The Insurance Employees Co-operative Credit Union Limited

Financial Statements

December 31, 2013

Contents

	Page
Independent auditors' report	1
Statement of financial position as at December 31, 2013	3
Statement of financial position as at December 31, 2013	4
Statement of profit or loss for the year ended December 31, 2013	5
Statement of comprehensive income for the year ended December 31, 2013	6
Statement of changes in equity for the year ended December 31, 2013	7
Statement of cash flows for the year ended December 31, 2013	8
Notes to the financial statements December 31, 2013	9

Independent auditors' report

To the Registrar of Co-operative Societies
Re: The Insurance Employees Co-operative Credit Union Limited
(A society registered under the Co-operative Societies Act)

Report on the Financial Statements

We have audited the accompanying financial statements of The Insurance Employees Co-operative Credit Union Limited, which comprise the statement of financial position as at December 31, 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditors' Responsibility (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Insurance Employees Co-operative Credit Union as at December 31, 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Co-operative Societies Act.

Report on Additional Requirements of the Co-operative Societies Act

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, and the financial statements are in agreement with the accounting records, and give the information required by the Co-operative Societies Act.

Kingston, Jamaica

July 8, 2014 Chartered Accountants

Statement of financial position as at December 31, 2013

	Note	2013 $	2012 $
Assets			
Non-current assets			
Earning			
Loans, after provision for loan impairment	(5)	**898,459,071**	935,032,393
Financial investments	(6)	**68,410,530**	67,657,254
		966,869,601	1,002,689,647
Non-earning			
Property, plant and equipment	(7)	**21,169,735**	20,266,080
Intangible assets	(8)	**-**	246,198
		21,169,735	20,512,278
Total non-current assets		**988,039,336**	1,023,201,925
Current assets			
Earning			
Loans, after provision for loan impairment	(5)	**85,700,131**	78,138,072
Liquid assets	(9)	**120,178,524**	99,536,254
Financial investments	(6)	**193,382,237**	155,485,750
Bank and cash balances	(10)	**2,518,259**	2,327,560
		401,779,151	335,487,636
Non-earning			
Accounts receivable	(11)	**43,272,720**	46,242,561
Bank and cash balances	(10)	**51,479,123**	42,097,411
		94,751,843	88,339,972
Total current assets		**496,530,994**	423,827,608
Total assets		**1,484,570,330**	1,447,029,533

Statement of financial position as at December 31, 2013

	Note	2013 $	2012 $
Capital and liabilities			
Capital and reserves			
Institutional capital	(12)	**144,055,455**	144,029,285
Non-institutional capital	(13)	**208,972,560**	213,102,705
Undistributed surplus		**20,086,695**	6,110,835
Total capital and reserves		**373,114,710**	363,242,825
Liabilities			
Non-current liabilities			
Interest bearing			
Members voluntary shares	(14)	**576,858,568**	569,369,673
Loans	(15)	**73,000,000**	73,000,000
Total non-current liabilities		**649,858,568**	642,369,673
Current liabilities			
Interest bearing			
Savings deposits	(16)	**439,921,501**	419,894,614
		439,921,501	419,894,614
Non-interest bearing			
Accounts payable	(17)	**21,675,551**	21,522,421
		21,675,551	21,522,421
Total current liabilities		**461,597,052**	441,417,035
Total liabilities		**1,111,455,620**	1,083,786,708
Total capital and liabilities		**1,484,570,330**	1,447,029,533

The notes on the accompanying pages form an integral part of these financial statements.

Approved for issue by the Board of Directors on July 8, 2014 and signed on its behalf by:

________________________) President
Bernita Locke

________________________) Treasurer
Derrick Logan

Statement of profit or loss for the year ended December 31, 2013

	Note	2013 $	2012 $
Interest income			
Members' loans	(18)	**138,844,812**	135,340,313
Liquid assets	(19)	**6,275,846**	4,646,961
Investments	(20)	**14,560,233**	14,144,389
		159,680,891	154,131,663
Interest expense and dividends			
Interest on members' savings and deposits	(21)	**28,688,871**	28,444,534
Interest paid on members' voluntary shares	(22)	**10,484,797**	8,859,485
Other financial costs	(23)	**5,871,178**	5,029,191
		45,044,846	42,333,210
Net interest income		**114,636,045**	111,798,453
Increase in provision for loan losses		**(4,503,559)**	(22,275,729)
Net interest income after provision		**110,132,486**	89,522,724
Non-interest income			
Dividends		**475,665**	414,968
Investment property income		**2,531,366**	2,006,999
Miscellaneous	(24)	**9,502,605**	8,436,102
Loss on Global Fund		**(904,429)**	(1,249,803)
		11,605,207	9,608,266
Gross margin		**121,737,693**	99,130,990
Less: Operating expenses	(25)	**104,267,869**	107,517,176
Surplus/(deficit) for the year before honorarium		**17,469,824**	(8,386,186)
Less: Payment of honorarium		**-**	1,108,000
Surplus/(deficit) for the year		**17,469,824**	(9,494,186)

The notes on the accompanying pages form an integral part of these financial statements.

