

Independent Auditor's Report

To the Registrar of Co-operative Societies

Insurance Employees Co-operative Credit Union Limited

(A Society Registered Under the Co-operative Societies Act)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Insurance Co-operative Credit Union Limited ("the Credit Union") set out on pages 5 to 42, which comprise the statement of financial position as at December 31, 2024, and the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at December 31, 2024 and of financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Co-operative Societies Act.

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 Credit Union in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (cont'd)**To the Registrar of Co-operative Societies****Insurance Employees Co-operative Credit Union Limited****(A Society Registered Under the Co-operative Societies Act)****Report on the Audit of the Financial Statements (cont'd)****Key Audit Matters (cont'd)**

Expected Credit Losses

Key Audit Matters	How the matters were addressed during the audit
<p>Loans, net of allowance for expected credit losses, represent 72% of the Credit Union's Assets. Allowance for expected credit losses on loans is \$6,231,501 and represents less than 1% of the loan portfolio in the current year.</p> <p>The Credit Union applies a three-stage approach to measure the allowance for credit losses, using the Expected Credit Loss (ECL) approach as required by IFRS 9. This requires significant judgments which gives rise to a high degree of uncertainty.</p>	<p>Our audit procedures in this area included the following:</p> <p>Evaluating the completeness, accuracy and relevance of disclosures required by IFRS 9.</p> <p>Comparing Expected Credit Loss Allowance with regulatory provision stipulated by the Jamaica Co-operative Credit Union League and confirm that the amount in the loan loss reserve is compliant with the requirement of the league.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors

Independent Auditor's Report (cont'd)

To the Registrar of Co-operative Societies

Insurance Employees Co-operative Credit Union Limited

(A Society Registered Under the Co-operative Societies Act)

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act, 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 Credit Union's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

The Board of Directors is responsible for overseeing the Credit Union'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 International Standards on Auditing (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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description, which is located on page 4, forms part of our auditor's report.

Report on Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by Co-operative Societies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Worrick Bogle.

 BOGLE & COMPANY
 Chartered Accountants
April 19, 2025

Appendix to the Independent Auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union'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 Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with the Board of Directors 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

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<u>Assets</u>	<u>Notes</u>	<u>2024</u> \$	Restated <u>2023</u> \$	Restated <u>2022</u> \$
Non-current assets				
Earning:				
Financial investments	5	356,211,726	194,755,243	212,897,012
Loans originated	6	1,614,187,635	1,437,429,311	1,346,139,948
		<u>1,970,399,361</u>	<u>1,632,184,554</u>	<u>1,559,036,960</u>
Non-earning:				
Property, plant & equipment	7	50,548,690	45,739,983	42,574,367
		<u>50,548,690</u>	<u>45,739,983</u>	<u>42,574,367</u>
Current assets				
Earning:				
Financial investments	5	51,833,952	322,995,432	313,365,460
Loans originated	6	67,267,946	55,305,836	68,606,981
Cash & cash equivalents	8	87,314,857	69,842,709	59,516,642
		<u>206,416,755</u>	<u>448,143,977</u>	<u>441,489,083</u>
Non-earning:				
Other assets	9	9,391,793	13,699,244	21,206,236
Cash & cash equivalents	10	47,404,951	81,513,519	54,845,506
		<u>56,796,744</u>	<u>95,212,763</u>	<u>76,051,742</u>
Total assets		<u>2,284,161,550</u>	<u>2,221,281,277</u>	<u>2,119,152,152</u>

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

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<u>Equity and liabilities</u>	<u>Notes</u>	<u>2024</u>	<u>Restated 2023</u>	<u>Restated 2022</u>
		\$	\$	
Equity:				
Members' permanent shares	11	28,373,906	27,016,009	26,667,043
Institutional capital	12	265,845,992	265,842,570	265,841,070
Non-institutional capital	13	175,878,637	165,224,169	106,435,740
Undistributed surplus	14	(77,477,053)	(48,867,499)	(14,800,552)
		<u>392,621,482</u>	<u>409,215,249</u>	<u>384,143,301</u>
Non-current liabilities				
Interest-bearing liabilities:				
Members' voluntary shares	15	69,364,912	92,780,774	69,760,193
		<u>69,364,912</u>	<u>92,780,774</u>	<u>69,760,193</u>
Current liabilities				
Interest-bearing liabilities:				
Members' voluntary shares	15	856,136,028	800,087,343	802,242,220
Members' deposits	16	837,329,754	786,575,839	757,724,549
External loans	17	73,377,073	73,378,906	73,671,617
		<u>1,766,842,855</u>	<u>1,660,042,088</u>	<u>1,633,638,386</u>
Non-interest-bearing liabilities:				
Deferred income	18	7,390,791	4,599,876	3,433,953
Payables & accruals	19	47,941,510	54,643,290	28,176,319
		<u>55,332,301</u>	<u>59,243,166</u>	<u>31,610,272</u>
Total equity and liabilities		<u><u>2,284,161,550</u></u>	<u><u>2,221,281,277</u></u>	<u><u>2,119,152,152</u></u>

The financial statements were approved for issue by the Board of Directors on April 19 , 2025 and signed on its behalf by:

.....
 Andre McFarlane (Mr.)
 President

.....
 Macherie Hamilton-Clarke (Ms.)
 Secretary

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2024

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	Notes	<u>2024</u> \$	<u>2023</u> \$
Interest income			
Interest on members' loans		151,826,596	145,669,149
Interest on investments		<u>33,200,973</u>	<u>21,971,611</u>
		185,027,569	167,640,760
Interest-expense on deposits		(14,965,868)	(13,816,954)
Interest-expense on shares		<u>(4,627,505)</u>	<u>(4,466,031)</u>
Net interest income		<u>165,434,196</u>	<u>149,357,775</u>
Decrease /(Increase) in expected credit loss	6	<u>1,608,370</u>	<u>(2,613,321)</u>
Interest income after allowance for loan loss		<u>167,042,566</u>	<u>146,744,454</u>
Non-interest Income			
Fees		11,693,237	15,213,638
Rental income		<u>2,987,531</u>	<u>3,032,942</u>
		14,680,768	18,246,580
Gross profit		181,723,334	164,991,034
Staff cost	20	(119,577,236)	(102,030,308)
Administrative expenses	21	(52,691,419)	(45,174,188)
Promotion expenses	22	(4,967,296)	(3,994,763)
Representation & affiliation expenses	23	(11,912,126)	(11,484,069)
Finance cost	24	<u>(6,324,325)</u>	<u>(4,805,827)</u>
		<u>(195,472,402)</u>	<u>(167,489,155)</u>
Deficit for the year		(13,749,068)	(2,498,121)
Other comprehensive income			
<u>Item that may not be reclassified to profit or loss</u>			
Unrealized gain on investments		-	5,890,068
Total comprehensive (loss)/income		<u>(13,749,068)</u>	<u>3,391,947</u>

