PWD Co-Operative Credit Union Limited

Proud to be one of the Oldest Credit Unions in Jamaica

VISION

To be an assertive innovator in the financial sector by creating a safe and sound financial environment for our members.

MISSION STATEMENT

PWD Co-operative Credit Union Limited seeks to increase the well-being of its members and employees by promoting thrift and the provision of superior financial services in a friendly, efficient and personalised environment.

72

YEARS OF EXCELLENCE

CORE VALUES

- **Financial Prudence Transparency**
- **Family Oriented & Friendly**
- **Commitment to Education**
- **Excellence Professionalism**

VALUE PROPOSITION

We know and care about our members' financial well-being.

Membership is open to present and past members of the Ministry of Transport and Mining, the Ministry of Economic Growth and Job Creation and their Agencies and Departments, employees of the Society, and relatives of the members and employees doing business with the PWD Co-operative Credit Union.

Contents

PRAYER OF SAINT FRANCIS OF ASSISI

LORD, MAKE ME AN INSTRUMENT OF YOUR PEACE; WHERE THERE IS HATRED, LET ME SOW LOVE;
WHERE THERE IS INJURY, PARDON; WHERE THERE IS DOUBT, FAITH; WHERE THERE IS DESPAIR, HOPE;
WHERE THERE IS DARKNESS, LIGHT; AND WHERE THERE IS SADNESS, JOY.

O DIVINE MASTER, GRANT THAT I MAY NOT SO MUCH SEEK; TO BE CONSOLED AS TO CONSOLE;
TO BE UNDERSTOOD, AS TO UNDERSTAND; TO BE LOVED, AS TO LOVE;
FOR IT IS IN GIVING THAT WE RECEIVE, IT IS IN PARDONING THAT WE ARE PARDONED,
AND IT IS IN DYING THAT WE ARE BORN TO ETERNAL LIFE.
AMEN.

P. W.D. Co-operative Credit Union Ltd.

Affiliated with Jamaica Cooperative Credit Union Ltd.

147 Maxfield Avenue, P.O. Box 292, Kingston 10, Jamaica I Tel: (876) 926-5745, 960-4354 Fax (876) 960-4355

September 28, 2020

Notice
Annual General Meeting

Notice is hereby given that the 72nd Annual General Meeting of the PWD Co-operative Credit Union Limited will be held on Wednesday, October 28, 2020, commencing at 3:00 p.m. at the Girl Guides Association of Jamaica, 10 Waterloo Road, Kingston.

Registration begins at 2:00 p.m. Please make all effort to arrive on time.

There will be raffles, prizes and special surprises for the first 100 members who register and are present to form a quorum to facilitate commencement of the meeting.

Light refreshment will be served afterwards.

Cheryl Hawkins
Secretary

~ SAVE WISELY ~ SPEND WISELY ~ THE CREDIT UNION WAY

AGENDA OF THE

72nd ANNUAL GENERAL MEETING 2020

1. Ascertain that a quorum is present and **Call to Order**
2. Reading of the Notice of the 72nd Annual General Meeting
3. Prayer of St. Francis of Assisi
4. Chairman's Opening Remarks
5. Apologies for Absence
6. Confirmation of the Minutes of the 71st Annual General Meeting
7. Matters Arising from the Minutes
8. Reports of:
   a. The Board of Directors
   b. The Credit Committee
   c. The Supervisory Committee
   d. The Treasurer (including the Audited Financial Statements)
9. Appropriation of Undistributed Net Surplus
10. Maximum Limit of Borrowing by the Credit Union
11. Report of the Nominating Committee
12. Elections
13. Any Other Business
14. Adjournment

MINUTES OF THE 71ST ANNUAL GENERAL MEETING

Before the meeting was called to order, the President suggested that corrections of the Minutes be taken. A number of corrections were noted.

01. CALL TO ORDER

The President Mr. Norris Gilbert called the meeting to order at 3:40 p.m. having ascertained a quorum. He suggested a number of changes to the Agenda. They were as follows: -

- Item 1 – After'Ascertain a Quorum' insert 'Reading of the Notice'.
- Item 5 – Confirmation of the Minutes followed by:
- Item 5(a) – Matters Arising
- Item #10 – Insert 'Fixing the Maximum Limit' before 'Report of Nominating Committee'
- 'Any Other Business' inserted after Item 10.

Miss Karen Mullings moved the motion for the adjustments to the Agenda seconded by Mr. Dwight Thomas. All agreed.

The President then invited the Assistant Secretary, Miss Paula Brown to read the Notice of the Meeting.

02. PRAYER

Prayer was offered by Director,Kaydian Gordon. The Prayer of St. Francis of Assisi was repeated by all.

03. CHAIRMAN'S OPENING REMARKS

The President extended welcome to everyone present at the 71st Annual General Meeting and thanked everyone for their attendance to review the events over the past year. He advised that the meeting would be focusing on the achievements of the Credit Union and the financial results. He also noted that the Credit Union Movement had been preparing for new regulations in the marketplace and that PWD was no different. He stated that there will be discussions concerning the next Business Model for the Credit Union and the way forward.

In closing, the President welcomed the following representatives: -

1) Registrar of Cooperatives and Friendly Societies, Misses Karen Lyttle and Karen Atkinson;
2) Jamaica Co-operative Credit Union League, Mrs. Kleo-Ann Errar;
3) Auditor Smith & Associates, Mr. Noel Smith;
4) Verbatim Reporter, Miss Marjorie Goodgame;
5) Former Presidents, Mr. Dwight Thomas and Mrs. Sharon Nelson;
6) Former Directors, Mr.Everal Barnett, Misses Natalie Waldron and Maureen Dudley; and
7) Volunteers who have served the Credit Union during the seventy 70 years.

04. APOLOGIES FOR ABSENCE

Apologies for absence were tendered on behalf of the following persons:-

(1) Mrs. Beryl Edwards;
(2) Miss Carol McKie;
(3) Mr. Albert Clarke;
(4) Miss Valerie Douglas;
(5) Mr. Milton Allen;
(6) Mr. Alex Allen;
(7) Mrs. Stacy Allen-Bartlett;
(8) Mrs. Jodian Carnegie;
(9) Mr. Alwayne Carnegie;
(10) Mrs. Elaine Thomas;
(11) Mrs.Sandra Annansingh Grant;
(12) Mr. Lenson Lee; and
(13) Mr. Joshua Simmonds.

The motion for the acceptance of the apologies was moved by Miss Maureen Dudley and seconded by Miss Sakina Tobias.

05. THE MINUTES OF THE 70th ANNUAL GENERAL MEETING

Miss Paula Brown, Assistant Secretary presented the Minutes of the 70th Annual General Meeting on behalf of the Secretary who was unavoidably late.

The Minutes of the 70th Annual General Meeting was taken as read on a motion by Mr. Everal Barnett and seconded by Miss Janet Stewart.

The following corrections to the Minutes were as follows-:

a) Page 5, under 'Chairman's Opening Remarks':
i. last para "Barclay" to be spelt "Bartley"
ii. "Miss Kerry-Ann South"changed to "Mrs. Kerry-Ann South"
iii. "Mr. Zemar Bennett from QNET"should read "Mr. Zemmar Bennett fromJCCUL

iv. "Mrs. Shereen Nash-Seymour"should read "Mrs. Sherie Nash-Seymour.

b) Under "Apologies for Absence":
i. 5th line, "Miss Elaine Thomas" should be "Mrs. Elaine Thomas"
ii. 7th line, insert "Mr." before "Everton Walker"

c) Page 7, first paragraph, four lines up from the bottom to read "may have lost their jobs or"

d) Page 11, under "Financial Performance" sentence should read: "prepare for regulation while protecting the assets of the credit union"

e) Page 12,

i. paragraph starting with "Our loan balance" should read "Our loan balance reduced to $288.59 million in 2018 from $302.2 million in 2017.
The reduction was as a result of management's..."
ii. 6th line from the bottom of the same paragraph delete the entire sentence.

f) Page 15, first paragraph under "Recipients" should be "Abbigail Cato" and "Emelia McCausland."

g) Page 27, fifth paragraph, 6th line, should read "To date we have collected approximately $5,503,218 and at the end of December 2018 our delinquency stood at 2.9%."Delete the following sentence.

h) Page 32,delete table titled"Agenda Item Number 8". The correct information to be found on page 69.

Note: the page started re-numbering because of the financials from pages 1 to 64.

i) Page 65, duplicate Budget - Delete information from pages 65-68.

j) Page 69, the columns of the graph should read: "first column starts with Dividendsecond column "2017" and the third column is "2018".

k) Pages 72 & 73: "The heading "Nominees for the Credit Committee" should read "Nominees for the Board of Directors"

The Minutes of the 70thAGM was confirmed on a motion by Miss Karen Mullings and seconded by Miss Juliet DaCosta.

05a. MATTERS ARISING

There were no matters arising from the Minutes discussed.

06a. Report of the Board of Directors

The Board of Director's Report was tabled.

The Board of Director's Report was accepted on a motion by Miss Annmarie Farquharson and seconded by Mrs. Josiene Brown Nelson. All were in favour.

The President, Mr. Norris Gilbert officially introduced the Members of the Board:

1) Mr. Norris Gilbert - President
2) Miss Karen Arscott - Vice President
3) Mr. Damon Escoffery - Treasurer
4) Cheryl Hawkins - Secretary
5) Miss Paula Brown - Assistant Secretary
6) Mr. Everton Walker - Assistant Treasurer
7) Mrs. Annette Hemmings - Director
8) Mr. Bernard Allen - Director
9) Mrs. Kaydian Gordon - Director

The Report of the Board of Directors was found on pages 11-16 of the Annual Report. The President gave a summary of the report. He stated that the performance of the Credit Union recorded a surplus despite the anticipated effects of the loan provisioning due to the implementation of IFRS9. He pointed out that the Credit Union had to contend with one of the lowest interest rate ever experienced by the country since Independence primarily because of the limited ability of members to save and the increased cost for the regulations. The President further advised that the Credit Union was able to keep its members protected with minimal number of delinquencies, growth in all areas except for loans, and a proposed dividend although, could be considered smaller than 2018. The President then raised the issue of financial performance over the previous year and advised that the focus was to create a stable environment for Credit Union members as well as, the necessary preparations being made for the Bank of Jamaica Regulations.

The President then highlighted the following areas:-

Deposits - Deposits had a higher rate of increase of 3.95 over 2017.

Loans - Loans granted in 2018 stood at $53.5M above those granted in 2017, and over $100M coming up from 2014/2015. It was noted that members were borrowing shorter loans and these were being repaid at a faster rate. The President opined that he would have preferred to see the loans growing through the secured media as it was much cheaper for members, however security would have to be provided for same.

Assets - Assets grew to $403M in 2018, an increase of 2.8% over the previous year.

Surplus - Surplus declined from $6.35M in 2018 to $1.78M, a decline of 71.9%. It was pointed out that the decline was due to the provision of IFRS9 which required the PWD Credit Union to provide an additional $4.6 M for loan loss as well as the losses on the pension fund asset of $1.1 M.

Scholarship - Contributions were made to two recipients: Abbigail Cato and Emelia McCausland for the Monica Bolton and Donald Miller Memorial Scholarships, respectively.Scholarships for the year totaled $125,000.

In closing, the President noted that since 2015 Credit Unions have been advised about licensing, and that there had been heightening preparation for the new Credit Union Act to be regulated by the Bank of Jamaica. He also advised that the committee tasked with the responsibility to assess the PWD Credit Union's readiness for the new regulation was asked to recommend to the Board of Directors measures needed to be taken. He noted that the Committee identified gaps in the Credit Union's readiness and made the necessary recommendations for the amendments. He noted the hard work, effort and resources by the Directors in order to ensure that the Credit Union met its targets and performance remained at an optimum level. He also thanked all the institutions and staff who gave yeoman's service throughout the year in making the Credit Union a success.

Condolences

The Chairman offered condolences on behalf of the Board and Management of the PWD Credit Union to the families and friends who lost loved ones. He noted the Eight (8) persons who passed during the year namely:

- Mr. Arthur Saunders
- Mr. Michael Chambers (Snr.)
- Mr. Paul Davis
- Mr. Donovan Headley
- Mr. Kenneth Kamicka
- Mr. Jacob Atkins
- Miss Dorothy Freeman
- Mr. Michael Anderson

(A moment of silence was observed)

There was no matter arising from the Board of Director's Report. The Board of Directors Report was adopted on a motion by Mrs. Stephanie Green and seconded by Mr. Leroy Cole. All agreed.

06b.Report of the Credit Committee

The Credit Committee's Report was tabled.