Statement of comprehensive income for the year ended December 31, 2013

	Note	2013 $	Restated 2012 $
Surplus/(deficit) for the year (page 5)		**17,469,824**	(9,494,186)
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains on pension fund on wind-up	(30)	**978,474**	-
Distribution of pension fund surplus on wind-up of fund	(30)	**(3,175,361)**	-
Irrecoverable costs related to merger		**(5,421,784)**	-
Other comprehensive loss for the year		**(7,618,671)**	-
Total comprehensive income/(loss) for the year		**9,851,153**	(9,494,186)

The notes on the accompanying pages form an integral part of these financial statements.

Statement of changes in equity for the year ended December 31, 2013

	Institutional Capital						
	Permanent Share Capital and Reserve $	Statutory Reserve $	Liquidity Reserve $	**Total Institutional Capital** $	**Non-Institutional Capital** $	**Undistributed surplus** $	**Total** $
Balance at December 31, 2011	14,204,939	126,321,366	3,500,000	144,026,305	196,323,862	32,196,576	372,546,743
Deficit for the year being total comprehensive loss	-	-	-	-	-	(9,494,186)	(9,494,186)
Entrance fees	-	2,980	-	2,980	-	-	2,980
Transfer fund reserve	-	-	-	-	99,895	(99,895)	-
General reserve	-	-	-	-	17,907,038	(17,907,038)	-
Transfer of surplus arising from prior year merger	-	-	-	-	-	2,415,378	2,415,378
Loan loss reserve	-	-	-	-	(1,228,090)	-	(1,228,090)
Dividends on permanent shares	-	-	-	-	-	(1,000,00)	(1,000,000)
	-	2,980	-	2,980	16,778,843	(16,591,555)	190,268
Balance at December 31, 2012	14,204,939	126,324,346	3,500,000	**144,029,285**	**213,102,705**	**6,110,835**	**363,242,825**
Surplus for the year being total comprehensive profit	-	-	-	-	-	17,469,824	17,469,824
Statutory transfer – 20% of surplus for the year	-	3,493,964	-	3,493,964	-	(3,493,964)	-
Entrance fees	-	1,730	-	1,730	-	-	1,730
Transfer fund reserve	30,476	-	-	30,476	(11,474)	-	19,002
Transfer of deficit arising from prior year merger	-	-	-	-	(5,421,784)	-	(5,421,784)
Net pension fund distribution wind-up	-	-	-	-	(2,196,887)	-	(2,196,887)
Transfer from institutional capital	-	-	(3,500,000)	(3,500,000)	3,500,000	-	-
	30,476	3,495,694	(3,500,000)	26,170	(4,130,145)	13,975,860	9,871,885
Balance at December 31, 2013	14,235,415	129,820,040	**-**	**144,055,455**	**208,972,560**	**20,086,695**	**373,114,710**

The notes on the accompanying pages form an integral part of these financial statements.

Statement of cash flows for the year ended December 31, 2013

	2013 $	2012 $
Cash flows from operating activities:		
Surplus/(deficit) for the year	**17,469,824**	(9,494,186)
Adjustments for:		
Depreciation	**1,500,294**	2,142,914
Amortisation	**246,198**	61,548
Interest income	**(159,680,891)**	(154,131,663)
Net pension fund distribution	**(2,196,887)**	-
Merger costs written-off	**(5,421,784)**	-
Changes in operating assets and liabilities		
Accounts receivable	**3,157,594**	1,693,874
Accounts payable	**153,130**	15,414,690
Loans to members	**29,011,263**	(38,462,768)
Financial investments	**(38,649,763)**	486,726
	(154,411,022)	(182,288,865)
Interest received	**159,493,138**	153,738,477
Net cash provided by/(used in) operating activities	**5,082,116**	(28,550,388)
Cash flows from investing activities:		
Additions to property and equipment	**(2,403,949)**	(3,014,969)
Net cash used in investing activities	**(2,403,949)**	(3,014,969)
Cash flows from financing activities:		
Members voluntary shares	**7,488,895**	26,244,923
Building Society Co-operative	**-**	2,415,378
Entrance fees	**1,730**	2,980
Savings deposits	**20,026,887**	49,562,435
Dividends paid on permanent shares	**-**	(1,000,000)
Loan loss reserve	**-**	(1,228,090)
Loan repayment	**-**	10,000,000
Fund reserve	**19,002**	-
Net cash provided by financing activities	**27,536,514**	85,997,626
Net increase in liquid assets	**30,214,681**	54,432,269
Liquid assets at beginning of year	**143,961,225**	89,528,956
Liquid assets at end of year	**174,175,906**	143,961,225
Liquid assets at end of year represented by:		
Liquid assets – earning (Note 9)	**120,178,524**	99,536,254
Bank balances (Note 10)	**53,997,382**	44,424,971
	174,175,906	143,961,225

The notes on the accompanying pages form an integral part of these financial statements.

Notes to the financial statements
December 31, 2013

1. Identification and 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. Effective October 1, 2012, the Credit Union merged with the Building Societies Co-operative Credit Union Limited. (Note 1(b)).

The main objectives of the Credit Union are to promote thrift among its members by affording them an opportunity to accumulate their savings and to create for them a source of credit for provident and productive purposes at reasonable rates of interest.

The Credit Union is a member of the Jamaica Co-operative Credit Union League Limited (JCCUL) or "the League") which provides financial services, technical support and sets prudential standards for the Credit Unions.

2. Regulation

The Co-operative Societies Act which requires, amongst other provisions, that at least twenty percent (20%) of the net surplus of the Credit Union be transferred to a reserve fund each year. Section 59 of the Act provides for the exemption from income tax and stamp duty for the Credit Union.