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2024

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	Permanent shares	Institutional capital	Non-Institutional capital	Accumulated deficit	Total
	\$	\$	\$	\$	\$
December 31, 2022 Restated	26,667,043	265,841,070	145,789,526	(14,800,552)	423,497,087
Surplus for the year				(2,498,121)	(2,498,121)
Prior year adjustments -accrued expenses				(16,858,328)	(16,858,328)
Loan loss reserve			13,544,575	(13,544,575)	(13,544,575)
Shares subscription	348,966				348,966
Amortized fee				(1,165,923)	(1,165,923)
Entrance fees		1,500			1,500
Decrease in value of equity instruments			5,890,068		5,890,068
December 31, 2023 -Restated	27,016,009	265,842,570	165,224,169	(48,867,499)	395,670,674
Deficit for the year				(13,749,068)	(13,749,068)
Loan loss reserve			14,860,486	(14,860,486)	-
Share transfer fund	115,672		23,969		139,641
Shares subscription	1,242,225				1,242,225
Entrance fees		3,422			3,422
Decrease in value of equity instruments			(4,229,987)		(4,229,987)
December 31, 2024	28,373,906	265,845,992	175,878,637	(77,477,053)	379,076,907

INSURANCE EMPLOYEES CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2024

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	<u>2024</u>	<u>2023</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Deficit for the year	(13,749,068)	(2,498,121)
<u>Adjustment to reconcile profit for the year to net cash from operating activities</u>		
Deferred income	2,790,915	-
Depreciation	1,016,271	1,400,432
Non-institutional reserves	(4,229,987)	-
Decrease in other assets	4,331,420	7,352,922
(Decrease)/ in payables & accruals	(6,701,780)	9,608,643
Cash (used)/ provided by operating activities	<u>(16,542,229)</u>	<u>15,863,876</u>
<u>Cash flows from investing activities</u>		
Financial investments	109,704,997	8,655,774
Loans to members	(188,720,434)	(47,724,771)
Acquisition of property, plant and equipment	(5,824,978)	(4,566,048)
Cash used in investing activities	<u>(84,840,415)</u>	<u>(43,635,045)</u>
<u>Cash flows from financing activities</u>		
Members' shares	32,632,823	20,865,704
Members' deposits	50,753,915	28,851,290
External loans	(1,833)	-
Permanent shares	1,357,897	348,966
Entrance fees	3,422	1,500
Cash provided by financing activities	<u>84,746,224</u>	<u>50,067,460</u>
(Decrease)/increase in cash & cash equivalents	(16,636,420)	22,296,291
Cash & cash equivalents at the beginning of the year	<u>151,356,228</u>	<u>129,059,937</u>
Cash & cash equivalents at the end of the year	<u>134,719,808</u>	<u>151,356,228</u>
<u>Represented by:</u>		
Cash in hand	426,373	47,431
Cash at bank	85,863,879	101,758,306
Short term investments	48,429,556	49,550,491
	<u>134,719,808</u>	<u>151,356,228</u>

1. Identification & Activities

The Insurance Employees Co-operative Credit Union Limited is a Co-operative Society registered under the Co-operative Societies Act. Membership is restricted to present and past employees of Life, Health and General Insurance and their related companies, Building Societies along with their extended families. The Credit Union's operations are concentrated in the parishes of St. Andrew and St. James. The registered office and principal place of business is located at 27 Parkington Plaza, Kingston 10.

The objectives of the credit union are to promote thrift among its members and to create hereby a source of credit for its members at competitive rates of interest for provident and productive purposes.

To receive the savings of its members

To make loans to members for provident and productive purposes in the way and manner hereinafter provided.

To invest in any security in which trustees are for the time being by Law authorized to invest.

To borrow money as provided by the rules of the Credit Union subject to the provisions of the Law and Regulations.

To draw, make, accept, endorse, discount, execute and issue Promissory Notes, Bills of lading, Bills of Exchange, Bills of Sale, Warrants and other negotiable or transferrable instruments.

The bond has been extended to include:

1. Holders of Insurance Policies
2. Members/Customers of Financial Institutions

2. Material Accounting Policies

a. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board (IASB).

2. Material Accounting Policies (cont'd)

a. Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year.

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued and are effective for the current year. The Credit Union has assessed them with respect to its operations and has determined that the following are relevant:

Amendments to IAS 1 Presentation of Financial Statements, will apply retrospectively for annual reporting periods beginning on or after January 1, 2024.

The amendments promote consistency in application and clarify the requirements in determining if a liability is current or non-current. Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Covenants with which the entity must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date.

However, when non-current liabilities are subject to future covenants, entities will now need to disclose information to help users understand the risk that those liabilities could become repayable within twelve months after the reporting date.

This amendment has had no significant impact on the financial statements

2. Material Accounting Policies

a. Basis of preparation

IFRS S1 General Requirements for Disclosure of Sustainability-related financial Information, is effective for annual reporting periods beginning on or after January 1, 2024

IFRS S1 requires an entity to disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects'). IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures and sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity. Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee sustainability-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

IFRS S2 Climate-related Disclosures, is effective for annual reporting periods beginning on or after January 1, 2024.

IFRS S2 requires entities to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects'). IFRS S2 applies to climate-related physical risks; climate-related transition risks; and climate-related opportunities available to an entity. IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee climate-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

2. Material Accounting Policies(cont'd)

a. Basis of preparation (cont'd)

New, revised and amended standards and interpretations that have been issued and not yet effective.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability (Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.)