The Credit Committee Report could be found on pages 19-22 of the Annual Report. Mr. Alric Blake, Deputy Chairman presented the Credit Committee Report. He first introduced the members of the Committee, and thereafter he paid tribute to Miss Andrea Belnavis for her contribution to the Credit Union. He then welcomed Miss Kerriann Clarke, new appointee to the Credit Committee. He posited that 71 years was a long time and noted the goodness, God' blessings, hard work and dedication of the members of the Credit Union.

Mr. Blake stated that refinancing of loans dominated the loan portfolio in 2018 with over $85M, an increase of over 400%. He also advised that December 2018 recorded the highest number of loans for the year at 436 and also is the month with the highest amount in loans disbursed amounting to $76.2M. He said refinancing was taking over and urged members to borrow more and honour their obligations. He encouraged members to continue the good relationship with their Credit Union.

At this point there were questions fielded on the issue of refinancing and consolidating. The Loans Officer responded by explaining the difference between refinancing and consolidating. Mr. Clinton Lewis queried whether the FIP compensated for lost members of the body. Mr. Blake responded in the negative. A lengthy discussion ensued. The President informed that the new FIP Plan had a critical illness component to it. He also informed the meeting of another insurance through JCIA at a cost of $4,000 yearly which covered up to four (4) family members. At this point Miss Michelle Pryce queried whether JCIA insurance was backed by Sagicor. The President responded in the positive. He said it was backed by Sagicor, but that the distribution was done through JCIA, the insurance arm of the Credit Union Movement. He noted that the PWD Credit Union had been a part of that group since inception of the product. Miss Pryce said she was flabbergasted of this revelation and expressed disappointment. She hoped that going forward there would be improvement in how information is disseminated to the wider membership of the Credit Union in a bid to help members understand benefits to be derived.

Mr. Blake suggested that the figure 10,636 be inserted beside 2017 number of loans on page 20. In closing, Mr. Blake urged members to work with the Credit Union and that keen attention be paid to the statistics. He boasted the Credit Union 71 years strong.

The Credit Committee's Report was adopted on a motion moved by Miss Ina Robinson and seconded by Mrs. Paulette Hylton. All were in favour.

06c. Report of the Supervisory Committee
The Supervisory Committee's Report was tabled.

It was noted that the report of the Supervisory Committee was located on pages 23 - 24 of the Annual Report. Mrs. Sonia Cole, Chairperson introduced the members of the Supervisory Committee:-

Miss Angelina Brown
Mr. Lenson Lee – (on vacation leave)
Mr. Melvin Young
Mrs. Althea Cole-Martin – co-opted after the death of Miss Dorothy Freeman.

Mrs. Cole advised that the Committee satisfied its mandate and worked consistently to ensure that the practices and procedures adequately safeguarded the members' assets. It was noted that the Committee examined various records of the Credit Union and observed that the general operations conformed with the rules governing both the Credit Union Movement and the Bank of Jamaica Regulations.

The Supervisory Committee's Report was adopted on a motion by Mr. Wayne McTavish and seconded by Mrs. Donna Benjamin. All were in favour.

06d. Report of the Delinquency Committee
The Chairman Mr. Bernard Allen presented the Delinquency Report found on page 27 of the Annual Report.

The Delinquency Committee Report was accepted as being read on a motion moved by Miss Karen Mullings and seconded by Miss Ina Robinson.

The Chairman then introduced the members on the Committee. They were:-

Miss Karen Arscott
Miss Maureen Dudley
Mrs. Peta-Gaye Cargill-Stewart
Mrs. Leonie Martin- Thompson.

Mr. Allen advised that the Committee collected approximately $5.5M. He noted that at the end of the year the delinquency rate stood at 2.9%, a net exposure of $3.99M with total loans of $8.2M against shares of $4.02M. Mr. Allen advised that the Credit Union performed fairly well. He thanked the Board of Directors, Credit Committee, Jamaica Collections and Recovery Services and the Asset Liability Management Committee for assistance rendered.

Mrs. Stephanie Green queried whether the delinquent loans were unsecured loans and salary deducted. In response Mr. Allen stated that not all loans were secured. Mrs. Green expressed concerns with delinquent members having more than one loans totaling over $500,000.00. Mr. Allen noted the point. He advised that most of the loans were salary deducted. He however advised that some members were unemployed and in some instances were unable to pay on time. He said sometimes payments arrived after due dates, hence being reflected on the delinquency list.

Mr. Norris Gilbert advised that the collector's fees are charged to the members and not to the Credit Union. He advised that measures have been taken to foreclose loans by instructing the collector to seize assets. Mr. Gilbert however hastened to point out that although the delinquency seemed high it was 2.9% which was considered very good within the industry standard.

Mr. Alric Blake commended the Delinquency Committee for the efforts in collecting $5.5 M. He suggested that they be applauded.

In closing, Mr. Allen advised of planned measures to place names and photographs of delinquent members in the newspapers. He stated that the collectors would continue to collect and assets seized as well as portions of co-makers money taken.

The motion for the acceptance of the Delinquency Report was moved by Mr. Wayne Walton and seconded by Miss Angelina Brown.

(At this point, Secretary Miss Cheryl Hawkins joined the meeting)

06e.Report of Delegates to JCCUL's Annual General Meeting

The report was taken as read on a motion moved by Mrs. Josiene Brown Nelson and seconded by Miss Janet Stewart.

The Report of the Delegates to JCCUL was found on pages 28 – 30 of the Annual Report, and was presented by Miss Karen Arscott. She advised that six members of the Committee attended the meeting: Mr. Norris Gilbert, Mr. Damon Escoffery, Miss Cheryl Hawkins, Mr. Melvin Young, Miss Fern Graham and herself. Miss Arscott said several presentations were made to include workshops which they attended, one of which highlighted the implementation of IFRS 9 which deals with risks for the Credit Union.

Miss Arscott announced that the PWD Credit Union was awarded the runner up trophy in the small Credit Union category, and Mr. Norris Gilbert was re-elected as Secretary to the JCCUL Board.Miss Mullings queried the criteria for the Credit Union to be awarded. Mr. Gilbert in response stated that the main criteria was that the Credit Union completed their audits before the March 31st deadline. He also stated that there were four (4) categories of Credit Unions in terms of asset size, and that the Credit Union was graded according to its performance.

The Delegates Report was adopted on a motion moved by Mrs.Aneisha Cole and seconded by Mrs Donna Benjamin. All were in favour.

06f. Treasurer's Report

The Treasurer's Report was tabled.

The Treasurer's Report was taken as read on a motion moved by Mrs. Sylvia Edwards-Gray and seconded by Mrs. Marcia McTavish. All were in favour.

Mr. Damon Escoffery, Treasurer presented the Report and the Audited Financial Statements founded on pages 31 – 60 of the Annual Report.

Surplus - Mr. Escoffery advised of the small surplus in 2019 when compared to 2017, which he said was caused by the provision for the Credit Union losses. He also advised that with the implementation of the IFRS 9 provisions had to be made for all loans. He noted the additional $5.5M delinquency in 2018.

06f.1 Audited Report

The Audited Report was presented by Mr. Noel Smith, auditor - Smith & Associates. The Audited Report was taken as read on a motion moved by Mr. Ansel Lee and seconded by Mr. Melvin Young. All were in favour.

Messrs. Ansel Lee and Warren Wilson queried the term "Material Uncertainty" at Note 24 on page 54. In response Mr. Smith explained that the phrase was something that the Auditor was not absolutely sure about.

Miss Michelle Pryce queried Note 24 of the Report regarding the Bank of Jamaica Regulations, its impact on the operations of the PWD Credit Union, and whether actions or plans were in place to address the concern.

The President, Mr. Norris Gilbert in his explanation stated that the uncertainty could arise from the impending Bank of Jamaica Regulations. He also explained that for almost 20 years there had been an impending Bank of Jamaica Regulations, but that the Credit Unions and the Bank of Jamaica were now closer to that Agreement. He also pointed out that it would be a new law which would affect Credit Unions and referenced the last paragraph on page 54 of the

Report which stated that: The management of the P.W.D Co-operative Credit Union Limited is convinced that based on the anticipated Credit Union Act and other stipulations of the Bank of Jamaica (BOJ) P.W.D. Co-operative Credit Union Limited does not foresee any of the pending requirements causing the Credit Union to cease operations within the next twelve (12) months.

The President then raised the issue of options that the PWD Credit Union had such as: remain as is, strengthen internal capabilities, merge with other small Credit Unions or become a thrift society. The matter was fulsomely discussed.

The Audited Report was adopted on a motion moved by Mrs. Josiene Brown Nelson and seconded by Mr. Carlos Clarke. All were in favour.

07. Appropriation of Net Undistributed Surplus

Mr. Damon Escoffery, Treasurer, presented the Appropriation of the Net Undistributed Surplus found on page 69 of the Annual Report. It was proposed by the Treasurer and seconded by Miss Ina Robinson.

Discussion

Miss Michelle Pryce queried to whom the Honoraria was paid and its apportionment to each person. In response, the Treasurer explained that it was distributed to all Committee members who served the Credit Union voluntarily. Miss Pryce not satisfied with the response, further queried how much was allotted to each Committee member. A lengthy discussion ensued. At the end of the discussion the Manager, Mrs. Fern Graham, advised of the industry analysis that was done. She also advised that the honorarium was not a payment but instead a stipend given to Board and Committee members present at meetings. It was noted that at each meeting Board members present received a stipend of $2,000 each and Committee members $1,500.

Mr. David Knight also addressed the issue of honorarium which he opined always created a problem. He reiterated that it was not a payment of salary, but the form of gift approved by the membership to be shared amongst the volunteers. He said in other places the straight answer would be 'leave that to the Management of the Credit Union to decide'. He said it gets a little distasteful when questions are being asked about the amount given to each volunteer, and that members must trust and respect the Board as they are tasked with the responsibilities to carry out the work and make decisions on behalf of the Credit Union, and that they have sacrificed a lot of time for which the honorarium could not compensate. He noted the long hours, risk and abuse endured. Miss Pryce however was not pleased with the comments made and stated that it was her right to make queries. She said if the Credit Union wanted to maintain fiscal and financial prudence, persons should not be offended when a member gets up and query how certain payments were made. She further stated the question was not meant to demean or belittle anyone, but instead for the benefit of herself and others to know the value of the honorarium to each volunteer.

08. Fixing of the Maximum Limit of Borrowing by the Board of Directors

Mr. Damon Escoffery presented the resolution to retain the Maximum Limit for borrowing which was found on page 64 of the Annual Report. The resolution was proposed by the Treasurer and seconded by Mr. Errol Hamilton that the maximum Limit of Borrowing by the PWD Credit Union Limited remained at sixteen (16) times the Credit Union's capital. RESOLUTION CARRIED

09. Report of the Nominating and Elections Committee

Miss Paula Brown presented the Report located on pages 71 - 77 of the Annual Report.

The Nominating Committee Report was tabled and taken as read on a motion moved by Miss Annmarie Farquharson and seconded by Mrs. Sharon Nelson.

09.1 Elections

Miss Karen Lyttle, representative from the Cooperatives and Friendly Societies was invited to assist in the election process. Miss Lyttle explained the rules of the Credit Union on elections and then proceeded to conduct the elections starting with the recommendations of the Nominating Committee for Board of Directors. The Board of Directors returned en bloc as there were no nominations from the floor.

Elections of Officers to serve on the Credit and Supervisory Committees. The members of both Credit and Supervisory Committees were unopposed as there were no nominations from the floor.

The motion for the acceptance of Messrs. Norris Gilbert and Damon Escoffery as delegates to the Jamaica Cooperative Credit Union's Annual General Meeting was moved by Miss Karen Mullings and seconded byMr. Leroy Cole. All agreed.

10. Any Other Business

a) Presentation by CUNA Caribbean

At this juncture the President invited Miss Nicole Bruce, representative from CUNA Caribbean to make a five minutes presentation.

Miss Bruce in her presentation advised of the benefits to members through the Credit Union supported by CUNA. She first pointed to the FIP and Family Critical Illness Plans and members subscribing through the Credit Union. She also mentioned the illnesses covered under the Family Critical Illness Plan such as cancer, heart attack, strokes, major burnt, paralysis and coma. She also noted that persons eligible under the plan were parents and unmarried children under the age of 26. She explained that the Plan was designed specifically for members of the Credit Union and that the product was priced cheaper at CUNA Caribbean than any other competitor within the industry. She urged members to engage the Credit Union as they were a plethora of products ensuring families were protected.

Mr. Clinton Lewis queried whether he would be covered losing member/members of the body. Miss Bruce responded in the negative. She advised that the FIP Plan benefit was exclusively for the death of members. She further advised of the critical illness plan attached to the FIP designed specifically for the living. She however noted the additional cost.