3. Adoption of new and revised standards

i Standards, amendments and interpretations effective during the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Credit Union has assessed the relevance of all such new standards, interpretations and amendments, and has adopted the following, which are immediately relevant to its operations.

Amendment to IAS 1, 'Presentation of financial statements'

(effective for annual periods beginning on or after 1 July 2012). The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on property, plant and equipment will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment had no impact on the Credit Union's financial statements.

IFRS 13 'Fair Value Measurement' (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Credit Union has however included as comparative information the IFRS 13 disclosures that were required previously by IFRS 7 'Financial Instruments: Disclosures'. The Credit Union has applied IFRS 13 for the first time in the current year, see Note 28.

Amendments to IAS 19 'Employee Benefits' (IAS 19)

The 2011 amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- eliminate the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income.
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability.
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

The changes to IAS 19 had no impact on the Credit Union's financial statements.

Certain other new standards, amendments and interpretations to existing standards have been issued but did not to have a material impact on the company's financial statements.

These are:

Title	Full title of Standard or Interpretation	Effective for annual periods beginning on or after
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Credit Union

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Credit Union.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Credit Union's financial statements is provided below.

IFRS 9 'Financial Instrument' (IFRS 9)

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The Credit Union's management have yet to assess the impact of this new standard in the Credit Union's consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Credit Union's financial statements.

4. Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of the financial statements are summarised below and have been consistently applied for all the years presented:

a Basis of preparation

i Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Co-operative Societies Act.

ii Measurement bases

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

b Property, plant and equipment

(i) Carrying value

Property, plant and equipment is carried at acquisition cost less accumulated depreciation and impairment.

(ii) Depreciation is charged on assets from the date of acquisition.

Depreciation is provided on the straight line and reducing balance basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives are:

Building	40 years
Furniture and equipment	5 - 10 years
Computers and other office equipment	3 - 5 years

Land is not depreciated.

(iii) Repairs and renewals

The costs of repairs and renewals which do not increase the expected useful lives of assets or enhance their carrying value, are charged to the Revenue and Expenditure Statement when incurred.

c Intangible asset – computer software

Computer software are capitalised on the basis of the costs incurred to acquire and install the specific software.

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 2p. The useful lives approximate to four (4) years. The initial amortisation period will commence in the year following capitalisation.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

d Revenue

Interest income earned from loans, investments, fees and commissions are recorded on the accrual basis. Rental income is treated on the cash basis.

e Investments

(i) The Credit Union has classified its investment securities as available-for-sale assets. Investments intended to be held for an indefinite period of time which may be sold in response to needs for liquidity, statutory obligations or changes in interest rates or exchange rates are classified as available-for-sale.

Available-for-sale instruments include non derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial instruments.

(ii) Investment securities are initially recognised at cost. Available-for-sale financial assets are subsequently remeasured at fair value based on amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities are recognised in equity.

Gains and losses arising from securities are recognised in the Revenue and Expenditure Statement when they are sold or when the investment is impaired.

f Financial instruments

Financial assets and financial liabilities are recognised when the Credit Union becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held to maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance income', 'finance costs' or 'other financial items', except for impairment of trade receivables which is presented within 'other operating expenses'.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Credit Union's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.
Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. A provision for doubtful debt is recognized when there is an indication that the debt is impaired. Impairment of trade receivables are presented within 'other operating expenses'.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Credit Union has the intention and ability to hold them until maturity.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Credit Union's available-for-sale financial assets include term deposits and unquoted shares at cost.

Financial liabilities

The Credit Union's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item. The fair value of the Credit Union's investment is disclosed in Note 7.

g Foreign currency translation

Functional and presentation currency

The financial statements are prepared and presented in Jamaican dollars, which is the functional currency of the company.

Foreign currency translations and balances

(i) Foreign currency balances at the date of the statement of financial position have been translated at rates of exchange ruling at that date;

(ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions;

(iii) Gains/losses arising from fluctuations in exchange rates are included in the statement of comprehensive income.

h Statutory reserve

The Co-operative Societies Act requires the Society to set aside at least twenty percent (20%) of its net surplus of income over expenditure to a reserve each year. This reserve is not distributable by way of dividends.

i Institutional capital

Institutional capital includes the statutory reserve fund. Institutional capital is not available for distribution.

j League fees and stabilisation dues

The Credit Union is required to pay league fees of .25% of total assets and stabilisation dues of .35% of total savings to the Jamaica Co-operative Credit Union League.

k Originated loans and provision for loan impairment

Loans are stated net of any unearned income and of an allowance for delinquent loans.

Loans are recognised when cash is advanced to borrowers. They are originally recorded at cost, which is the cash given to originate the loan including any transaction costs.

A provision for loan loss is established if there is objective evidence that the Credit Union will not be able to collect all amounts due according to the contractual terms of the loans. The provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral discounted based on the interest rate at inspection.

The loan loss provision also covers losses where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrower operates. When a loan is uncollectible, it is written off against the related provision for impairment; subsequent recoveries are credited to the bad and doubtful debt expense in the Revenue and Expenditure Statement.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited back to the provision for loan loss expense.

l Borrowing costs

Borrowing costs are recognised in the statement for all interest-bearing instruments in the period in which they are incurred by reference of the principal outstanding, and at the effective interest rate applicable.

m Receivables

Receivables are carried at anticipated realisable values. An estimate is made for doubtful receivables based on all outstanding amounts at year-end. Bad debts are written off in the year which they are identified.

n Pension obligations

Pension contributions are in respect of defined contribution plans and are expensed as they fall due.

o Impairment

The Credit Union’s property and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

p Comparative information

Certain prior year figures have been restated to conform to current year presentation.