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency. IAS 21 was amended to clarify: • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability.

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments (Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.)

Settlement of liabilities through electronic payment systems: There has been diversity in practice over the timing of the recognition and derecognition of financial assets and financial liabilities, particularly when they have been settled using electronic payment system. The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised. Under the amendments, a company generally derecognises its financial liability on the settlement date. Normally this is the date, on which payment is completed. The amendments also provide an exception, which allows the company to derecognise its financial liability before the settlement date, i.e. on the date when payment is initiated and cannot be cancelled. The exception is available when the company uses an electronic payment system that meets all of the following criteria: • no practical ability to withdraw, stop or cancel the payment instruction; • no practical ability to access the cash to be used for settlement as a result of the payment instruction; and • the settlement risk associated with the electronic payment system is insignificant.

Entities can choose to apply the exception to electronic payments on a system-by-system basis. Classification of financial assets with contingent features Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with contingent features represented SPPI, which is a condition for measurement at amortised cost. This could have resulted in such assets being measured at fair value through profit or loss. The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from the cash flows of an identical financial asset without such a feature. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features.

2. Material Accounting Policies (cont'd)

a. Basis of preparation (cont'd)

a. New, revised and amended standards and interpretations that have been issued but not yet effective.(cont'd)

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments (Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.)

Contractually linked instruments (CLIs) and non-recourse features The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). Disclosures on investments in equity instruments The amendments require additional disclosures for investments in equity instruments that are measured at fair value through other comprehensive income (FVOCI).

This amendment is not expected to have any significant impact on the financial statements of the Credit Union.

IFRS 18 Presentation and Disclosure in Financial Statements (Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.) IFRS 18 replaces IAS 1 Presentation of Financial Statements.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The major changes in the requirements are summarised below. A more structured statement of profit or loss IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing. Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either: • nature; • function; or • using a mixed presentation. If any operating expenses are presented by function, then new disclosures apply.

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management-defined Performance Measures ("MPMs"), requiring them to be: • a subtotal of income and expenses; • used in public communications outside the financial statements; and • reflective of management's view of financial performance. For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. Greater disaggregation of information

2. Material Accounting Policies (cont'd)

a. Basis of preparation (cont'd)

New, revised and amended standards and interpretations that have been issued but not yet effective.(cont'd)

IFRS 18 Presentation and Disclosure in Financial Statements (Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.) IFRS 18 replaces IAS 1 Presentation of Financial Statements.(cont'd)

To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so. Other changes applicable to the primary financial statement

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a separate line item on the face of the balance sheet. Transition In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- the restated amounts presented applying IFRS 18; and the amounts previously presented applying IAS 1.

This amendment is not expected to have any significant impact on the financial statements of the Credit Union.

Reporting currency

The amounts stated in the financial statements are in Jamaican Dollars which is the functional currency of the primary economic environment in which the Credit Union operates. All amounts are rounded to the nearest dollar.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

2. Material Accounting Policies (cont'd)

a) Basis of preparation(cont'd)

Basis of measurement

In addition, for financial reporting purposes, fair value measurements are categorised into level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Credit Union can access at the measurement date. Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and level 3 inputs are unobservable inputs for the asset or liability.

Use of estimates and judgements

The preparation of the financial statements to conform with International Financial Reporting Standards (**IFRS**) requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to assets and liabilities at the reporting date, and the income and expenses for the year ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised, and future period if the revision affects both current and future periods

Judgements made by management in the application of International Reporting Financial Standards (**IFRS**) that have significant effect on the financial statements and estimates with a significant risks of material adjustments are discussed below

I. Useful Lives of Property, plant and equipment

The useful life of property, plant and equipment are reviewed at the reporting date, and, if any expectations differ from previous estimates, the charge is accounted for as a change in accounting estimates.

II. Going concern

The preparation of the financial statements in accordance with International Financial Reporting Standards (**IFRS**) assumes that the Credit Union will continue in operational existence for the foreseeable future. This means that the statement of profit or loss and other comprehensive income and the statement of financial position assume no intention or necessity to liquidate the Credit Union or curtail the scale of operation.

2. Material Accounting Policies (cont'd)

b) Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset if, and only if: It is probable that future economic benefits associated with the item will flow to the Credit Union; and the cost of the item can be measured reliably

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost.

The Credit Union recognises depreciation under the expense heading of “depreciation” in the period.

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Depreciation is calculated using the straight-line method. The annual rates of depreciation are as follows:

Building 2.5 %
Furniture, fixture and fittings 10%
Office equipment 10%
Computer 20 %

Repairs and maintenance expenditure are charged to the profit or loss during the financial period in which they are incurred.

c) Employee benefits

The cost of providing employee benefits is recognised in the period in which the benefit is earned by the employee, rather than when it is paid, and each category of employee benefits are measured, providing detailed guidance in particular about post-employment benefits.

Post-employment benefit plans are informal or formal arrangements where an entity provides post-employment benefits to one or more employees, e.g. retirement benefits (pensions or lump sum payments), life insurance and medical care.

The accounting treatment for a post-employment benefit plan depends on the economic substance of the plan and results in the plan being classified as either a defined contribution plan or a defined benefit plan.

2. Material Accounting Policies (cont'd)

c) Employee benefits (cont'd)

The Credit Union contributes to a defined contribution plan. Contribution by the Credit Union to this plan is an expense to the Credit Union and the Credit Union bears no further risk nor obligation.

d) Financial Instruments: Classification; Recognition; Derecognition and Measurement

A financial instrument is an instrument that gives rise to a financial asset in one entity and a financial liability or equity instrument of another entity.

Classification

Financial assets comprise financial investments, loans originated, cash and cash equivalents, and other assets. Financial liabilities comprise voluntary shares, external loans, members deposits and payables. Equity consist of permanent shares and other reserves.

Recognition & Initial Measurement

The Credit Union recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Credit Union initially recognises loans to members and other assets on the date they are generated. At initial recognition the Credit Union measures a financial asset or liability at its fair value. Transaction cost of assets or liabilities carried at fair value through profit or loss are expensed.