Miss Andrea Stone queried process in terms of child/children attaining age 26 would become the primary beneficiary, and whether there was a waiting period. Miss Bruce explained that the child had up to 25 to start a plan and transferring of benefit. She said in that case there would be no waiting period as well as if the parent had been transferred to the child's policy. However, if the child waited until he/she attained the age of 26 and the coverage was terminated, the child needed to be re-enrolled and the six months waiting period would become effective.

b) Mrs. Josiene Brown Nelson queried whether the Golden Harvest product was offered by the Credit Union as it was not mentioned in the Annual Report. She expressed an interest in the Partner Plan for January. The Chairman in response stated that the Golden Harvest was still a product that the PWD Credit Union would be able to support. He stated that the last time both the Golden Harvest and Partner Plans were promoted but there were no takers. He however advised that the products would be revisited in a bid to revamp, and the necessary incentives in place to reintroduce to members.

c) Mrs. Desmarie Braham Martin addressed the issue of lack of communication. She said the communication between the Credit Union and its members was poor. She stated that she had never received a text message from the Credit Union, and that the messages received were secondhand. She queried why the SMS service only goes to some members and not all members. In reply the Manager said she was aware of the limitations of the SMS service, but that it was a work in progress. She was aware of the scope in terms of direct messages to all Credit Union members. She committed to addressing the issue.

d) Miss Natalie Bromfield also commented on the lack of communication. She advised of statements received by email in 2018 but that the trend had been discontinued. She suggested that the sending of information via email be continued. She said she was "tech-savvy" and expressed a desire to receive statements through emails. The Chairman advised of the new IT Committee set up to review the communication issues plaguing the Credit Union.

e) Miss Desmarie Campbell queried whether the Annual Report was vetted before being distributed. She pointed to the litany of errors and duplications identified in the booklet. She explained the process and what was expected at the level of the printeryand queried whether the job would be discounted.

The President stated that part of the responsibility resided with the Credit Union and explained the reason. He pointed to timeliness as one of the factors. He explained that at the time some of the errors were pointed out it was too late to be sent back to the printery as the Credit Union would run the risk of not having the booklets prepared for the meeting. He stated that there were two drafts where errors were identified but that time just did not allow for the necessary amends to be made. He apologized for the poor quality of the Report and assured that negotiations and discussions would be had with the printers in terms of ensuring better production in the future.

f) Miss Michelle Pryce queried the submission of the Education Committee Report. The Chairman advised that the Education Committee was a sub-committee of the Board, hence all sub-committee reports were subsumed in the Board Report. He further advised that in order to have an efficient Annual General Meeting the Rules mandates that four (4) Committees are required to present reports. It was therefore noted that mandatory reports that are to be prepared are the Board Report, Treasurer's Report, Supervisory and Credit Committees Reports.

g) Mr. Ansel Lee queried whether photographs of persons displayed on the cover of the AGM Booklet were images of members of the Credit Union. It was noted to be portraits. It was explained that the Credit Union tried using photographs of members, but because of the quality of the photographs this year they could not be used.

At this juncture the Chairman recommended that the meeting be adjourned followed by the prize-giving segment. He thanked all the guests, representatives from the Registrar of Cooperatives, CUNA Mutual, JCCUL and Lascelles for their attendance. He then thanked everyone for attending and participating in the meeting.

11. TERMINATION

The meeting terminated at 6:42 p.m.

Cheryl Hawkins
Cheryl Hawkins
Secretary

BOARD
OF DIRECTORS

Back Row: From L-R: Annette Hemmings, Cheryl Hawkins - Secretary, Damon Escoffery - Treasurer, Kaydian Gordon - Director, Everton Walker - Assistant Treasurer

Front Row. From L-R: to Paula Brown - Assistant Secretary, Karen Arscott Vice President, Norris Gilbert President & Bernard Allen Director.

The year 2019 was one of consolidation and preparation for growth for PWD Co-operative Credit Union Ltd. The organization managed through the usual operational challenges, new challenges, emotional stress, technological changes, increased cost and reduced margins on investments. Preparing to manage risks and compliance was also a feature of the year's activity. Our members' reduced demand, appetitive, and qualification for loans also negatively impacted the financial performance of the entity.

The continued support of our loyal members allowed the Credit Union to be in a solid position after 2019 though we only made a surplus $50,625 for the year. The members ability to borrow and to save impacted bottom-line results for PWD. The input of software to enhance operational compliance also contributed significantly to the cash flow and the expenses of the Credit Union

Through the many challenges and with the strong support of the management team, the staff and other volunteers who continue to display commitment to enabling the improvement of the lives of our members we were able to attain growth in all areas of the operations and finances of the Credit Union, except for surplus. Our success was largely built on the continued business support of our members who stand behind the service that they get for their dollars spent.

Financial Performance

2019 was the third year of PWD's the strategic plan for management to focus on creating a stable environment for our members and prepare for regulations while protecting the assets of the Credit Union. We were still able to satisfy the needs of the members with the offering of increased benefits in loans and savings products.

Table 1

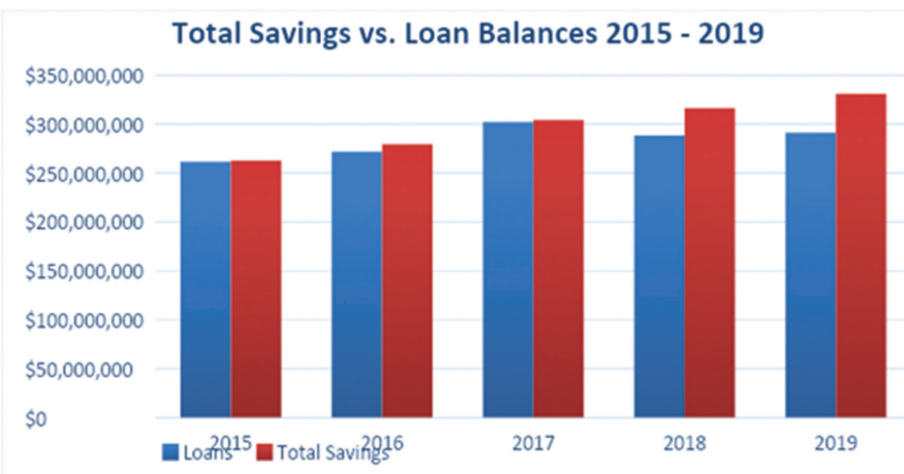
Year	2015	2016	2017	2018	2019
Membership	1,757	1,776	1,774	1,940	1,814
Voluntary Shares	$211,577,059	$218,946,215	$231,503,000	$240,740,369	$247,378,061
Deposits	$51,199,888	$60,477,245	$72,736,000	$75,608,303	$83,724,380
Total Savings	$262,776,947	$279,423,460	$304,239,000	$316,348,672	$331,102,441
Loans	$261,790,751	$271,929,792	$302,287,000	$288,592,833	$291,412,746
Assets	$361,142,948	$361,598,972	$392,071,000	$403,337,533	$420,616,456
Surplus	$1,640,604	$7,471,037	$6,353,312	$1,785,594	$50,625

Table 2 – Percentage Growth over the years

Year	2015	2016	2017	2018	2019
Membership	1.80%	1.08%	-0.11%	9.36%	-6.49%
Shares	1.24%	3.48%	5.74%	3.99%	2.76%
Deposits	20.77%	18.12%	20.27%	3.95%	10.73%
Total Savings	4.53%	6.33%	8.88%	3.98%	4.66%
Loans	2.82%	3.87%	11.16%	-4.53%	0.98%
Assets	7.03%	0.13%	8.43%	2.87%	4.28%
Surplus	-79.07%	355.38%	-14.96%	-71.90%	-97.16%

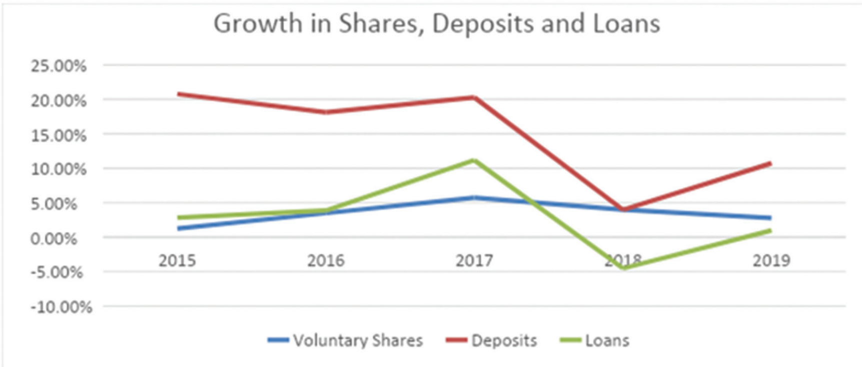
The growth figures in 2019 showed positive changes in all the areas in table 2 except for membership and surplus. The membership shows a decline of 6.49% over 2018. This decline was largely due to reconciliation and cleaning up the accounts that fell below the minimum permanent share value. The surplus shows a decline of 97.16% on the 2018 figure. This decline was largely due to a low borrowing rate during the year and additional expenses incurred toward the different technology projects implemented by the Credit Union. The lull in borrowing was due to members' inability to borrow coupled with measures taken by the credit union to concentrate on less risky credit to minimize the exposure of the organization. Our cash flow position further improved during the year; however, the loan andasset ratio declined. The continued reduction on interest margins on investments in external entities contributed to the reduction in surplus.

GROWTH IN TOTAL SAVINGS VS LOANS

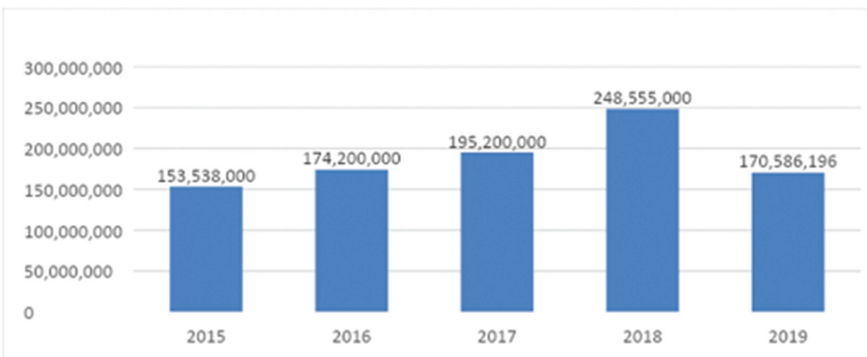


Our loan balance increased to $291.42 million in 2019 from $288.59 million in 2018. This increase was however still less than the loan position ($302.29 mill) at the end of 2017. The loan increase in 2019 was just under one percent (0.98%). This improvement was far below Jamaica's credit union industry average growth of 12% for the year. The low growth in the year was due to the low take-up of loans in the first half of the year. A reduction in some loan rates and extention of some loan terms in October 2019 contributed to improved loan position by year-end and it carried over to the next year. The Credit Union was able to satisfy the demand for 3,824 loans during the year 2019 which was just 1.49% lower than the number granted in 2018. The value of the new loans granted for the year was $170.59 million, this was $77.96 million less than what was granted in the previous year.

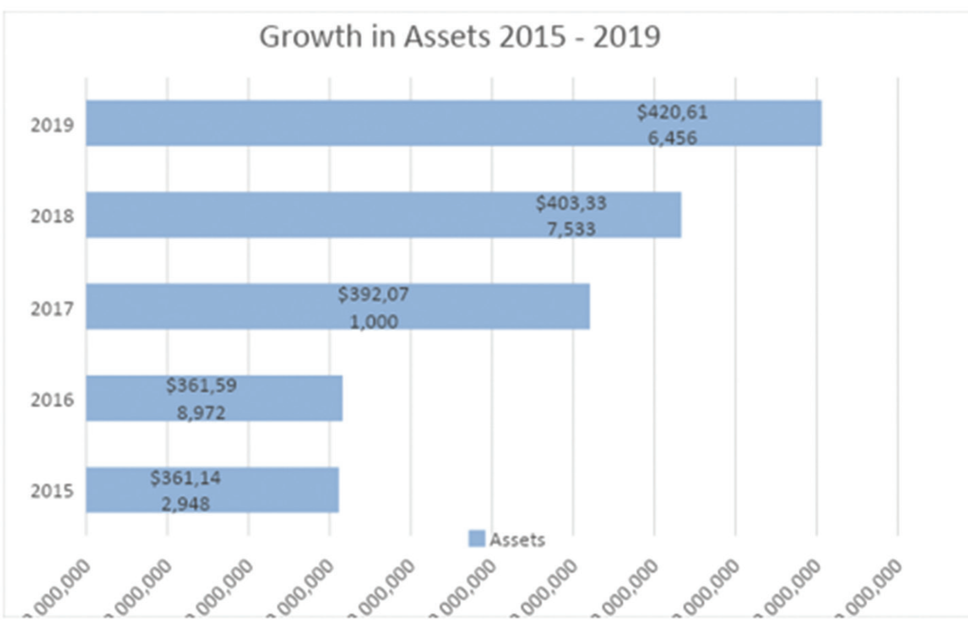
The Credit Union's total savings grew by 4.66% to $331.10 million in 2019. This is an improvement of $14.7 million over the savings in 2018. This therefore widened the gap between total savings and loans and reduced the liquidity challenges.