5. Loans to members – Net of provisions

(a) Loans comprise:

	2013 **$**	2012 $
Balance at beginning of year	**1,068,486,002**	1,007,746,327
Add: Loans granted	**262,484,724**	309,788,924
	1,330,970,726	1,317,535,251
Less: Repayment and transfers	**(307,639,527)**	(249,049,249)
	1,023,331,199	1,068,486,002
Less: Current portion	**(85,700,131)**	(78,138,072)
	937,631,068	990,347,930
Less: Allowance for loan losses	**(39,171,997)**	(55,315,537)
Total	**898,459,071**	935,032,393

(b) Delinquent loans

At December 31, 2013, there were three hundred and twenty-five (325) (2012 – four hundred ninety-six (496)) delinquent loans aged one month and over. These loans are summarised as follows:

Months in Arrears	Total Number of Loans $	Total Delinquent Loans $	PEARLS Provision $	Percentage %
Less than 2	113	29,065,244	-	-
2 - 3	38	11,192,730	1,119,273	10
3 - 6	48	23,384,361	7,015,308	30
6 - 12	48	19,083,733	11,450,240	60
Over 12	82	19,587,176	19,587,176	100
Total	**329**	**102,313,244**	**39,171,997**	

(c) Provision for loan impairment:

	2013 **$**	2012 $
Provision at beginning of year	**55,315,537**	33,038,630
Provided during the year - IFRS	**8,229,831**	22,276,907
Bad debts written off	**(24,373,371)**	-
Provision for impairment at end of year	**39,171,997**	55,315,537

(d) Net movement on loan impairment provision:

	2013 **$**	2012 $
Provided during the year - IFRS	**8,229,831**	22,276,907
Bad debt recovered	**(3,726,272)**	(1,178)
Charged to income and expenditure account during the year	**4,503,559**	22,275,729

(e) Renegotiated loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is rest to a normal status and managed together with other similar accounts.

Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

As at December 31, 2013, there were no renegotiated loans, (2012 - $10,173,839.65).

6. Financial investments

	Remaining to Maturity						
	Within Three Months	One to Five Years	Over Five Years	**Carrying Values 2013**		Carrying Value 2012	
				Current	**Non-Current**	Current	Non-Current
	$	$	$	**$**	**$**	$	$
Available-for-sale Investments:							
Government of Jamaica Securities	-	56,035,000	-	**-**	56,035,000	-	56,035,000
Proven Wealth Limited	20,933,068	-	-	**20,933,068**	-	15,387,878	-
JMMB	42,704,962	-	-	**42,704,962**	-	18,839,313	-
First Caribbean Securities	47,032,875	-	-	**47,032,875**	-	30,234,000	-
Victoria Mutual Building Society - Cumbo Investment	6,924,912	-	-	**6,924,912**	-	6,520,654	-
Scotia Investments	4,903,398	-	-	**4,903,398**	-	3,955,906	-
NCB Capital Markets	27,118,610	-	-	**27,118,610**	-	30,773,267	-
Sagicor Investments	43,764,412	-	-	**43,764,412**	-	49,774,732	-
					-		
Securities Available-for-sale:							
GOJ Global fund	-	-	5,128,948	-	5,128,948	-	4,516,219
				-			
Unquoted shares at cost:				-			
Unlisted – JCCUL	-	-	5,373,303	-	**5,373,303**	-	5,232,756
Shares Quality Network Co-operative Credit Union Limited	-	-	1,873,279		**1,873,279**	-	1,873,279
Total	**193,382,237**	**56,035,000**	**12,375,530**	**193,382,237**	**68,410,530**	155,485,750	67,657,254

Financial investments at December 31, 2013 have been classified as available-for-sale as they are either designated in this category or do not qualify for inclusion in any other category.

7. Property, plant and equipment

The carrying amounts for equipment for the years included in these financial statements as at December 31, 2013 can be analysed as follows:

	Land and Building $	Furniture and Fixtures $	Office Equipment $	Computer $	Total $
Gross carrying amount					
Balance at December 31, 2012	12,970,296	3,770,110	8,666,609	9,553,791	34,960,806
Additions	-	-	1,638,084	765,865	2,403,949
Balance at December 31, 2013	**12,970,296**	**3,770,110**	**10,304,693**	**10,319,656**	**37,364,755**
Depreciation					
Balance at December 31, 2012	(2,293,592)	(1,949,100)	(4,890,623)	(5,561,411)	(14,694,726)
Depreciation	(171,002)	(169,321)	(607,430)	(552,541)	(1,500,294)
Balance at December 31, 2013	**(2,464,594)**	**(2,118,421)**	**(5,498,053)**	**(6,113,952)**	**(16,195,020)**
Carrying amount at December 31, 2013	**10,505,702**	**1,651,689**	**4,806,640**	**4,205,704**	**21,169,735**