Classification and subsequent re-measurement

The Credit Union has classified its financial instruments in the following measurement categories: amortised cost and fair value through profit or loss and fair value through other comprehensive income.

Financial investments

Financial investments consist of equity and debt instruments which are not expected to be realized within three months. These measured at fair value through the profit or loss , amortized cost or fair value through other comprehensive income.

Loans originated

Loans provided by the Credit Union to its members are classified as loans originated. The objectives of the loan portfolio is to hold and collect contractual cash flows; the performance targets of the portfolio are determined by the compliance rate in terms of interest and principal payments and the key performance index for each portfolio is the delinquency ratio. Loans originated are measured at fair value through the profit or loss.

2. Material Accounting Policies (cont'd)

d) Financial Instruments: Classification; Recognition; Derecognition and Measurement (cont'd)

Cash & cash equivalents

Cash & cash equivalents are assets that can readily be converted into cash is similar to cash itself because these asset can be sold with little impact on their value. These instruments are measured at amortized cost.

Other assets

Other assets are sundry receivables and prepayments. These are recognized at fair value and measured at amortized cost.

Members' voluntary shares

The voluntary shares are classified as interest bearing liabilities. Interest is calculated and paid annually based on the weighted average balance on the members accounts during the year. The rate of interest is determined by the Board of Directors. Voluntary shares are initially recognized at fair value and subsequently measured at amortized cost.

Members' deposits

These are savings accounts held by the members of the Credit Union. These amounts are payable on demand. Interest on these accounts is calculated and paid annually. The rates of interest paid are determined by the Board of Directors. Members' deposits are classified as financial liabilities and are measured at amortized cost.

Permanent shares

This represents equity in the Credit Union which cannot be withdrawn but may be transferred to another member or repurchased by the Credit Union. These shares are classified as equity and are measured at their nominal value.

Payables & accruals

These are short term liabilities which are recognized at fair value and measured at amortized cost

2. Material Accounting Policies (cont'd)

e) Institutional capital

Institutional Capital includes the Statutory Reserve Fund as well as various other reserves established from time to time as is deemed necessary by the Board of Directors to support the operation of the Credit Union and thereby protect the interest of the members. These reserves are not available for distribution. The stronger the overall capital position, the easier it is for the Credit Union to deal with future uncertainties such as asset loss and adverse economic cycles.

f) Non-institutional capital

Non institutional capital are amounts approved by the members at their annual general meetings and set aside to facilitate outreach and development activities of the Credit Union.

g) Revenue recognition

Interest on loans

Interest on loans is recognized when interest is calculated on the outstanding balance at the beginning of each month, using the reducing balance method. When a loan is classified as impaired, recognition of interest in accordance with the original terms and conditions of the loan ceases and interest is taken into account on the cash basis.

Interest on investments

Interest income from investments is recognized on the accrual basis.

Rental income

Rental income is earned from part of the building located at 27 Parkington Plaza is recognized on the accrual basis.

Commission and Fees

Fees and commission income are recognized at fair value and subsequently measured at amortized cost.

2. Material Accounting Policies (cont'd)

g) Interest expense

Interest expense is recognized in the statement of profit or loss for interest bearing liabilities on the accrual basis using the weighted average method.

h) Operating expense

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred.

i) Allowance for loan Impairment

The Credit Union recognizes loss allowances for expected credit loss on financial assets that are debt instruments and that are not measured at fair value through other comprehensive income.

An allowance for loan impairment is established based on lifetime expected credit loss (ECL) which is the ECL that results from all possible default events over the expected life of the loan. Loans for which a lifetime ECL is recognized but which are not credit impaired are referred to as 'stage 1'. If significant increase in credit risk since initial recognition is identified, the loan moves to 'stage 2', but is not yet credit impaired. If the loan is credit impaired it moves to 'stage 3'.

The loan loss provision is derived based on a model which takes account of, among other factors, the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective rate of interest of the loan and the probability of default.

Provision is calculated as follows:

State 1: 12 months loan repayments for loans 30 days past due

Stage 2: Principal & interest for loans 31-90 days past due

Stage 3: Principal only for loans over 90 days past due.

2. Material Accounting Policies (cont'd)

j) Allowance for loan Impairment.(cont'd)

Regulatory provision

In both current and prior year regulatory provisions are established for loans originated as a result of a review of the carrying value of loans in arrears and are derived based on the requirements stipulated by the Jamaica Co-operative Credit Union League Limited (JCCUL) provisioning policy of making full provision for loans in arrears over twelve months. General provisions ranging from 10 % to 60% are established in respect of loans in arrears for two to twelve months. If the regulatory provision exceeds International Financial Reporting Standards the difference is transferred to the loan loss reserve as an appropriation of undistributed surplus.

k) Write-off

Loans are written of (either partially or in full when there is no reasonable expectation of recovering it in its entirety or a portion thereof. This is generally the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts written off could still be subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.

2. Material Accounting Policies (cont'd)

l) Comparative information

Certain prior year figures have been restated to conform to correct year 's presentation as stated below.

<u>Assets</u>	Notes	Previously Stated <u>2023</u> \$	Changes	Restated <u>2023</u> \$
Non-current assets				
Earning:				
Financial investments	5	194,755,243	-	194,755,243
Loans originated	6	63,145,708	1,374,283,603	1,437,429,311
		<u>257,900,951</u>	<u>1,374,283,603</u>	<u>1,632,184,554</u>
Non-earning:				
Property, plant & equipment	7	45,739,983	-	45,739,983
		<u>45,739,983</u>	<u>-</u>	<u>45,739,983</u>
Current assets				
Earning:				
Financial investments	5	322,995,432	-	322,995,432
Loans originated	6	1,429,589,439	(1,374,283,603)	55,305,836
Cash & cash equivalents	8	69,842,709	-	69,842,709
		<u>1,822,427,580</u>	<u>(1,374,283,603)</u>	<u>448,143,977</u>
Non-earning:				
Other assets	9	20,629,122	(6,929,878)	13,699,244
Cash & cash equivalents	10	81,513,519	-	81,513,519
		<u>102,142,641</u>	<u>(6,929,878)</u>	<u>95,212,763</u>
Total assets		<u>2,228,211,155</u>	<u>(6,929,878)</u>	<u>2,221,281,277</u>