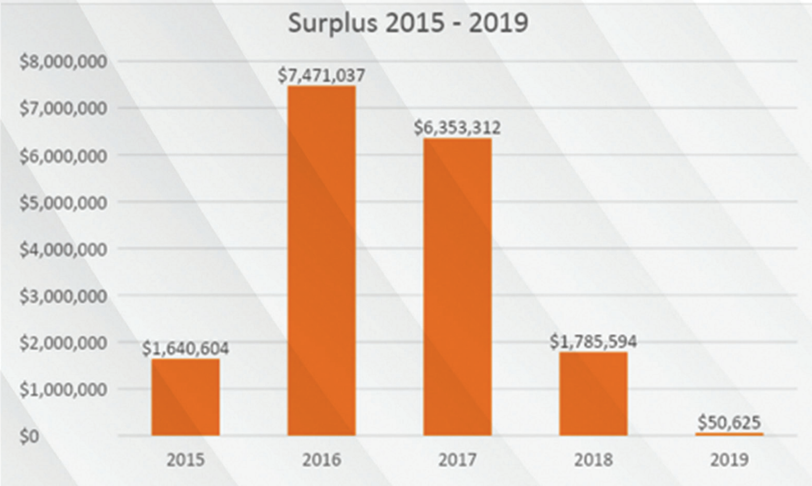
The deposits had a much higher rate of increase in 2019 (10.73%) over the 2018 growth (3.95%). The loan growth in 2019 increased by 0.98% over the previous year where there was actually a decline of 4.53%.



The Loans granted in 2019 were $77.9 million below that granted in 2018 and and is the lowest granted since 2016. The loans granted $170.59 million was a 31% reduction over the those granted in the previous year. This showed that members borrowed smaller amounts during 2019 as the number of loans (3,824) was marginally lower than 2018 (3,882).



Our assets grew to $420.6 million in 2019, which is an increase of 4.28% over the previous year. This is depicted in the graph above. The slow growth is largely due to the slow loan grow from members. Because 71% of the assets are loans, if the loans do not grow at a high rate it will impact the asset growth.



The graph above shows the surplus of the Credit Union over the past five years. The surplus in 2019 declined from $1.78 million to $50,625 a decline of 97.6% over 2018. The decline was due largely to the small margins earned on investments and on loans. The additional provisions for loan losses as well as increased depreciation on software contributed to the expenses that caused the reduced surplus.

Scholarship and Youth Development
During 2019 the PWD Credit Union Limited continued to offer GSAT Scholarships. One new scholarship was available and offered during the year.

Scholarship
Dudley M. Forrester Memorial

Recipient
Accalia Lee

School
St. Andrew High School for Girls

There were two tertiary grants awarded during the year:

MEMORIAL GRANT STANLEY WILLIAMS	MEMORIAL GRANT GLORIA WILSON
Ms. Teniesha Powell (UTECH)	Ms. Damoi Escoffery (UWI)

A total of $125,000 was spent on scholarships and grants during the year.

The Summer Internship programme for scholarship awardees was executed in July and August 2019. Each intern was assigned to work at the PWD Co-operative Credit Union Limited for one week. This allowed scholarship holders to get the opportunity to learn more about the Credit Union while getting preparation for the working world. They were given a stipend for meals and transportation.

SCHOLARSHIP HOLDERS AT DECEMBER 2019

	Name of Scholarship	Name of Student	Name of Member /Parent	Period of Scholarship	School/ Report Grade/Be-haviour
1	Minnette Jones Memorial	Chrisanne Abigail Hutchinson	Ms. Christine Ireland	September 2015 to July 2020	Ardenne High School Excellent/Good
2	RG Chambers Memorial	Jaheim Bryce	Ms. Kenisha Burton	September 2015 to July 2020	Ardenne High School Good/Satisfactory
3	Donald E. Miller	Emelia McCausland	Ms Shaunette Brown	September 2018 to July 2021	Campion College Excellent/Excellent

4	TOB Goldson Memorial	Janae Forbes	Ms. Tiffany Forbes	September 2017 to July 2022	Immaculate Conception High Excellent/Excellent
5	Gilbert O Rose Memorial	Kimberly Watson	Mr. Karl Watson	September 2017 to July 2022	Ardenne High School Very Good/Verry Good
6	Monica Bolton Memorial	Abigail Cato	Ms Natalie Waldron	September 2018 to July 2023	Immaculate Conception Excellent/Excellent
7	Dudley M. Forrester Memorial	Accalia Lee	Mr. Ansel Lee	September 2019 to July 2024	St. Andrew High School for Girls Average/Average

TERTIARY GRANT RECIPIENTS OVER THE LAST TEN YEARS

YEAR	STANLEYWILLIAMSMEMORIAL GRANT	GLORIAWILSONMEMORIAL GRANT
2010	Shannon-Kay Wray	Jodi-Ann Carnagie
2011	Andrea A Belnavis	Petra-Kene Williams
2012	Yola Ingleton	Kimberley Cole
2013		
2014	Anthony Cole	Kevin Roy Johnson
2015	Darian SM Francis	Amoy Williams McKenzie
2016	Mrs. Josiene Brown-Nelson	Tajera Douglas
2017	Mr. Rusean Lewis	Ms. Stanesha Brown
2018		
2019	Ms. Teniesha Powell	Ms. Damoi Escoffery

Training and Development

The Credit Union suspended the use of CPD Online training programme developed by the Jamaica Cooperative Credit Union League. The decision was made to pay for individual courses for employees and volunteers as this was a cost cutting measure. Volunteers and staff have attended several training courses put on by the League throughout the year.

Education and Member Relations

Family Fun Day 2019 was held on Saturday April 30, at Seacrest Beach Hotel in Montego Bay, St. James. Over 250 members and family came out to have a fun-filled day with games and other activitiesto celebrate the 70th anniversary. The reviews on the day's activities were good, all who attended were satisfied.

Health and wellness continue to be a priority for our Credit Union and it is shown through the hosting of our Annual Members Appreciation Day held at our offices at 147 Maxfield Avenue every October. Once again, the PWD partnered with Diabetes Association of Jamaica to provide wellness services to the members. A total of three (3) tests were offered free of costs to members while the remaining were subsidized by the PWD Co-operative Credit Union. Over 150 members took the time to share in the celebrations. The activities were enhanced for the day with health and wellness interactive session, and various prizes and surprises were awarded to members throughout the day. We thank the persons for volunteering on that day to offer their services to our members. Light refreshments were served and all offerings of the day were well received by the members who participated.

Through the use of emails, SMS text messages and other social media platforms, we continue to make efforts to ensure that our members are always informed on the various loans and benefits that are available at the Credit Union and the overall industry.

The Way Forward
The Credit Union remains solid and poised for further development even in a more regulated environment. The software purchased, as well as further development of existing technologies will aid in the preparation of the Credit Union for the next generation of membership. The investment in transaction monitoring software, electronic banking software, Mastercard debit card, direct selling to existing members, will lead the Credit Union into the future with the next generation.

Awards and Recognition
PWD Co-operative Credit Union was vote the small 'Credit Union of the Year' 2019 at the JCCUL Awards Banquet. This is one place above the Runner-Up in this category in the previous year. Your Credit Union was also awarded the CUFMC "Best Investor" award in the Small Credit Union category. These awards show that even in the competitive space among Credit Unions, PWDCo-operative Credit Union is highly recognized through its positive investments and sound governance practices over the years.

Directors Performance
The Directors have given up their time, resources and expertise to ensure that the credit union's targets are met and that performance remains optimum. The organization owes its seventy-one (71) years success to the solid commitment of the volunteers and the year 2019 is no different.

The table below displays the name and positions of Board of Directors and their attendance at Board meetings:

BOARD AND JOINT COMMITTEE MEETING ATTENDANCE FOR 2019

Names	Positions	Possible Meetings	Meetings Attended
Norris Gilbert	President	17	17
Karen Arscott	Vice President	17	14
Damon Escoffery	Treasurer	17	15
Everton Walker	Asst. Treasurer	17	9
Cheryl Hawkins	Secretary	17	12
Kaydian Gordon	Asst. Secretary	17	8
Paula Brown	Director	17	16
Bernard Allen	Director	17	15
Annette Hemmings	Director	12	6

Obituaries
The following persons passed on during the year 2019:
- SalanFaulknor
- Hazel Knight
- Yvonne West
- Olga Saunders

Miss Olga Saunders, Accountant spent all her working life at the Credit Union. Miss Saunders died suddenly in November 2019 after 45 years of service. She is sadly missed and life at the office is not the same without her.

The Board, Committees and Staff offer our condolences to the families and friends of our departed members.

Appreciation
The Board of Directors wishes to convey sincere

gratitude to the members who continued to conduct their business with the credit union throughout the year. We would also like to thank the management of our main sponsors, the Ministry of Transport and Mining and the National Works Agency for their continued support. Our gratitude is also extended to the many individuals and institutions such as; Jamaica Cooperative Credit Union League, Cuna Caribbean, Jamaica Cooperative Insurance Agency, the Department of Cooperatives and Friendly Societies, Smith and Associates, Bank of Nova Scotia, Sagicor Bank, and all others who worked with the PWD Cooperative Credit Union throughout the year. Our greatest appreciation goes out to the Staff, the Credit and Supervisory Committees who have given yeoman service to the Credit Union so that it remains the institution of choice for our members.

NGilbert
Norris Gilbert
President

PARTNER PLAN TODAY
START A

Period of Weeks	Rewards	Conditions
16	2% of amount saved	No more than 1 late payment
24	2.5% of amount saved	No more than 2 late payments
36	4% of amount saved	No more than 3 late payments
48	4.5% of amount saved	No more than 4 late payments

Requirements:

A. Must be a member and have a minimum share balance of $1000.00
B. Minimum is $500.00 per week and can be paid weekly, fortnightly or monthly
C. Members can have several plans running concurrently
D. If the member does not wish to claim the return on the plan at the end of the fixed period, the amount/s can be transferred to the deposit or share accounts at the members request in writing.
E. Two (2) days' notice must be given in writing if a member wishes to close the account before the end of the fixed plan.

REMEMBERING OLGA SAUNDERS

The Directors, Staff, Volunteers, and members of the PWD Co-operative Union Limited pay tribute to Miss Olga Saunders. She was the longest serving employee of the PWD Co-operative Credit Union, with over forty-five (45) years of service. Miss Saunders was a person, who always goes beyond the call of duty to meet and exceed the members' expectation. She offered service above self. Her calm unruffled demeanor made her a valuable asset for which we are all justifiably proud.

Her unrelenting commitment to hard work coupled with her enormous capacity to give and receive love makes her shoes a very hard one to fill. Miss Saunders had a relentless approach to life and despite health challenges and other adversities; superior service to the members was the priority item on her agenda of concerns.

She was very kind, understanding and supportive. Many were the lives she touched and many of us here can testify that she has made an indelible mark on their lives.

Miss Saunders will be fondly remembered as a woman of class and character. Her contribution to humanity will be forever etched in our memories, as treasures not to be wholly lost.

We extend our sincere condolences to her immediate family, friends, and the credit union family. Her precious memories will remain in our hearts.

"Rest in Peace Saundie"

PWD Credit Union Family

PWD CO-OPERATIVE CREDIT UNION LTD

EDUCATION LOAN

PWD CREDIT UNION WANTS YOU TO TAKE ADVANTAGE OF AN AMAZING EDUCATIONAL LOAN PRODUCT OFFERED BY THE CREDIT UNION.

- **ACCESS A MAXIMUM OF** $500,000.00 UNSECURED
- **SECONDARY & PRIMARY**
- **ATTRACTIVE & VERY COMPETITIVE**

PWD CREDIT UNION LIMITED

- **SAVE WISELY**
- **SPEND WISELY**
- **THE CREDIT UNION WAY**

KEEP SAFE WHILE USING YOUR PWD ACCESS PLUS DEBIT CARD.