	Land and Building $	Furniture and Fixtures $	Office Equipment $	Computer $	Total $
Gross carrying amount					
Balance at December 31, 2011	11,529,775	3,647,716	7,856,946	8,911,400	31,945,837
Additions	1,440,521	122,394	809,663	642,391	3,014,969
Balance at December 31, 2012	12,970,296	3,770,110	8,666,609	9,553,791	34,960,806
Depreciation					
Balance at December 31, 2011	(2,019,830)	(1,766,394)	(4,100,398)	(4,665,190)	(12,551,812)
Depreciation	(273,762)	(182,706)	(790,225)	(896,221)	(2,142,914)
Balance at December 31, 2012	(2,293,592)	(1,949,100)	(4,890,623)	(5,561,411)	(14,694,726)
Carrying amount at December 31, 2012	10,676,704	1,821,010	3,775,986	3,992,380	20,266,080

8. Intangible assets

	Software $	Total $
Gross carrying amount	**1,301,917**	1,301,917
Balance at December 31, 2013	**1,301,917**	1,301,917
Amortisation and impairment		
December 31, 2012	**(1,055,719)**	(1,055,719)
Amortisation	**(246,198)**	(246,198)
Balance at December 31, 2013	**(1,301,917)**	(1,301,917)
Carrying amounts at December 31, 2013	**-**	-

	Software $	Total $
Gross carrying amount		
December 31, 2011	1,301,917	1,301,917
Balance at December 31, 2012	1,301,917	1,301,917
Amortisation and impairment		
December 31, 2011	(994,171)	(994,171)
Amortisation	(61,548)	(61,548)
Balance at December 31, 2012	(1,055,719)	(1,055,719)
Carrying amounts at December 31, 2012	246,198	246,198

9. Liquid assets

	Remaining to Maturity			
	Within Three Months $	Three to Twelve Months $	**Fair Values 2013 $**	Fair Values 2012 $
JCCUL – Certificates of Deposits	93,938,343	-	**93,938,343**	66,171,330
Scotia DBG – Investment	247,617	-	**247,617**	6,701,485
JCCUL – Cu-Cash Deposits	25,992,564	-	**25,992,564**	26,663,439
Total	120,178,524	**-**	**120,178,524**	99,536,254

10. Bank and cash balances

	2013 $	2012 $
Earning assets		
Foreign exchange account - NCB	**42,774**	37,744
Foreign exchange - BNS	**2,475,485**	2,289,816
	2,518,259	2,327,560
Non-earning assets		
Petty cash	**3,000**	820
Cash in hand	**49,212**	38,229
Current account - First Caribbean International Bank	**1,282,109**	1,748,946
Current account - BNS	**24,692,440**	22,363,873
Current account - NCB	**11,674,930**	4,504,002
Current account - Pan Caribbean Merchant Bank	**917,980**	2,717,506
Current account - JNBS	**9,990,110**	6,996,178
Current account - VMBS	**1,736,568**	3,727,857
Current account - RBC	**1,132,774**	-
Total	**51,479,123**	42,097,411

11. Accounts receivable

	2013 $	2012 $
Interest receivable	**3,290,174**	3,102,421
Due from members	**5,906,384**	9,889,561
Other receivables	**34,076,162**	33,250,579
Total	**43,272,720**	46,242,561

All amounts are short-term and the carrying value is considered as reasonable approximation of fair value.

12. Institutional capital

	2013 $	2012 $
Permanent shares	**2,845,639**	2,853,972
Permanent shares reserve	**11,389,776**	11,370,967
Statutory reserve	**129,820,040**	126,324,346
Liquidity reserve (transferred to Non-institutional capital Note 13)	**-**	3,500,000
Total	**144,055,455**	144,029,285

13. Non-Institutional capital

	2013 $	2012 $
Special reserve	**15,691,782**	15,691,782
Capital reserve (Note a)	**3,000,000**	3,000,000
Gain on investment	**970,769**	970,769
General reserve	**176,322,916**	183,941,587
Share Fund transfer reserve (Note b)	**391,419**	402,893
Mortgage fund reserve (Note c)	**8,398,964**	8,398,964
Special reserve	**24,639**	24,639
Liquidity reserve	**3,500,000**	-
Hurricane relief	**1,492**	1,492
Bad debt	**70,579**	70,579
Building development fund reserve	**600,000**	600,000
Total	**208,972,560**	213,102,705

(a) Capital reserve - This represents amount set aside to offset capital expenditure.

(b) Share fund transfer reserve - This reserve was set aside for the purpose of purchasing

Permanent shares from resigning and deceased members beneficiaries.

(c) Mortgage fund reserve - This represents allocation of undistributed surplus to accommodate mortgage loans.

14. Members' voluntary shares

	2013 $	2012 $
Balance at beginning of year	**569,369,673**	542,707,100
Add: Amount subscribed	**41,341,026**	84,116,809
	610,710,699	626,823,909
Less: Withdrawals and transfers	**(33,852,131)**	(57,454,236)
Balance at end of year	**576,858,568**	569,369,673

15. Loans comprise

	2013 $	2012 $
(a) Sagicor Life Jamaica	**48,000,000**	48,000,000
(b) Guardian Life	**25,000,000**	25,000,000
Total	**73,000,000**	73,000,000

(a) This represents a Promissory Note from Sagicor Life Jamaica Limited to facilitate the outsourcing and administration of Sagicor Life Jamaica staff loans.

The loan bears interest rate of four per cent (4%) per annum, interest is payable semi-annually in arrears.