2. Material Accounting Policies (cont'd)

l) Comparative information (cont'd)

<u>Equity and liabilities</u>	<u>Notes</u>	Previously Stated <u>2023</u> \$	Changes	Restated <u>2023</u> \$
Equity:				
Members' permanent shares	11	27,016,009	-	27,016,009
Institutional capital	12	265,842,570	-	265,842,570
Non-institutional capital	13	162,610,848	2,613,321	165,224,169
Undistributed surplus	14	(17,866,096)	(31,001,403)	(48,867,499)
		<u>437,603,331</u>	<u>(28,388,082)</u>	<u>409,215,249</u>
Non-current liabilities				
Interest-bearing liabilities:				
Members' voluntary shares	15	856,136,028	(763,355,254)	92,780,774
External loans	17	73,378,906	(73,378,906)	-
		<u>929,514,934</u>	<u>(836,734,160)</u>	<u>92,780,774</u>
Current liabilities				
Interest-bearing liabilities:				
Members' voluntary shares	15	738,257,741	-	800,087,343
Members' deposits	16	786,575,839	-	786,575,839
External loans	17	-	73,671,617	73,671,617
		<u>1,524,833,580</u>	<u>73,671,617</u>	<u>1,660,334,799</u>
Non-interest-bearing liabilities:				
Deferred income	18	-	4,599,876	4,599,876
Payables & accruals	19	37,784,962	16,858,328	54,643,290
		<u>37,784,962</u>	<u>21,458,204</u>	<u>59,243,166</u>
Total equity and liabilities		<u><u>2,929,736,807</u></u>	<u><u>(769,992,421)</u></u>	<u><u>2,221,573,988</u></u>

2. Material Accounting Policies (cont'd)

I) Comparative information (cont'd)

<u>Assets</u>	<u>Notes</u>	<u>Previously Stated 2022 \$</u>	<u>Changes</u>	<u>Restated 2022 \$</u>
Non-current assets				
Earning:				
Financial investments	5	212,897,012	-	212,897,012
Loans originated	6	1,385,493,734	(39,353,786)	1,346,139,948
		<u>1,598,390,746</u>	<u>(39,353,786)</u>	<u>1,559,036,960</u>
Non-earning:				
Property, plant & equipment	7	42,574,367	-	42,574,367
		<u>42,574,367</u>		<u>42,574,367</u>
Current assets				
Earning:				
Financial investments	5	313,365,460	-	313,365,460
Loans originated	6	68,606,981	-	68,606,981
Cash & cash equivalents	8	59,516,642	-	59,516,642
		<u>441,489,083</u>	<u>-</u>	<u>441,489,083</u>
Non-earning:				
Other assets	9	28,136,114	(6,929,878)	21,206,236
Cash & cash equivalents	10	54,845,506	-	54,845,506
		<u>82,981,620</u>	<u>-</u>	<u>76,051,742</u>
Total assets		<u>2,165,435,816</u>	<u>(39,353,786)</u>	<u>2,119,152,152</u>

2. Material Accounting Policies (cont'd)

I) Comparative information (cont'd)

Equity and liabilities	Notes	Previously Stated <u>2022</u> \$	Changes	Restated <u>2022</u> \$
Equity				
Members' permanent shares	11	26,667,043	-	26,667,043
Institutional capital	12	265,841,070	-	265,841,070
Non-institutional capital	13	145,789,526	(39,353,786)	106,435,740
Undistributed surplus	14	(4,436,721)	(10,363,831)	(14,800,552)
		<u>433,860,918</u>	<u>(49,717,617)</u>	<u>384,143,301</u>
Non-current liabilities				
Interest-bearing liabilities				
Members' voluntary shares	15	872,002,413	(802,242,220)	69,760,193
External credit	17	73,671,617	(73,671,617)	-
		<u>945,674,030</u>	<u>(875,913,837)</u>	<u>69,760,193</u>
Current liabilities				
Interest-bearing liabilities				
Members' voluntary shares	15	-	802,242,220	802,242,220
Members' deposits	16	757,724,549	-	757,724,549
External credit	17	-	73,671,617	73,671,617
		<u>757,724,549</u>	<u>875,913,837</u>	<u>1,633,638,386</u>
Non-interest-bearing liabilities				
Deferred income	18	-	3,433,953	3,433,953
Payables & accruals	19	28,176,319	-	28,176,319
		<u>28,176,319</u>	<u>3,433,953</u>	<u>31,610,272</u>
Total equity and liabilities		<u>2,165,435,816</u>	<u>(46,283,664)</u>	<u>2,119,152,152</u>

3. Financial risk management

The Credit Union activities are related to the use of financial instruments which involves analysis, evaluation and management of risks. The Board of Director is responsible for the establishment of the risk management framework.

The Credit Union has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

a) Credit risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Credit Union's loans to members and debt instruments with other institutions.

Loans to members

The management of credit risk in respect of loans to members and guarantees is delegated to the Credit Committee. The Committee is responsible for oversight of the Credit Union's credit risk, including formulating credit policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, limiting concentration of exposure to counterparties and developing and maintaining the Credit Union's risk grading. There is a documented credit policy in place which guides the Credit Union's credit review process.

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk before recognition of collateral held) at the end of the reporting period was:

	<u>2024</u>	<u>2023</u>
	\$	\$
Loans originated	1,605,089,910	1,713,041,439
Cash & cash equivalents-earning	87,314,857	69,842,709
Financial investments	356,211,726	194,755,243
Other assets	25,795,753	13,699,244
Cash & cash equivalents-non-earning	47,494,986	81,513,519
	<u>2,121,907,232</u>	<u>2,072,852,154</u>

3. Financial risk management (cont'd)

b) Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations for its financial liabilities. The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its obligations when due under both normal or stressed conditions. Prudent liquidity risk management which the Credit Union uses includes maintaining sufficient cash and marketable securities, monitoring future cash flows and liquidity on a daily basis.

