Society for 2019

DECEMBER 31, 2019

	Up to 1 year	Beyond 1 year	Total
Current Assets			
Cash	\$ 7,400,689	\$ -	\$ 7,400,689
Held to Maturity Investments	3,189,942	354,438	3,544,380
Accounts receivable	182,456	-	182,456
Loans to members	<u>4,043,281</u>	<u>12,129,843</u>	<u>16,173,124</u>
	<u>14,816,368</u>	<u>12,484,281</u>	<u>27,300,649</u>
Current Liabilities			
Accounts Payable and Accruals	411,260	-	411,260
Members deposits	7,553,142	-	7,553,142
Members withdrawable shares	<u>4,702,893</u>	<u>10,973,417</u>	<u>15,676,310</u>
	<u>12,667,295</u>	<u>10,973,417</u>	<u>23,640,712</u>
Net Position	\$ <u>2,149,073</u>	\$ <u>1,510,864</u>	\$ <u>3,659,937</u>

DECEMBER 31, 2018

	Up to 1 year	Beyond 1 year	Total
Current Assets			
Cash	\$ 6,978,001	\$ -	\$ 6,978,001
Held to Maturity Investments	2,070,797	204,804	2,275,601
Accounts receivable	193,854	-	193,854
Loans to members	<u>3,661,716</u>	<u>10,985,150</u>	<u>14,646,866</u>
	<u>12,904,368</u>	<u>11,189,954</u>	<u>24,094,322</u>
Current Liabilities			
Accounts Payable and Accruals	408,311	-	408,311
Members deposits	6,202,417	-	6,202,417
Members withdrawable shares	<u>4,226,153</u>	<u>9,861,024</u>	<u>14,087,177</u>
	<u>10,836,881</u>	<u>9,861,024</u>	<u>20,697,905</u>
Net Position	\$ <u>2,067,487</u>	\$ <u>1,328,930</u>	\$ <u>3,396,417</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 rate for 2019 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

(d) Operational and Business Risk **DECEMBER 31, 2019**

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. This could have significant negative financial effects on the Society, depending on factors such as the duration and spread of the outbreak, the effects on the economy overall as well as the earning capacity of our members, all of which are highly uncertain and cannot be reliably estimated.