(b) This represents a Promissory Note from Guardian Life Limited to facilitate the outsourcing and administration of Guardian Life staff loans. The loan bears interest rate of four percent (4%) per annum and is repayable August 18, 2015 by a single bullet payment.

The loan is secured by:

- Letter of Hypothecation from the Jamaica Co-operative Credit Union League for $12,250,000.

- Letter of Hypothecation from NCB Capital Markets for $18,151,000.

16. Savings deposit

	Remaining to Maturity			
	Within Three Months $	Three to Twelve Months $	**Carrying Value 2013 $**	Carrying Value 2012 $
Term deposits	147,107,940	118,044,262	**265,152,202**	285,342,074
Regular deposits	167,337,523	-	**167,337,523**	121,039,005
	314,445,463	118,044,262	**432,489,725**	406,381,079
Interest accrued on members deposits	**7,431,776**	**-**	**7,431,776**	13,513,535
Total	**321,877,239**	**118,044,262**	**439,921,501**	419,894,614

17. Accounts payables

	2013 $	2012 $
Other payables	**18,474,062**	14,383,650
Accruals	**3,201,489**	7,138,771
Total	**21,675,551**	21,522,421

18. Interest on members' loans

	2013 $	2012 $
Interest on other loans to members	**124,651,440**	117,541,015
Interest on ordinary loans to members	**14,193,372**	17,799,298
Total	**138,844,812**	135,340,313

19. Interest from liquid assets

	2013 $	2012 $
Scotia Investments	**97,089**	182,424
JCCUL - Certificate of deposits	**4,203,184**	2,981,606
JCCUL - Cu cash deposits	**909,460**	947,653
Current account	**48,070**	202,116
Savings account	**1,018,043**	333,162
Total	**6,275,846**	4,646,961

20 Interest from investments

	2013 $	2012 $
Government of Jamaica Securities	**4,806,288**	5,149,167
Proven Wealth Management Investment	**836,936**	1,185,120
JMMB	**1,433,197**	996,113
First Caribbean Securities Investment	**2,354,049**	2,811,388
NCB Capital Markets	**1,787,702**	1,601,312
Sagicor Investments	**2,516,378**	2,327,896
VMBS – CUMBO funds	**212,819**	-
Global Fund	**612,864**	73,393
Total	**14,560,233**	14,144,389

21. Savings deposits

	2013 $	2012 $
Interest expense	**28,688,871**	28,444,534
Total	**28,688,871**	28,444,534

22. Interest and dividend paid on members' shares

	2013 $	2012 $
Interest paid on voluntary shares	**10,484,797**	8,859,485
Total	**10,484,797**	8,859,485

The Board proposed and the members ratified the payment of dividends amounting to $1,000,000 on permanent shares.

23. Other financial costs

	2013 $	2012 $
Bank charges	**2,540,904**	2,112,973
Interest on loans	**3,330,274**	2,916,218
Total	**5,871,178**	5,029,191

24. Miscellaneous income

	2013 $	2012 $
Commission and fees	**684,438**	230,563
Bill of sale	**251,295**	182,006
Discount cards	**14,917**	28,461
Service charge	**6,084,738**	4,944,085
Other	**2,467,217**	3,050,987
Total	**9,502,605**	8,436,102

25. Operating expenses

	2013 $	2012 $
Staff costs		
Salaries and allowances	**54,851,244**	53,188,469
Staff training and education	**523,300**	451,256
Staff travel	**187,101**	375,111
	55,561,645	54,014,836
Administrative		
Utilities	**4,717,057**	4,573,819
Depreciation	**1,500,294**	2,142,914
Amortisation	**246,198**	61,548
Audit and supervision	**1,299,996**	1,299,996
Repairs and maintenance	**758,234**	389,155
Security and messenger service	**1,282,418**	1,379,555
Telecommunication	**3,066,516**	2,775,929
Insurance premiums	**4,383,462**	4,507,702
Legal fees	**850,977**	551,774
Computer repairs and maintenance	**4,076,066**	6,559,807
Donation	**89,721**	73,350
Subscription and office expenses	**6,378,663**	6,044,671
Committee meetings	**2,241,338**	1,970,603
Annual general meeting expenses	**2,268,001**	2,492,807
F.I.P expenses	**613,187**	576,417
	33,772,128	35,400,047
Marketing and promotions		
Publicity	**1,873,158**	3,788,135
Public relations	**713,952**	359,488
	2,587,110	4,147,623
Representation and affiliation		
League and other dues	**2,894,059**	3,046,816
Seminars and meetings	**1,296,529**	1,397,690
Stabilisation dues	**3,366,485**	3,195,638
	7,557,073	7,640,144
Property		
Insurance	**1,329,151**	1,193,657
Security	**1,311,887**	2,234,339
Repairs and maintenance	**539,107**	934,117
Rates and taxes	**386,125**	541,986
Office rental	**1,223,643**	1,410,427
	4,789,913	6,314,526
Total operating expenses	**104,267,869**	107,517,176

26. Risk management policies

The Credit Union's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Credit Union seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign currency risk

The Credit Union is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
The Credit Union is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the Jamaican Dollar. For transactions denominated in United States Dollars (US$) the company however, maintains US$ bank accounts in an attempt to minimise this risk.