The Credit Union is subject to a liquidity limit imposed by the Credit Union League and compliance is regularly monitored. The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to total savings deposit. For this purpose, liquid assets include; loans which are expected to be repaid within the year, cash bank balances, deposits held with JCCUL and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the end of reporting period was as follows:

	<u>2024</u>	<u>2023</u>
	\$	\$
Cash resources:		
Other assets	9,391,793	13,699,244
Loans originated	33,816,069	28,120,683
Cash & cash equivalents- earning	87,314,857	69,842,709
Cash & cash equivalents- non-earning	47,404,951	13,699,244
	<u>177,927,670</u>	<u>125,361,880</u>
Saving deposits and other liabilities:		
Voluntary shares	738,257,741	701,079,382
Members deposits	837,329,754	786,575,839
External credit	1,833	-
Payables & accruals	47,941,510	54,643,290
	<u>1,623,530,838</u>	<u>1,542,298,511</u>
Ratio	11%	8%

3. Financial risk management (cont'd)

b) Liquidity risk (cont'd)

The following table presents the undiscounted contractual maturities of financial liabilities, on the basis of their earliest possible contractual maturity.

	2024			Carrying value
	Within 3 months	3 to 12 months	Over 12 months	
	\$	\$	\$	
Members' share capital	738,257,741	117,878,287	69,364,912	925,500,940
Members' deposits	837,329,754	-	-	837,329,754
External credit	-	73,377,073	-	73,377,073
Payables and accruals	47,941,510	-	-	47,941,510
	<u>1,623,529,005</u>	<u>191,255,360</u>	<u>69,364,912</u>	<u>1,884,149,277</u>

	2023			Carrying value
	Within 3 months	1 to 3 months	Over 12 months	
	\$	\$	\$	
Members' share capital	701,079,382	99,007,961	92,780,774	892,868,117
Members' deposits	786,575,839	-	-	786,575,839
External credit	-	73,378,906	-	73,378,906
Payables and accruals	54,643,290	-	-	54,643,290
	<u>1,542,298,511</u>	<u>172,386,867</u>	<u>92,780,774</u>	<u>1,807,466,152</u>

3. Financial risk management (cont'd)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rate and equity prices and will affect the Credit Union's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Credit Union's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Credit Union is exposed to currency risks in respect to savings account held in United States Dollars

Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed by holding primarily fixed rate financial instruments. The Credit Union exposure to interest rate risk at the end of reporting period was as follows:

	2024			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
<u>Assets</u>	\$	\$	\$	\$
Loans originated	36,760,819	36,738,628	1,607,784,591	1,681,284,038
Cash & cash equivalents-earning	87,314,857	-	-	87,314,857
Financial investments	-	51,833,952	356,211,726	408,045,678
	124,075,676	88,572,580	1,963,996,317	2,176,644,573
<u>Liabilities</u>				
Savings deposits	837,329,754	-	-	837,329,754
Members' shares	738,257,741	117,878,287	69,364,912	925,500,940
External credit	-	73,377,073	-	73,377,073
	1,575,587,495	191,255,360	69,364,912	1,836,207,767
Total interest rate gap	(1,451,511,819)	(102,682,780)	1,894,631,405	340,436,806
Cumulative gap	(1,451,511,819)	(1,554,194,599)	340,436,806	-

3. Financial risk management (cont'd)

c) Market risk (cont'd)

Interest rate risk (cont'd)

	2023			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
<u>Assets</u>	\$	\$	\$	\$
Loans originated	32,779,936	30,365,771	1,429,997,364	1,493,143,071
Cash & cash equivalents-earning	69,842,709	-	-	69,842,709
Financial investments	-	322,995,432	194,755,243	517,750,675
	102,622,645	353,361,203	1,624,752,607	2,080,736,455
<u>Liabilities</u>				
Savings deposits	786,575,839	-	-	786,575,839
Members' shares	701,079,382	99,007,961	92,780,774	892,868,117
External credit	-	73,378,906	-	73,378,906
	1,487,655,221	172,386,867	92,780,774	1,752,822,862
Total interest rate gap	(1,385,032,576)	180,974,336	1,531,971,833	327,913,593
Cumulative gap	(1,385,032,576)	(1,204,058,240)	327,913,593	-

4. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure and from external factors other than financial risks such as arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The primary responsibility for the development and implementation of control to identify operational risk is assigned to the Board of Directors. This responsibility is supported by overall co-operative standards for the management of operational risk in following areas:

Requirements for periodic assessment of operational risk faced, and the adequacy of controls and procedure to address the risks identified.

Requirements for the appropriate segregation of duties, including the independent authorisation of transactions;

Compliance with regulatory and other legal requirements;

Documentation of controls and procedures;

Requirements for the reporting of operational losses and proposed remedial action;

4. Operational risk (cont'd)

Development of contingency plans;

Ethical and business standards;

Risk, mitigation, including insurance where this is effective;

Compliance with the Credit Union's policies is supported by a programme of periodic reviews;

Capital management

The Credit Union's objective when managing capital is to safeguard the Credit Union's ability to continue as a going concern. The Credit Union defines its capital as permanent shares, institutional capital and special reserve. Its dividend pay-out takes into account the maintenance of an adequate capital base. The Credit Union is required by the Jamaica Co-operative League Limited to maintain its capital ratio at a minimum of 10 % of total assets. At the end of the reporting period, the ratio was 13% (2023:-13%) which is in compliance with the requirements.

Insurance

The Credit Union has in place the following insurance coverage which are deemed adequate:

- Fidelity bond
- Life savings & loan protection
- General all risks

Related party balances

At December 31, 2024, members of the Credit Union's Board of Directors, Committee members and staff had savings and loans as stated below:

	<u>2024</u>	<u>2023</u>
	\$	\$
Savings	16,464,655	23,195,422
Loans (inclusive of interest)	26,937,075	29,657,943

During the year, no director nor committee member received any loan which necessitated a waiver of the loan policy.

4. Operational risk (cont'd)

Collaterals

The Credit Union holds collateral against loans to members in the form of mortgage interest over property, lien over motor vehicles, other registered securities over assets, hypothecation of shares held in the Credit Union and guarantees. Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.