147 MAXFIELD AVENUE
KINGSTON 10 JAMAICA
PHONE: 876-926-5745
FAX: 876-960-4355

CONDITION APPLY

CREDIT UNION STAFF

2nd Row, L-R: Grace McKenzie – Cashier , Elveda Morris – Office Attendant, Leonie Martin-Thompson – Registrar & Member Serrvice Representative , Peta-Gaye Cargill-Stewart – System Administrator, Jodian Campbell – Member Service Representative, Angell Gentles-Roache – Office - Attendant, Kerry Russell - Risk & Compliance Officer.
1st Row, L-R: Fern Graham-Manager, Olga Saunders ***(deceased)*** - Accountant and Dawn Benjamin-Simmonds-Loans Officer.

CREDIT COMMITTEE

L-R: Wayne Walton, Patrick Rose, Janet Stewart, Alric Blake, Kerriann Clarke

REPORT OF THE CREDIT COMMITTEE
TO THE 72ND ANNUAL GENERAL MEETING

The Credit Committee is pleased to welcome all to the 72nd Annual General Meeting of the PWD Co-operative Credit Union Limited. The Credit Committee comprises of five (5) volunteers, who met weekly to review loan applications, conduct interviews with members who were experiencing challenges with their loan applications and approved loans. Meetings were held on Mondays.

During the year, the Credit Union continued to respond to the financial needs of its valued members while providing quality service and support. The motor vehicle loan product was modified during 2019. This product was an attractive Motor Loan Promotion, with an interest rate of up to 8.95% with up to 9 years to repay.

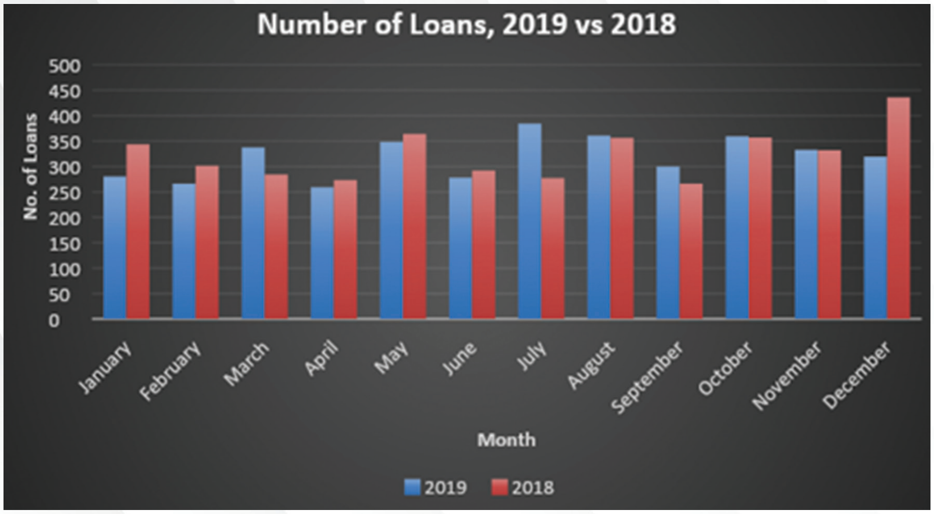
A total of 3,824 loans were approved by the Credit Committee and disbursed to members in 2019. This represents 1.5% reduction when compared to 2018, where 3,882 loans were approved by the Credit Committee.

LOAN ANALYSIS
The table below shows the loan dispensation for the respective months.

TABLE 1 SHOWS THE 2019 VS 2018 LOANS DISBURSED (MONTHLY)

Month	2019		2018	
	No. of Loans	Value of Loans ($)	No. of Loans	Value of Loans ($)
January	280	10,358,651.83	344	21,932,476.00
February	266	15,437,705.65	301	12,844,236.00
March	337	11,082,082.96	284	8,776,024.00
April	259	12,472,010.01	273	14,771,673.00
May	348	10,633,812.01	364	16,944,266.00
June	278	10,165,702.11	292	11,793,540.00
July	384	18,154,884.49	277	6,604,314.00
August	361	14,867,555.53	356	24,356,634.00
September	300	13,718,709.42	266	18,173,271.00
October	359	17,107,933.29	357	15,818,515.00
November	333	23,453,149.65	332	20,345,134.00
December	319	13,133,999.85	436	76,194,700.00
Total	**3,824**	**170,586,196.80**	**3,882**	**248,554,783.00**

GRAPH 1 SHOWING THE NUMBER OF LOAN APPLICATIONS, 2019 vs 2018



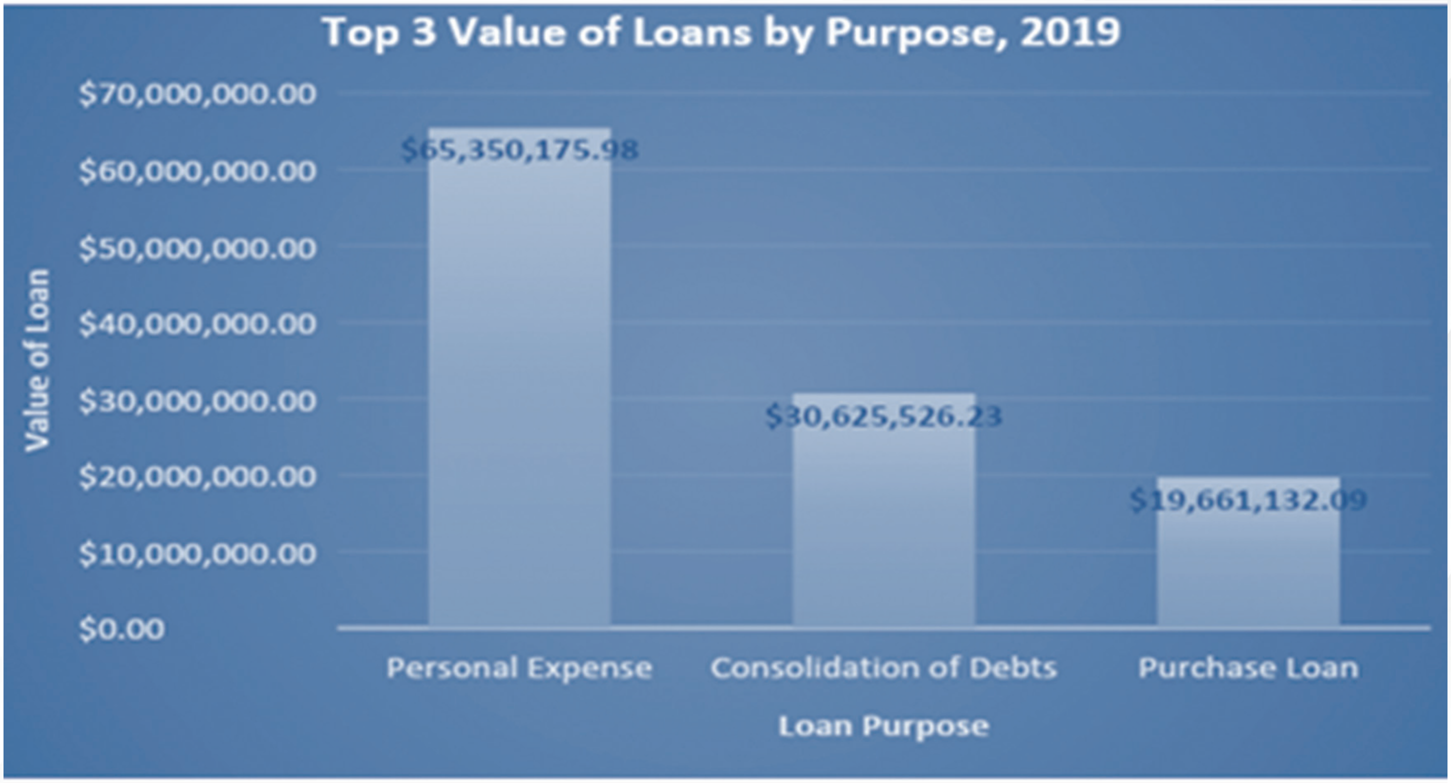
For 2019, the months of July, August and October recorded the top three (3) highest number of loans. The number of loans disbursed were 384, 361 and 359, respectively.

Loan Purpose	2019		2018	
	No. of Loans	Value of Loans	No. of Loans	Value of Loans
Consolidation of Debts	173	$ 30,625,526.23	109	$ 36,806,741.87
Purchase of Land and Housing	0	-	3	$ 900,000.00
Home Improvement	22	$ 3,836,789.30	22	$ 7,997,848.33
Agriculture	0	-	1	$ 2,000,000.00
Medical Expense	31	$ 3,155,343.00	22	$ 1,376,200.00
Vehicle Purchase and Repairs	38	$ 19,020,087.94	27	$ 17,381,500.00
Educational Expense	56	$ 5,401,920.92	69	$ 9,900,957.64
Vacation and Travel	3	$ 462,000.00	0	-
Household Appliance	12	$ 1,232,000.00	12	$ 718,298.34
Household Furnishings	0	-	2	$ 510,000.00
Development of Business	7	$ 4,020,000.00	1	$ 60,000.00
Investments	0	-	1	$ 150,000.00
Refinancing of Loans	17	$ 10,243,624.67	161	$ 85,284,377.61
Personal Expense	1769	$ 65,350,175.98	1591	$ 52,441,206.34
Funeral Expense	6	$ 405,000.00	4	$ 420,000.00
Legal Expense	0	-	2	$ 420,000.00
Insurance	13	$ 841,596.67	10	$ 485,838.72
Pay Day Loan	688	$ 6,331,000.00	727	$ 6,754,000.00
Purchase Loan	989	$ 19,661,132.09	1116	$ 24,925,740.91
Staff-Educational	0	-	1	$ 15,000.00
Mortgage/Housing	0	-	1	$ 7,000.00
Total	**3,824**	**$ 170,586,196.80**	**3,882**	**$ 248,554,709.76**

The total value of loans disbursed in 2019 was approximately $170.6M. This reflected a reduction of 31.4% when compared to the previous year where the total value of loans disbursed was $248.6M.

Personal Expense loans dominated the loan portfolio in 2019 with over $65M representing an increase of 24.8% when compared to the previous year.

GRAPH 2 SHOWING THE TOP THREE (3) VALUE OF LOANS BY PURPOSE, 2019

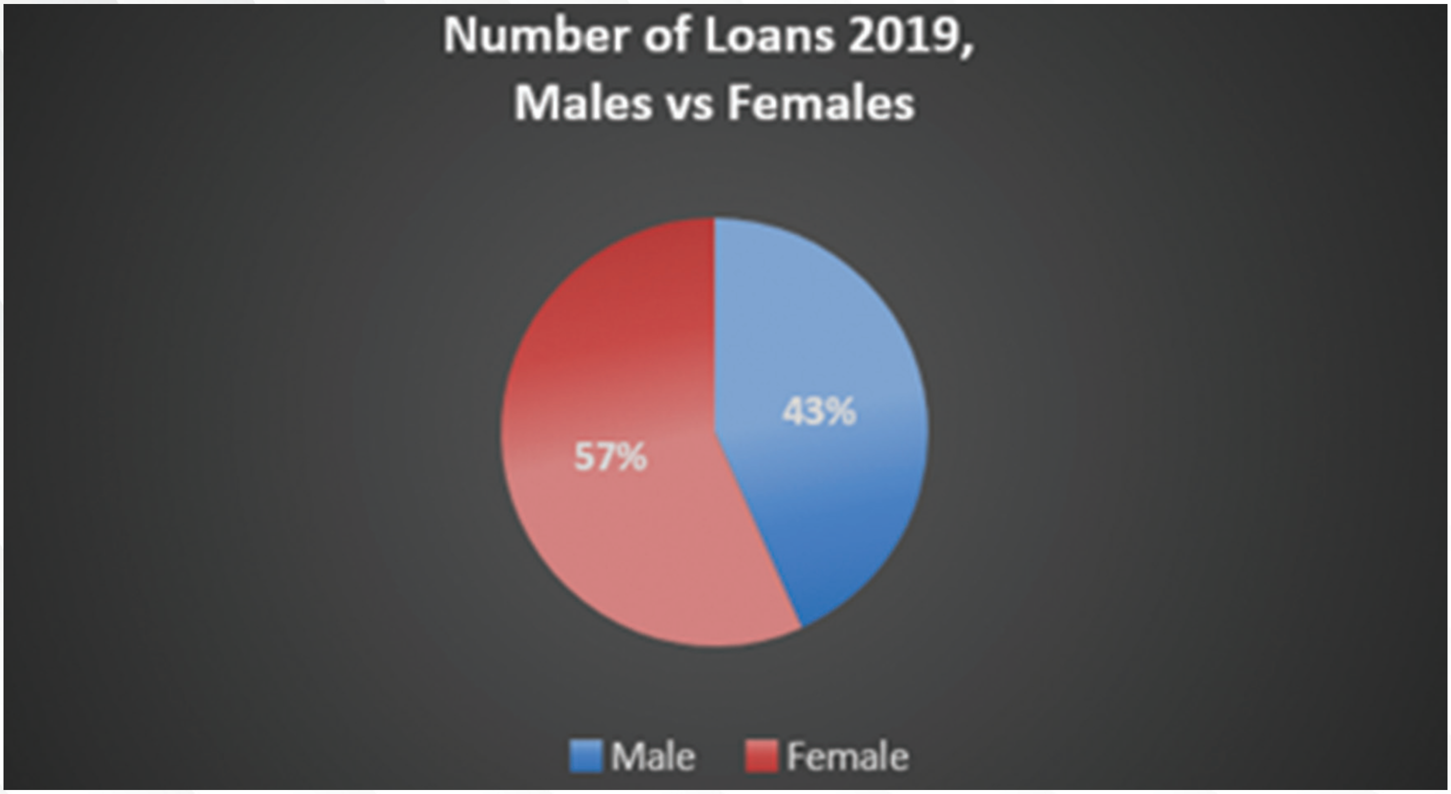


For 2019, majority (57%) of the total number of loans was disbursed to females, while 43% was disbursed to males. The total value of loans disbursed to females was $104.6M, while the total value of loans disbursed to males was $66M (See Table 3 below). This shows that there is a higher proclivity of females to borrow when compared to males.