At the date of the statement of financial position there were net assets of approximately US$113,972 (2012 – US$116,163) which were subject to foreign exchange rate changes as follows:

Concentrations of currency risk

	2013 US$	2012 US$
Financial assets		
- Financial investment	**94,324**	91,128
- Cash and cash equivalents	**19,648**	25,036
Total	**113,972**	116,163

The above assets are receivable in United States Dollars (US$). The exchange rate applicable at the date of the statement of financial position is J$106.35 to US$1 (2012 - J$92.97 to US$1).

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year end and equity in regards to the company's financial assets and financial liabilities and US Dollar to Jamaican (JA) Dollar exchange rate. Only movements between the Jamaican Dollar and US Dollars are considered, as these are the two major currencies of the company.

It assumes a +/-10% change of JA$/US$ at year end with all other variables held constant. The sensitivity analysis is based on the company's Jamaican dollar financial instruments at the date of the statement of financial position.

If the JA Dollar weakens against the US Dollar by 10% this would have the following impact.

	2013	2012
	$	$
Effect on net results and equity	**1,212,386**	1,079,969

If the JA Dollar strengthened by 5% against the US Dollar then this would have the following impact:

	2013	2012
	$	$
Effect on net results and equity	**(606,198)**	(466,806)

This is assuming that all other variables remain constant.

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Credit Union's cash and cash equivalents are subject to interest rate risk. However, the Credit Union attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The following table summarises the Credit Union's exposure to interest rate risk. It includes the Credit Union's financial instruments at carrying amounts, categorised by the earlier of contractual reprising or maturity dates:

ii Interest rate risk (cont'd):

	2013						
	Range of Interest Rate %	Immediately Rate Sensitive $	Within Three Months $	Three to Twelve Months $	One to Five Years $	Over Five Years $	Total $
Liquid assets	3 - 5.45	-	120,178,524	-	-	-	120,178,524
Financial investments	4 - 12.6	-	193,382,237	-	56,035,000	12,375,530	261,792,767
Bank balances	1 - 2	2,518,259	-	-	-	-	2,518,259
Total assets		**2,518,259**	**313,560,761**	**-**	**56,035,000**	**12,375,530**	**384,489,550**
Savings deposits	7-13	-	321,877,239	118,044,262	-	-	439,921,501
Total liabilities		**-**	**321,877,239**	**118,044,262**	**-**	**-**	**439,921,501**

ii Interest rate risk (cont'd):

2012

	Range of Interest Rate %	Immediately Rate Sensitive $	Within Three Months $	Three to Twelve Months $	One to Five Years $	Over Five Years $	Total $
Liquid assets	3 - 5.45	-	99,536,254	-	-	-	99,536,254
Financial investments	4 - 12.6	-	155,485,750	-	56,035,000	11,622,254	223,143,003
Bank balances	1 - 2	2,327,560	-	-	-	-	2,327,560
Total assets		**2,327,560**	**255,022,004**	**-**	**56,035,000**	**11,622,254**	**325,006,817**
Savings deposits	7-13	-	224,511,270	195,383,344	-	-	419,894,614
Total liabilities		**-**	**224,511,270**	**195,383,344**	**-**	**-**	**419,894,614**

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant on the Credit Union's income and expenditure and equity.

	Effect on Net Surplus for the Year $	
	+2%	-1%
December 31, 2013	**(1,108,639)**	**554,319**
December 31, 2012	(1,897,254)	(948,878)

iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Credit Union does not invest in financial instruments that are exposed to this risk.

b Credit risk

The Credit Union faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Credit Union. In addition, cash and cash equivalents are maintained with licensed financial institutions considered to be stable. The maximum credit risk faced by the Credit Union is the total of these balances reflected in the financial statements.

c Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting its commitments associated with financial liabilities.

The Credit Union manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The Credit Union maintains cash and short-term deposits for up to 30-day periods to meet its liquidity requirements.

As at December 31, 2013, the Credit Union's liabilities have contractual maturities which are summarised below:

c Liquidity risk (cont'd)

	2013				
	Within Three Months $	Three to Twelve Months $	Over One Year $	No Specific Maturity $	Total $
Liquid assets	120,178,524	-	-	-	120,178,524
Financial investments	193,382,237	-	68,410,530	-	261,792,767
Loans receivable	-	85,700,131	898,459,071	-	984,159,202
Accounts receivable	3,290,174	39,982,546	-	-	43,272,720
Bank balances	53,997,382	-	-	-	53,997,382
Total assets	**370,848,317**	**125,682,677**	**966,869,601**	**-**	**1,463,400,595**
Savings deposits	321,877,239	118,044,262	-	-	439,921,501
Loans	-	-	73,000,000	-	73,000,000
Accounts payable	21,675,551	-	-	-	21,675,551
Members shares	-	-	-	576,858,568	576,858,568
Total liabilities	**343,552,790**	**118,044,262**	**73,000,000**	**576,858,568**	**1,111,455,620**

c Liquidity risk (cont'd)

2012

	Within Three Months $	Three to Twelve Months $	Over One Year $	No Specific Maturity $	Total $
Liquid assets	99,536,254	-	-	-	99,536,254
Financial investments	155,485,750	-	67,657,254	-	223,143,004
Loans receivable	-	78,138,072	935,032,393	-	1,013,170,465
Accounts receivables	-	46,242,561	-	-	46,242,561
Bank balances	44,424,971	-	-	-	44,424,971
Total assets	**299,446,975**	**124,380,633**	**1,002,689,647**	**-**	**1,426,517,255**
Savings deposits	224,511,270	195,383,344	-	-	419,894,614
Loans	-	-	73,000,000	-	73,000,000
Accounts payable	-	-	-	21,940,071	21,940,071
Members shares	-	-	-	568,952,023	568,952,023
Total liabilities	**224,511,270**	**195,383,344**	**73,000,000**	**590,892,094**	**1,083,786,708**

27. Volunteers' balances

At December 31, 2013, fifteen (15) (December 31 2012, sixteen (16)) members of the Society's Board of Directors and Members had savings of $9,000,656 (2012 - $8,911,591) and loans including interest totalling $26,218,095 (2012 - $30,970,435).