Staff Complement

	<u>2024</u>	<u>2023</u>
Number of persons employed		
Full time	24	23
	<u>24</u>	<u>23</u>

Comparison of general ledger and members' ledger balances

	2024			
	Permanent Shares	Voluntary Shares	Deposits	Loans
		\$	\$	\$
Balance as per general ledger	28,373,906	925,500,940	828,201,921	1,681,284,038
Balance as per members' ledger	<u>28,373,906</u>	<u>925,500,940</u>	<u>828,201,935</u>	<u>1,681,284,038</u>
Differences	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>-</u>

	2023			
	Permanent Shares	Voluntary Shares	Deposits	Loans
		\$	\$	\$
Balance as per general ledger	27,016,009	892,868,117	780,093,607	1,493,143,071
Balance as per members' ledger	<u>27,016,009</u>	<u>892,868,117</u>	<u>780,093,607</u>	<u>1,493,143,071</u>
Differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5. Financial investments

	<u>2024</u>	<u>2023</u>
Non-current	\$	\$
Equity Instruments-Unquoted-FVTPL	6,104,088	6,183,239
Debt Instruments-FVTOCI	97,621,366	70,864,317
Debt Instruments-FVTPL	212,486,272	42,690,446
Debt Instruments-Amortized cost	40,000,000	75,017,241
	<u>356,211,726</u>	<u>194,755,243</u>
Current		
Debt Instruments-Amortized cost	34,824,836	-
Debt Instruments-FVTPL	15,000,000	322,995,432
Interest receivable	2,009,116	-
	<u>51,833,952</u>	<u>322,995,432</u>

6. Loans originated

	<u>2024</u>			
	Within 3 months	3 to 12 months	Over 12 months	Carrying Value
	\$	\$	\$	\$
Principal	36,760,819	36,738,628	1,607,784,591	1,681,284,038
Interest receivable	-	-	6,403,044	6,403,044
Less expected credit loss	(2,944,750)	(3,286,751)	-	(6,231,501)
Carrying value	<u>33,816,069</u>	<u>33,451,877</u>	<u>1,614,187,635</u>	<u>1,681,455,581</u>

	<u>2023</u>			
	Within 3 months	3 to 12 months	Over 12 months	Carrying Value
	\$	\$	\$	\$
Principal	32,779,936	30,365,771	1,429,997,364	1,493,143,071
Interest receivable	-	-	7,431,947	7,431,947
Less expected credit loss	(4,659,253)	(3,180,618)	-	(7,839,871)
Carrying value	<u>28,120,683</u>	<u>27,185,153</u>	<u>1,437,429,311</u>	<u>1,492,735,147</u>

6. Loans originated (cont'd)

Movement in loan loss provision

	<u>2024</u>	<u>2023</u>
	\$	\$
Allowance for loan loss at the beginning of year	7,839,871	5,226,550
(Decrease) /Increase in provision based on ECL calculations	<u>(1,608,370)</u>	<u>2,613,321</u>
	<u>6,231,501</u>	<u>7,839,871</u>
	<u>6,231,501</u>	<u>7,839,871</u>

Provision for loan loss

The credit union provides for loan loss using the expected credit loss model. At the end of reporting period the provision for loan loss was as follows:

2024			
Stages	Aging	Number of Loans	Expected Credit Loss
			\$
Stage 1	1-30 days	1698	2,944,750
Stage 2	31-89 days	19	498,080
Stage 3	Over 90 days	39	2,788,671
Total		1756	6,231,501

2023			
Stages	Aging	Number of Loans	Expected Credit Loss
			\$
Stage 1	1-30 days	1602	4,659,253
Stage 2	31-89 days	8	140,083
Stage 3	Over 90 days	46	3,040,535
Total		1656	7,839,871

6. Loans originated(cont'd)

Provision required by the rules of the Jamaica Co-operative Credit Union League Limited are stated below for comparative purposes.

	2024			
Months in Arrears	Total Number of loans	Total Delinquent loans	Provision	
		\$	\$	%
Less than 2 months				-
2-3 months	11	10,341,770	1,034,177	10%
4-6 months	5	477,420	143,226	30%
7- 12 months	14	19,802,147	11,881,288	60%
Over 12 months	78	60,931,677	60,931,677	100%
Total	108	91,553,014	73,990,368	

	2023			
Months in Arrears	Total Number of loans	Total Delinquent loans	Provision	
		\$	\$	%
Less than 2 months				-
2-3 months	10	15,975,141	1,597,514	10%
4-6 months	8	8,192,671	2,457,801	30%
7- 12 months	14	11,143,853	6,686,312	60%
Over 12 months	74	47,383,304	47,383,304	100%
Total	106	82,694,969	58,124,931	

7. Property, plant & equipment

	Land & Building	Furniture, Fixtures & Fittings	Office Equipment	Computer	Total
<u>At cost/Revaluation</u>	\$	\$	\$	\$	\$
December 31, 2022	17,047,906	5,492,618	16,168,863	38,542,076	77,251,463
Acquisitions	-	148,212	177,829	4,240,007	4,566,048
December 31, 2023	17,047,906	5,640,830	16,346,692	42,782,083	81,817,511
Acquisitions	507,800	415,278	614,575	4,287,325	5,824,978
December 31, 2024	17,555,706	6,056,108	16,961,267	47,069,408	87,642,489
<u>Accumulated depreciation</u>					
December 31, 2022	5,228,717	3,999,265	12,696,460	12,752,654	34,677,096
Charge for the year	364,582	112,167	653,313	270,370	1,400,432
December 31, 2023	5,593,299	4,111,432	13,349,773	13,023,024	36,077,528
Charge for the year		192,459	341,415	482,397	1,016,271
December 31, 2024	5,593,299	4,303,891	13,691,188	13,505,421	37,093,799
<u>Carrying value</u>					
December 31, 2024	11,962,407	1,752,217	3,270,079	33,563,987	50,548,690
December 31, 2023	11,454,607	1,529,398	2,996,919	29,759,059	45,739,983

8. Cash & cash equivalents -earning

	<u>2024</u>	<u>2023</u>
	\$	\$
Bank accounts	38,885,301	20,292,218
Short term investments	48,429,556	49,550,491
	<u>87,314,857</u>	<u>69,842,709</u>