TABLE 3 SHOWING NUMBER AND VALUE OF LOANS DISBURSED BY GENDER, 2019

Gender	2019	
	No. of Loans	Value of Loans
Male	1,656	$ 65,955,069.46
Female	2,168	$ 104,631,127.34
Undefined	0	-
Total	**3,824**	**$170,586,196.80**

GRAPH 3 SHOWING NUMBER OF LOANS BY GENDER, 2019

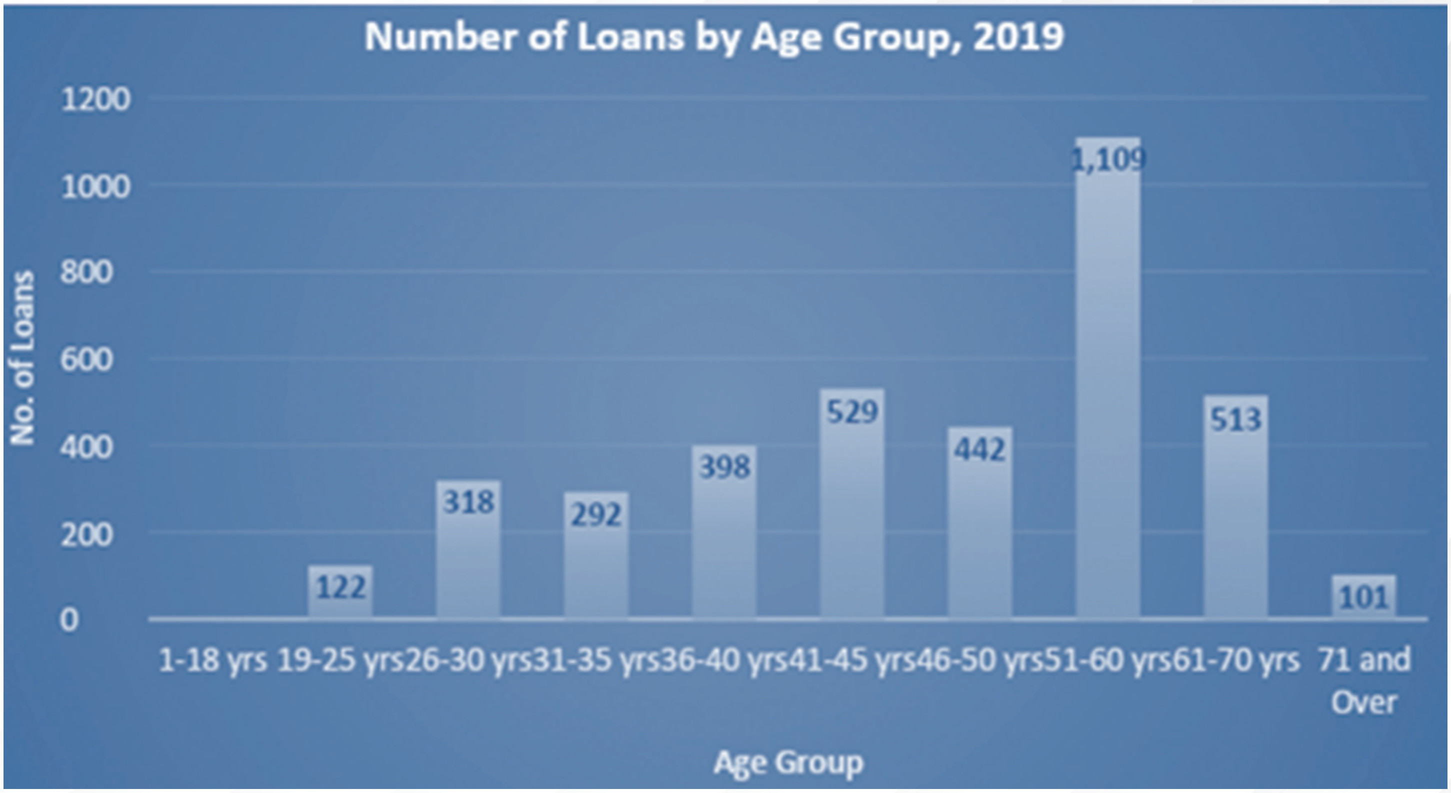


The age group 51-60 years recorded the highest number of loans during 2019. A total of 1,109 (29%) loans with a value of $44.5M was disbursed to the age group 51-60 years. The age group 41-45 years recorded the second highest number of loans amounting to $28.3M.

TABLE 4 SHOWING NUMBER OF LOANS BY AGE GROUP, 2019

Age	2019	
	No. of Loans	Value of Loans
1-18 years	0	-
19-25 years	122	3,943,917.71
26-30 years	318	11,653,604.48
31-35 years	292	14,427,826.21
36-40 years	398	23,177,830.12
41-45 years	529	28,341,784.17
46-50 years	442	25,785,537.19
51-60 years	1,109	44,530,404.19
61-70 years	513	16,214,927.45
71 and Over	101	2,510,365.28
Total	**3,824**	**$170,586,196.80**

GRAPH 4 SHOWING NUMBER OF LOANS BY AGE GROUP, 2019



CONCLUSION

Despite all the challenges experience during 2019, the Credit Committee would like to use this medium to extend appreciation and gratitude to our members for their co-operation and continued support throughout the year. We look forward to continued support as we strive to make our Credit Union the place of choice for loans and investments. Special acknowledgment is also extended to the management and staff of the PWD Co-operative Credit Union Ltd. Your efforts are greatly appreciated!

....

Patrick Rose
Chairman

REPORT OF THE SUPERVISORY COMMITTEE TO THE 72ND ANNUAL GENERAL MEETING

It is the pleasure of the Supervisory Committee to report on its stewardship for the year 2019. The following officers were duly elected to serve on the Supervisory Committee at the 71st Annual General Meeting held on July 10, 2019:

- Mrs. Sonia Cole
- Miss Angelina Brown
- Mrs. Althea Cole-Martin
- Mr. Lenson Lee
- Mr. Melvin Young

Meetings are held on Mondays and Wednesdays (weekly). Report of attendance of the Supervisory Committee for the period January to December 2019 is as follows:

Member	Position	# of Possible Meetings	# of Meetings Attended
Sonia Cole	Chairperson	78	72
Angelina Brown	Secretary	78	64
Althea Cole-Martin	Member	65	50
Lenson Lee	Member	78	34
Melvin Young	Member	78	64

Note: Mr. Lenson Lee was on vacation overseas from March to June and November. Mrs. Althea Cole-Martin started in March.

Scope of Work

Our responsibilities are to oversee the operations of the Credit Union and provide objective reviews. Below are some of the areas that were audited during the period:

- Review Employees Personnel Records
- Audit Leave Computations
- Review Bank Reconciliation Statements
- Review Internal Control Systems
- Verification of Payment Vouchers
- Examination of Loan Applications
- Prepare and submit Monthly reports to the Board of Directors
- Attend Joint Meetings
- Check Minutes of Board Meetings
- Request management response on audit findings & follow up on previous External Audit Reports.

Observations

The Committee having analyzed the performance in the areas mentioned above, is reasonably satisfied that the internal controls implemented by management to safeguard the assets of the Credit Union are satisfactory. There was general adherence to the established policies, procedures, standards and compliance with The BOJ guidelines which now governs the Credit Union. Most of our observations brought to the attention of Management were satisfactorily addressed.

Training

The Committee participated in in-house training on Anti-Money Laundering & Counter-Financing of Terrorism which increased our knowledge.

Acknowledgement

We express gratitude to the Board of Directors, staff and other volunteers for their cooperation during the year. Our sincere thanks to the membership for the confidence displayed by electing us to serve in this capacity.

Sonia Cole
Chairperson

SUPERVISORY COMMITTEE

(L-R) Angelina Brown, Melvin Young, Lenson Lee, Althea Cole-Martin, Sonia Cole.

REPORT OF THE DELINQUENT LOANS COMMITTEE
TO THE 72ND ANNUAL GENERAL MEETING

The year, 2019 although challenging, the Committee continued to work hard throughout the year and is pleased to report as follows.
The following members served on the Committee:
Mr. Bernard M. Allen (Chairman)
Ms. Karen Arscott,
Mrs. Maureen Dudley Neil,
Mrs. Peta Gaye Cargill Stewart
Mrs. Leonie Martin Thompson

The Committee has been in contact with several delinquent members throughout the yearand has been successful in getting some to start making payment towards clearing offtheir debt while others have cleared up their account.

As a follow-up to personal contacts, reminders were sent to delinquent members and their co-makers. Some have finally cleared up their account while others have made arrangements and are now paying off their account while maintaining membership.

During the year under review we have endeavoured to clear approximately sixty percent (60%) of the delinquent loans. In some instances, there are balances, but we intend to collect.As you already know we have the services of a collection agency (Jamaica Collections & Recovery Services) which is still doing an excellent job in the collection of the morechronic delinquent accounts. To date we have collected approximately $1,195,793.34and at the end of December 2019 our delinquency rating stood at 2.9%.

We wish to remind you that the loan agreement that is signed by each of you the borrower, co-maker or guarantor means that you are also indebted to the Credit Unionjointly and severally until the debt is fully paid.

Below is a breakdown of Delinquent Loans as at December 31, 2019

	No of Loans	Total Loans	Total Shares	Net Exposure
		$	$	$
1-2 Months	4	1,195,227	3,850,000	-2,654,773
2-3 Months	1	33,773		33,773
3-6 Months	4	1,610,968	158,092.00	1,452,876
6-12 Months	3	1,650,570	225,556.00	1,425,014
Over 12 Months				0
Total	12	4,490,538	4,233,648	256,890

We are pleased to have served you and wish to express our sincere appreciation for the assistance and co-operation given to the committee by the Office Manager and Staff, the Board of Directors, the Finance Committee, the Credit and Supervisory Committees.

May the good Lord continue to bless you all.

B.M.Allen
Chairman
Delinquent Loans Committee

REPORT ON THE ATTENDANCE OF PWD OFFICERS AT THE 78TH ANNUAL GENERAL MEETING & CONVENTION OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE LIMITED

The 78th Annual General Meeting of Jamaica Co-operative Credit Union League Limited (JCCUL) was held during the period 2019 May 30 – 2019 June 2 at the Hilton Rose Hall Hotel and Spa in Montego Bay, St. James under the theme "Transforming Lives: One Person, One Community at a Time". Six (6) members of the PWD Co-operative Credit Union Limited attended the meeting and represented the Credit Union at all events outlined in the programme of activities. The suite of activities included, among other things, an exhibition, workshops, banquet, the Annual General Meeting and an Ecumenical Service.

The PWDCo-operative Credit Union was represented as follows:

Delegates - Norris Gilbert
Damon Escoffery

Alternative Delegates - Karen Arscott
Paula Brown

Observers - Angelina Brown
Fern Graham

The following activities took place:

THURSDAY, MAY 30, 2019

- Inaugural CARIBDE's of Jamaica Forum under the theme: "Transforming Lives: One Person, One Community at a Time".
- Managers' Association Meeting moderated by Mr. Martin Blackwood, President of the CU Managers' Association.
- Workshop on "The Healing Power of Jamaican Herbs" with a presentation from Dr. Sylvia Adioa Mitchell, Senior Lecturer, Medicinal Plant Research Group at the University of the West Indies (UWI), Mona.
- Official Opening Ceremony with Guest Speaker, Mr. Donovan White, Director of Tourism at the Ministry of Tourism.

The day ended on a high note and set the pace for the remainder of the AGM and Conference.