Loans including interest due from members of staff totalled $27,432,232 (2012 - $16,254,990). During the year no Director or Committee Member received loans, which necessitated waiver of the loan policy. At December 31, 2013, there were two (2) (2012 - three (3)) members falling in the category of Directors, Committee Members and Staff with delinquent loans amounting to $3,625,997 (2012 – $14,021,964).

28. Comparison of ledger balances

	Members Voluntary Shares $	Permanent Shares $	Deposits $	Loan $
General ledgers	576,858,568	2,845,639	439,921,501	1,023,331,200
Personal ledgers	576,858,568	2,845,639	439,921,501	1,023,331,200
Ledger difference	-	-	-	-

29. Employee benefits

	2013 $	2012 $
Salaries and allowances	**54,851,244**	53,188,469
Staff training and welfare	**523,300**	451,256
Other personnel cost	**187,101**	375,111
Total	**55,561,645**	54,014,836

There were twenty-two (22) employees at the year-end; (2012 – twenty-three (23)).

30. Pension scheme

The Credit Union was a member of a group of employers participating in a defined benefit pension plan administered by Sagicor Life Jamaica. The plan was terminated during 2008 and the Credit Union was due a refund of $2,183,000. An amount of $3,175,361 was received in the current year and distributed to the members existing at the time of wind-up.

The Credit Union currently makes defined contributions to employees pension fund by contributing 5% of their salaries to their individual retirement accounts (IRAs).

31. Summary of financial assets and liabilities by category

The carrying amount of the Credit Union's financial assets and liabilities are recognised at the date of the statement of financial position of the reporting periods may also be categorised as follows:

	2013 $	2012 $
Current assets		
Loans and receivables (including cash and cash equivalents)		
Financial investment	**261,579,948**	223,143,003
Liquid assets	**120,178,524**	99,536,254
Loans to members	**984,159,202**	1,013,170,465
Trade and other receivables	**43,272,720**	46,242,561
Cash and bank balances	**53,997,382**	44,424,971
Total	**1,463,187,776**	1,426,517,255
Liabilities		
Financial liabilities measured at amortised cost		
Members voluntary shares	**576,858,568**	569,369,673
Loans	**73,000,000**	73,000,000
Savings deposit	**439,921,501**	419,894,614
Trade and other payables	**21,675,551**	21,522,421
Total	**1,111,455,620**	1,083,786,708

32. Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices(unadjusted) in active markets for identical assets and liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

December 31, 2013

Assets	Level 1 $	Level 2 $	Level 3 $	Total $
Government Securities (Note a)	-	**254,333,366**	-	**254,333,366**
Unquoted shares (Note b)	-	-	**7,246,582**	**7,246,582**
Total	-	**254,333,366**	**7,246,582**	**261,579,948**
Net fair value	-	**254,333,366**	**7,246,582**	**261,579,948**

December 31, 2012

Assets	Level 1 $	Level 2 $	Level 3 $	Total $
Government Securities (Note a)	-	216,036,969	-	216,036,969
Unquoted shares (Note b)	-	-	7,106,035	7,106,035
Total	-	216,036,969	7,106,035	223,143,004
Net fair value	-	216,036,969	7,106,035	223,143,004

There has been no transfers between levels 1 and 2 in the reporting period.

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

(a) Government securities

The fair value of government securities are measured by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

(b) Unquoted shares

Unquoted equities are measured at historical cost less impairment, as their face values cannot be readily determined.

Level 3 fair value measurements

The company's measurement of financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	2013 $	2012 $
Opening balance		
Gains or losses recognised in:	**414,968**	425,801
Profit or loss	**60,698**	(10,833)
Closing balance	**475,666**	414,968

Gains or losses on unquoted equities are presented in 'investment income'

Gains or losses recognised in profit or loss for the period are presented in 'investment income' and can be attributed as follows:

	2013 $	2012 $
Assets held at the end of the reporting period	**60,698**	(10,833)
Total gains or losses	**60,698**	(10,833)

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in the profit or loss, total liabilities or total equity.

There has been no transfers between level 3 in the reporting periods under review.

33. Capital management, policies and procedures

The Credit Union's objectives when managing capital are to safeguard the Credit Union's ability to continue as a going concern in order to provide returns to its members and benefits for other stakeholders and to maintain a strong capital base to support the development of its business. The Society defines its capital as members' share capital, institutional capital and non-institutional capital. Its dividend payout made is taking into account the maintenance of an adequate capital base.

The Society is required by the League to maintain its institutional capital at a minimum of 8% of its total assets. At the date of the statement of financial position this ratio was 10% (2012 - 10%) which is in compliance with the requirements.

There was no change to the Credit Union's approach to capital management during the year.

The Credit Union complied with all externally imposed capital requirements to which they were subjected.