9. Other Assets

	<u>2024</u>	<u>2023</u>
	\$	\$
Premium receivable	-	1,781,277
Withholding tax	4,115,755	4,115,755
Prepaid expense	2,768,398	2,727,549
Security deposit	-	34,188
other receivables	2,507,640	5,040,475
	<u>9,391,793</u>	<u>13,699,244</u>

10. Cash & cash equivalents-non-earning

	<u>2024</u>	<u>2023</u>
	\$	\$
Cash in hand	63,526	47,431
Cash at bank	47,431,460	81,466,088
	<u>47,494,986</u>	<u>81,513,519</u>

11. Permanent Shares

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance January 1,	27,016,009	26,667,043
Add subscription	1,357,897	348,966
	<u>28,373,906</u>	<u>27,016,009</u>

12. Institutional capital

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance January 1,	265,842,570	265,821,284
Entrance fees	3,422	21,286
	<u>265,845,992</u>	<u>265,842,570</u>

13. Non-institutional capital

	<u>2024</u>	<u>2023</u>
	\$	\$
General reserves	3,000,000	3,000,000
Gain on investments	30,907,794	35,137,781
Share transfer fund	601,290	577,321
General reserves	73,610,686	73,610,686
Loan loss reserve	67,758,867	52,898,381
	<u>175,878,637</u>	<u>165,224,169</u>

14. Accumulated deficit

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance at January 1,	(48,867,499)	(14,800,552)
Current year surplus	(13,749,068)	(2,498,121)
Prior year adjustment-accrued expenses		(16,858,328)
Amortized loan fees	-	(1,165,923)
Transfer to loan loss reserve	(14,860,486)	(13,544,575)
	<u>(77,477,053)</u>	<u>(48,867,499)</u>

15. Members' Voluntary Shares

2024			
Within 3 months	3 to 12 months	Over 12 months	Carrying value
<u>Current</u>		<u>Non-current</u>	
\$	\$	\$	\$
738,257,741	117,878,287	69,364,912	925,500,940

2023			
Within 3 months	3 to 12 months	Over 12 months	Carrying value
<u>Current</u>		<u>Non-current</u>	
\$	\$	\$	\$
701,079,382	99,007,961	92,780,774	892,868,117

16. Members deposits

	2024			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
	\$	\$	\$	\$
Regular deposits	708,669,956	-	-	708,669,956
Term deposits	119,531,965	-	-	119,531,965
Accrued interest	9,127,833	-	-	9,127,833
	<u>837,329,754</u>	<u>-</u>	<u>-</u>	<u>837,329,754</u>

16. Members deposits (cont'd)

	2023			
	Within 3 months	3 to 12 months	Over 12 months	Carrying value
	\$	\$	\$	\$
Regular deposits	117,846,136	-	-	117,846,136
Term deposits	662,247,471	-	-	662,247,471
Accrued interest	6,482,232	-	-	6,482,232
	<u>786,575,839</u>	<u>-</u>	<u>-</u>	<u>786,575,839</u>

17. External credit

	<u>2024</u>	<u>2023</u>
	\$	\$
Sagikor Life Jamaica Limited	48,101,919	48,101,919
Guardian Life Jamaica Limited	25,275,154	25,276,987
	<u>73,377,073</u>	<u>73,378,906</u>

Loan from Sagikor Life Jamaica Limited matures November 2025 and is secured by Building located at 27, Parkington Plaza, Kingston 10 and bears an interest rate of 2.25% per annum.

Loan from Guardian life Limited matures August 2025 and is secured by deposits held at Credit Union Fund Management Company Limited and bears an interest of 5 % per annum.

18. Deferred income

	<u>2024</u>	<u>2023</u>
	\$	\$
Amortized fees	7,390,791	4,599,876
	<u>7,390,791</u>	<u>4,599,876</u>

19. Payables & accruals

	<u>2024</u>	<u>2023</u>
	\$	\$
Accrued expenses	28,669,071	30,479,351
Audit fees	1,368,700	1,785,000
Death claims	2,640,167	2,537,460
General Consumption Tax	1,931,873	2,035,699
Withholding tax	3,159,788	3,376,612
QNET	1,300,863	1,136,701
Honoraria	374,188	374,188
Other payables	7,988,086	3,226,033
Premiums payable	207,357	9,390,829
Security deposit	301,417	301,417
	<u>47,941,510</u>	<u>54,643,290</u>

20. Staff cost

	<u>2024</u>	<u>2023</u>
	\$	\$
Salaries and allowances	110,930,970	93,329,291
Staff training	1,067,895	733,165
Travelling	324,278	1,242,064
Pension	7,254,093	6,725,788
	<u>119,577,236</u>	<u>102,030,308</u>

21. Administrative expenses

	<u>2024</u>	<u>2023</u>
	\$	\$
Audit fee	1,955,000	1,790,700
Depreciation	1,016,271	1,400,432
Donation	388,734	10,000
Electricity	4,364,566	4,243,928
Insurance	7,242,542	6,694,452
FIP expenses	1,945,295	1,920,174
Office expenses	5,834,140	7,610,118
Office rental	2,037,006	1,913,163
Professional fees	11,944,417	4,759,630
Repairs and maintenance	4,088,518	1,779,709
Security	3,499,013	3,637,982
Telephone and postage	7,981,633	7,196,059
Water	394,284	2,217,841
	<u>52,691,419</u>	<u>45,174,188</u>

22. Promotion expenses

	<u>2024</u>	<u>2023</u>
	\$	\$
Advertising and promotion	<u>4,967,296</u>	<u>3,994,763</u>
	<u>4,967,296</u>	<u>3,994,763</u>

23. Representation & Affiliation expenses

	<u>2024</u>	<u>2023</u>
	\$	\$
League fees	4,409,300	4,394,870
Stabilization dues	2,517,751	2,037,159
Seminars & meetings	<u>4,985,075</u>	<u>5,052,040</u>
	<u>11,912,126</u>	<u>11,484,069</u>

24. Finance cost

	<u>2024</u>	<u>2023</u>
	\$	\$
Interest on external credit	1,953,510	2,017,289
Bank charges	<u>4,370,815</u>	<u>2,788,538</u>
	<u>6,324,325</u>	<u>4,805,827</u>