FRIDAY, MAY 31, 2019

- Breakfast Meeting: The World Council of Credit Unions (WOCCU) Global Women Network, Jamaica Chapter.
- Jamaica Co-operative Credit Union League (JCCUL) Plenary Session.
- Workshop: "Due Process in Dispute Resolution" with main Speaker, Miss Gillian Corrodus, Director of Industrial Relations, Ministry of Labour and Social Security. (The session proved very informative and was very well received. Complimentary copies of the Labour Relations Code 1976 were also distributed to workshop participants.)
- Workshop: "Handling Grievances and Separations" with presenter, Mr. Kwame Gordon, Attorney-at-Law from Law Firm, Samuda and Johnson (Attorneys-at-Law). (He gave a scintillating presentation on the theme, which was also well-received by the participants.)
- Workshop: "How to Provide and Measure your Value to your Members" with main Speaker, Mr. Hank Halter, CEO, Delta Credit Union, Georgia, U.S.A.
- Workshop: "The Art of Dealing with Non-Performing Loans with main Speaker, Mr. Tim Paulsen, International Training Specialist.(He gave a riveting presentation on debt collection, given his wide-ranging expertise in the field.)
- The Merritone Disco, Session.

Day 2 again ended an extremely jam-packed day on a high note and continued the fast pace into Day 3.

SATURDAY, JUNE 1, 2019

- Annual General Meeting: The 78th Annual General Meeting was held on June 1, 2019. Delegates from twenty-five (25) Credit Unions attended the meeting. The President of JCCUL, Mr. Winston Fletcher, chaired a very eventful meeting and efficiently guided the meeting to a successful conclusion, having addressed all the matters that were on the Agenda. Notably, he presented a brief summary of the Board Report for the year 2018; whilst other members of the JCCUL Board and Committees presented reports during the session to include reports from the Treasurer, Supervisory Committee and Nominating Committees, as well as the Audited Financial Report for the period.

- Credit Union Awards Banquet:Saturday's activities culminated in the annual awards banquet. The Guest speaker at the event was Motivational Speaker, Mrs. Nadine Seaga and the Master of Ceremonies was Mr. Dervan Malcolm, (Broadcaster). Importantly, several awards were presented at the event and the PWD Co-Operative Credit Union Limited won the 'Small Credit Union of the Year' award, much to the jubilation of the PWD representatives at the event. Go PWD Credit Union!

SUNDAY, JUNE 2, 2019

- Praise and Worship: The Conference closed on Sunday with the traditional Ecumenical Service, to celebrate in praise and worship as the event officially ended after a successful conference. The speaker was Rev. Paul Robinson of the Mount Salem Open Bible Church – the message was well-received and the attendees enjoyed the event.

- Closing: Thereafter, there was the Closing Courtesies and Presentation of New League Board.

Overall, the JCCUL AGM and Conference 2019 was a tremendous success and the management and staff of the PWD Cooperative Credit Union Limited look forward to another successful year in 2020.

Norris Gilbert
Delegate

Damon Escoffery
Delegate

REPORT FROM THE DELEGATES
TO THE 2019 WORLD CREDIT UNION CONFERENCE

The 2019 World Credit Union Conference (WCUC) hosted by the World Council for Credit Unions (WOCCU) in collaboration with the Caribbean Confederation of Credit Unions (CCCU) was held at the Atlantis Resort in Nassau, Bahamas during the period July 28-31, 2019. Mr. Norris Gilbert and Miss Cheryl Hawkins represented the PWD Co-operative Credit Union as Delegates. The conference was attended by over 2,100 credit union professionals from over 60 countries.

The convention began with registration, exhibitors' showcase and the Official Opening Ceremony followed by break-out sessions, Banquet and Awards. The Annual General Meeting was held on Tuesday and Praise and Worship Service was held on Sunday morning. WCUC 2019 also featured 35 exhibitors' booths from industry partners and sponsors who offered Credit Union products and services, as well as fun activities in the Solution Center

The focus of the conference was on'Digitization' and featured 29 keynote presentations or breakout sessions from more than 50 speakers, on topics that included:

- Digitization
- Cryptocurrency
- Cybersecurity
- Financial Inclusion
- Regulation & Advocacy
- Business Strategy & Influence

Several World Council member organizations held their own learning sessions and receptions to target specific attendees, including:

- Global Women's Leadership Network (GWLN)
- World Council Young Credit Union Professionals (WYCUP)
- Worldwide Foundation for Credit Unions

Day 1- Sunday, July 28, 2019: Convention Official Opening Ceremony and Keynote Message

- Prime Minister of Bahamas– Dr. the Honorable Hubert Minnis
- Keynote Speaker – Connie Dieken
- Welcome Reception

Day 2-Monday, July 29, 2019

- Powering your Business with Mastercard – Rodrigo de Paula, Juan Zavala
- Emerging Technologies: Blockchain 101 – HyderHassan
- How do we Prepare for Central Bank Inspection? – Simone Proctor
- Management and Regulators – Pierre Sequin
- The Future of Mobility – Tony Boutelle
- Living and Growing with an Engagement Strategy – Tyler Miller
- Together Better – Small Credit Unions Collaborate for Innovation and Efficiency – Scott Butterfield, Shirley Cate, Terri Robinson, Aylmer Irish
- Developing Strategies for Caribbean Market Trends – Sunita Tiwari
- Next Gen Regulation – Chris Donald, Ryan Donovan, Denis Felix

8 Identity: Perception and Reality – Erin Wolf

Day 3- Tuesday, July 30, 2020

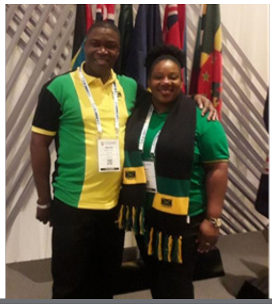
- Disruption and Disintermediation: Credit Unions in Emerging Markets - Speakers: Murray Gardiner, KalinRadev

- Credit Unions in the 21st Century - Adam Lee
- IFRS 9 for Cooperatives - Sohini Chowdhury
- #StepUp for Sustainability – Doing the Right Thing is also Good Business - George Ombado, Brett Martinez, Manfred Dasenbrock, Elenita San Roque
- WOCCU and Visa: Payments Innovation Collaboration – Todd Mazurek, Megan O'Donnell, Doug Leighton
- How Cognitive Technology Can Help to Provide a Better Service to Members - Felipe Sessin
- The Impact of Stress Testing, IFRS9 vs CECL on the Performance of Lending Portfolios and Balance Sheets - Deniz Tudor, Cristian DeRitis
- Supplemental Capital for Cooperatives -: Dave Taylor, Eric Richard
- Future of Cross-Cultures, Countries and People: a Young Professional Perspective - DorwinManzano, Paul Norgrove, Gisele Gomes, Melissa Swee

Day 4- Wednesday, July 31, 2020

- How Credit Unions Can Excel in Customer Experience (CX) – The Irish Perspective - Paul Bailey
- AML/CFT - Current Trends - Andy Price, Kieron Cacho
- Market Segmentation the Key to Customer Satisfaction – A Caribbean Perspective - Denise Julien
- Implementing a Credit Union Values-Based Business Model - Karen Miner, Cory Munden, Tracey Kliesch
- Why You Cannot Have Diversity Without Inclusion - Tonita Webb

Cheryl Hawkins
Delegate



TREASURER'S REPORT

It is a pleasure to present the Treasurer's Report on the Financial Performance of our Credit Union for the year ended December 31, 2019.

The Credit Union continues to perform at a satisfactory level although there were continuous challenges with aggressive competition from the Commercial Banks and Micro Financial Loans, and new regulations from the Bank of Jamaica. The Credit Union continues to see a surplus in our operations, though very small this year. This accumulated surplus has resulted in the ability to recommend dividends on Permanent Shares at this Annual General Meeting.

Our members are still faced with reducing disposable income but continue to support the Credit Union, but we were successful in achieving their goals and dreams, and meeting majority of our members needs during this challenging year.

The Performance of the Credit Union is a reflection of the wider economy, which saw continued decrease in the value of the Jamaican Dollar and increases in the price of goods and services. This resulted in the members having less disposable income and the inability to acquire new loans.

Cash inflows came in mainly by contributions to shares, loan repayment installments, deposits by members and interest earned on our investments portfolio in the JCCUL, CWJ Shares, Sagicor and Barita Investments. There were also miscellaneous income coming in from sale of passbooks, rental of property and fees. This enabled the Credit Union to meet all its obligations without resorting to external borrowing.

During the year 2019 our Credit Union achieved an Undistributed Surplus of $50,625.00, compared to $1,785,594.00 for 2018, a decrease of $1,734,969.00

Members' savings in shares increased from $240,740,369.00 to $247,378,061.00, The Permanent shares balance is now at $5,488,556.00

Loan Balances to our members, for the period was $291,412,746.00.

GRAPH 4 SHOWING NUMBER OF LOANS BY AGE GROUP, 2019

	2017 ($)	**2018 ($)**	**2019 ($)**
Total Income	44,816,990.00	46,233,573.00	51,506,591.00
Total Expenditure	39,400,678.00	42,967,979.00	51,455,966.00
Net Income	**6,353,312.00**	**1,785,594.00**	**50,625.00**

I would like to take this opportunity to thank the Assistant Treasurer, other members of the Board, Committee Members, the Office Manager and Staff, our Auditors Smith and Associates, and our valued members for your cooperation and support during the year.

It was a pleasure serving you and the Credit Union and we look forward to continuing good relationships in the Credit Union movement.

Damon Escoffery
Treasurer

AGENDA ITEM NO. 9

PROPOSAL FOR

APPROPRIATION OF NET UNDISTRIBUTED SURPLUS
From the operations of the Credit Union in the year 2019

	2019 ($)	2018 ($)
Dividend on Permanent Shares (3%)	164,657.00	107,503.72
Honoraria	100,000.00	300,000.00
Donations	-	40,000.00
Scholarship Program	125,000.00	180,000.00
Retained Earnings to be carried forward	100,321.00	-
Fun Day Allocations	-	400,000.00
Institutional Capital Reserve	100,000.00	758,090.28
Total Appropriation	**589,978.00**	**1,785,594.00**

FINANCIAL STATEMENTS
& NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018

Content

Smith and Associates

P.W.D. Co-operative Credit Union Limited

Financial Statements

December 31, 2019

Smith & Associates
Chartered Accountants
16 Hope Road
Kingston 10

Smith and Associates

Chartered Accountants

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Report of the Independent Auditors

April 21, 2020

To the Registrar of Co-operative Societies,
P.W.D. Co-operative Credit Union Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of P.W.D. Co-operative Credit Union Limited (the Credit Union) set out on pages 4 - to 53 which comprise the statement of financial position as at December 31, 2019, statements of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of P.W.D. Co-operative Credit Union Limited as at December 31, 2019, and of it's financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of P.W.D. Co-operative Credit Union Limited 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.

Publication of these financial statements

Where P.W.D. Co-operative Credit Union Limited publishes these financial statements in any publication, management is responsible for the content of any other information that is included in the publication. The other information include all content other than the financial statements and our auditor's report theron.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

N.C. Smith, F.C.A., F.C.C.A., V.I. Smith, F.C.A., F.C.C.A.

Report of the Independent Auditors

Responsibility of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 P.W.D. Co-operative Credit Union Limited ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing P.W.D. Co-operative Credit Union Limited's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error in economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- 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.

Report of the Independent Auditors

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on additional requirements of the Co-operative Societies Act

We have obtained all the information which, to the best of our knowledge and belief, was necessary for the purpose 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 Socieities Act in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Noel Smith

SMITH & ASSOCIATES
Chartered Accountants

Noel Smith

P.W.D. Co-operative Credit Union Limited

Income Statement

For the Year Ended December 31, 2019

	Note	2019 $	2018 $
Interest Income			
Loans and advances to members		50,263,249	53,297,449
Liquid assets		1,116,456	1,036,224
Finanaical investments		126,886	130,790
		51,506,591	54,464,463
Interest Expense			
Savings deposits		3,501,346	3,196,949
Interest on voluntary shares		3,743,708	4,043,941
Other interest expense		299,061	-
		(7,544,115)	(7,240,890)
		43,962,476	47,223,573
Net Interest income			
(Increase) / Decrease in provision for loan losses	5.d.	(1,709,827)	(5,519,826)
Net interest income after provision		42,252,649	41,703,747
Non-interest income			
Other income		2,689,564	4,529,826
Gross margin		44,942,213	46,233,573
Less operating expenses	31.	44,221,588	42,967,979
Net income before Honoraria		720,625	3,265,594
Honoraria	22.	(300,000)	(330,000)
Net income after Honoraria		420,625	2,935,594
Other comprehansive income			
Items that will not be classified subsequently to profit and loss:			
Acturial gain / (loss) on obligation		9,431,000	(4,761,000)
Acturial gain / (loss) on Plan Asset		1,829,000	(841,000)
Change in effect of asset ceiling		(11,630,000)	4,452,000
Total other comprehensive (loss)/ income		(370,000)	(1,150,000)
Net profit, being total comprehensive income for the year		50,625	1,785,594

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Financial Position

December 31, 2019

	Note	2019 $	2018 $
ASSETS			
Non-current assets			
Earning assets			
Loans to members	5.	291,412,746	288,592,833
Financial investments	6.	17,514,366	13,727,455
Investment property	7.	9,500,000	9,600,000
Total non current, earning assets)		318,427,112	311,920,288
Non Earning assets			
Property, plant and equipment (net)	8.	5,356,849	5,551,758
Retirement benefit asset	9.	7,418,871	7,801,871
Total non-current, non-earning assets)		12,775,720	13,353,629
Total non-current assets		331,202,832	325,273,917
Current assets			
Earning assets			
Liquid assets	10.	67,381,309	62,225,245
Bank and cash	11.	2,698,488	1,575,089
Total current, earning assets		70,079,797	63,800,334
Non-earning assets			
Bank and cash	11.	7,663,654	7,123,002
Receivables	12.	11,670,173	7,140,280
Total current, non-earning assets		19,333,827	14,263,282
Total current assets		89,413,624	78,063,616
TOTAL ASSETS		420,616,456	403,337,533

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Financial Position

December 31, 2019

	Note	2019 $	2018 $
CAPITAL AND LIABILITIES			
Capital and reserves			
Institutional capital	13.	44,306,400	43,513,870
Non-Institutional capital		25,992,600	27,963,656
TOTAL CAPITAL		70,299,000	71,477,526
LIABILITIES			
Non Current Liabilities			
Interest bearing			
Members' voluntary shares	14.	247,378,061	240,740,369
Savings deposit	15.	83,724,380	75,608,303
Total non-current, interest bearing liabilities		331,102,441	316,348,672
Current Liabilities			
Non-interest bearing			
Trade and other payables	16.	19,215,015	15,511,335
Total current, non- interest bearing liabilities		19,215,015	15,511,335
TOTAL LIABILITIES		350,317,456	331,860,007
TOTAL CAPITAL AND LIABILITIES		420,616,456	403,337,533

Approved on Behalf of the Board

______________________,Director

N. Lambert ______________________,Director

2020/04/21 ______________________,Date

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Equity

For the Year Ended December 31, 2019

	Permanent Shares	Statutory & Legal Reserves	Total Institutional Capital	Other Transfer	Retirement Benefit Reserve	Revaluation Reserve	Other Reserves	Accumulated surplus/ (deficit)	Total non-Institutional Capital	Grand Total
	$	$	$	$	$	$	$	$	$	$
	(note13)	(note 13)	(note 13)		(note 19)	(note 20)				
Balance as at December 31, 2017	5,323,436	34,732,465	40,055,901	-	8,890,871	9,882,558	8,199,742	4,408,671	31,381,842	71,437,743
Impact of adopting IFRS 9 at January 1, 2018 (see note)	-	-	-	-	-	-	-	(1,136,939)	(1,136,939)	(1,136,939)
Surplus for the year	-	-	-	-	-	-	-	1,785,594	1,785,594	1,785,594
Shares issued and transferred	54,750	-	54,750	-	-	-	-	-	-	54,750
Shares repayment	(3,000)	-	(3,000)	-	-	-	-	-	-	(3,000)
(20% of net income before honoraria) statutory reserve transfer	-	653,119	653,119	-	-	-	-	(653,119)	(653,119)	-
Transfer to retirement benefit reserve	-	-	-	-	(1,089,000)	-	-	1,089,000	-	-
Entrance Fees	-	3,100	3,100	-	-	-	-	-	-	3,100
Appropration of Net Surplus for 2017	-	2,750,000	2,750,000	503,719	-	-	680,000	(3,933,719)	(2,750,000)	-
Amount paid out in dividend	-	-	-	(443,719)	-	-	-	-	(443,719)	(443,719)
Amount paid in donation	-	-	-	(60,000)	-	-	-	-	(60,000)	(60,000)
Movement in other reserves (Payments)	-	-	-	-	-	-	(160,003)	-	(160,003)	(160,003)
Balance as at December 31, 2018	5,375,186	38,138,684	43,513,870	-	7,801,871	9,882,558	8,719,739	1,559,488	27,963,656	71,477,526
Surplus for the year	-	-	-	-	-	-	-	50,625	50,625	50,625
Shares issued and transferred	243,534	-	243,534	-	-	-	-	-	-	243,534
Shares repayment and transferred	(130,164)	-	(130,164)	-	-	-	-	-	-	(130,164)
(20% of net income before honoraria) statutory reserve transfer	-	144,125	144,125	-	-	-	-	(144,125)	(144,125)	-
Transfer from retirement benefit reserve	-	-	-	-	(383,000)	-	-	383,000	-	-
Entrance fees	-	3,050	3,050	-	-	-	-	-	-	3,050
Appropriation of Net Surplus for 2018	-	531,985	531,985	147,026	-	-	580,000	(1,259,011)	(531,985)	-

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Equity

For the Year Ended December 31, 2019

	Permanent Shares	Statutory & Legal Reserves	Total Institutional Capital	Other Transfer	Retirement Benefit Reserve	Revaluation Reserve	Other Reserves	Accumulated surplus/ (deficit)	Total non-Institutional Capital	Grand Total
	$	$	$	$	$	$	$	$	$	$
	(note13)	(note 13)	(note 13)		(note 19)	(note 20)				
Amount paid out in dividend	-	-	-	(107,026)	-	-	-	-	(107,026)	(107,026)
Amount paid in donation	-	-	-	(40,000)	-	-	-	-	(40,000)	(40,000)
Movement in other reserves (Payments)	-	-	-	-	-	-	(1,198,547)	-	(1,198,547)	(1,198,547)
Balance as at December 31, 2019	5,488,556	38,817,844	44,306,400	-	7,418,871	9,882,558	8,101,192	589,979	25,992,600	70,299,000

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Cash Flows

For the Year Ended December 31, 2019

	2019 $	2018 $
Cash flows from (used in) operating activities		
Net profit for the year	50,626	1,785,594
Adjustments to reconcile net (loss)/ profit for year to net cash provided by operations		
Interest received	51,511,186	55,660,437
Adjustments for interest earned	(51,506,591)	(54,464,463)
Depreciation and amortisation expense	2,280,801	1,369,817
Retirement reserve	383,000	1,089,000
Adjustments for interest expense	7,544,115	7,240,890
Adjustments for impact of adopting IFRS 9 at January 1, 2018	-	(1,136,939)
Interest paid	(7,845,340)	(6,219,674)
Total from operations	2,417,797	5,324,662
Decrease/ (increase) in current assets		
Accounts receivables and prepayments	(4,534,488)	(1,373,969)
Increase / (Decrease) in current liabilities		
Accounts payable and accruals	4,004,906	165,044
Net cash provided by operations	1,888,215	4,115,737
Cash flows from (used in) investing activities		
Financial investments	(3,786,911)	(4,130,790)
Loans to members	(2,819,913)	13,619,122
Purchase of property, plant and equipment	(1,985,892)	(4,692,701)
Net cash flows from (used in) investing activities	(8,592,716)	4,795,631
Cash flows from (used in) financing activities		
Members' voluntary shares	6,637,692	9,234,281
Members' savings deposit	8,116,077	4,378,272
Increase in Permanent share capital	113,370	51,750
Entrance Fees	3,050	3,100
Scholarships, share transfer and disaster fund	(1,238,547)	(220,003)
Dividend paid	(107,026)	(443,719)
Net cash flows from (used in) financing activities	13,524,616	13,003,681
Effect of exchange rate changes on cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	6,820,115	21,915,049
Cash and cash equivalents at beginning of period	70,923,336	49,008,287
Cash and cash equivalents at end of period	77,743,451	70,923,336

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2019

1. Identification and principal activity

P.W.D. Co-operative Credit Union Limited (the credit union) is registered under the Co-operative Societies Act of Jamaica. The registered office of the Credit Union is located at 147 Maxfield Avenue, Kingston 10.

The Credit Union's main activities are the promotion of thrift, the provision of loans to members exclusively for provident and productive purposes, and to receive the savings of its members either as payments on shares or as deposits.

The Credit Union is exempt from Income Tax under Section 59 (1) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

The Credit Union employed 9 permanent persons as at December 31, 2019 (2018: 10).

The Credit Union is a member of and is supervised by the Jamaica Co-operative Credit Union League (JCCUL).

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and have been prepared under the historical cost convention.

3. IFRS compliance and adoption

Standards, interpretations and amendments effective during the current year

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which became effective during the current financial year, and which the Credit Union has not early adopted. The credit union has assessed the relevance of all such new standards, interpretations and amendmentsand has adopted the following as follows:

IFRS 16 Leases

Effective for annual periods beginning on or after 1 January 2020

Key requirements

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2019

3. IFRS compliance and adoption continued

Standards, interpretations and amendments effective during the current year continued

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

Transition
A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15.

Impact

The lease expense recognition pattern for lessees will generally be accelerated as compared to today. Key balance sheet metrics such as leverage and finance ratios, debt covenants and income statement metrics, such as earnings before interest, taxes, depreciation and amortisation (EBITDA), could be impacted. Also, the cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities. Lessor accounting will result in little change compared to today's lessor accounting.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments:
Effective for annual periods beginning on or after 1 January 2019.
In June 2017, the IASB issued IFRIC Interpretation 23 which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Scope

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

Key requirements

The interpretation specifically addresses the following

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2019

3. IFRS compliance and adoption continued

Standards, interpretations and amendments effective during the current year continued

Effective date and transition. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available

Impact

Applying the interpretation could be challenging for entities, particularly those that operate in more complex multinational tax environments. Entities may also need to evaluate whether they have established appropriate processes and procedures to obtain information on a timely basis that is necessary to apply the requirements in the interpretation and make the required disclosures.

Prepayment Features with Negative Compensation

- Amendments to IFRS 9 Effective for annual periods beginning on or after 1 January 2019.

Key requirements

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

Transition

The amendments must be applied retrospectively; earlier application is permitted. The amendment provides specific transition provisions if it is only applied in 2019 rather than in 2018 with the rest of IFRS 9.

Impact

The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. This implies that prepayments at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, will normally satisfy the SPPI criterion only if other elements of the change in fair value, such as the effects of credit risk or liquidity, are small. Most likely, the costs to terminate a 'plain vanilla' interest rate swap that is collateralised, so as to minimise the credit risks for the parties to the swap, will meet this requirement.

Modification or exchange of a financial liability that does not result in derecognition in the basis for conclusions to the amendments, the IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification (or exchange) does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition.

3. IFRS compliance and adoption continued

Standards, interpretations and amendments effective during the current year continued

This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognized in profit or loss. The IASB made this comment in the basis for conclusions to the amendments as it believes that the existing requirements in IFRS 9 provided an adequate basis for entities to account for modifications and exchanges of financial liabilities and that no formal amendment to IFRS 9 was needed in respect of this issue.

Impact

The IASB stated specifically that this clarification relates to the application of IFRS 9. As such, it would appear that this clarification does not need to be applied to the accounting for modification of liabilities under IAS 39. Any entities that have not applied this accounting under IAS 39 are therefore likely to have a change of accounting on transition. As there is no specific relief, this change needs to be made retrospectively.

Plan Amendment, Curtailment or Settlement- Amendments to IAS 19.
Effective for annual periods beginning on or after 1 January 2019.

Key requirements

The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.
Determining the current service cost and net interest when accounting for defined benefit plans under IAS 19, the standard generally requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest is generally calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasurethe net defined benefit liability / (asset).

Effect on asset ceiling requirements

A plan amendment, curtailment or settlement may reduce or eliminate a surplus in a defined benefit plan, which may cause the effect of the asset ceiling to change. The amendments clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

This clarification provides that entities might have to recognize a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognised before. Changes in the effect of the asset ceiling are not netted with such amounts.

3. IFRS compliance and adoption continued

Standards, interpretations and amendments effective during the current year continued

Transition

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.
Early application is permitted and should be disclosed.

Impact

As the amendments apply prospectively to plan amendments, curtailments or settlements that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering a plan amendment, curtailment or settlement after first applying the amendments might be affected.

Standards, interpretations and amendments issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations and has concluded as follows:

Definition of Material - Amendments to IAS 1 and IAS 8
Effective for annual periods beginning on or after 1 January 2020.

Key requirements

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements

Obscuring information

The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

3. IFRS compliance and adoption continued

Standards, interpretations and amendments issued but not yet effective continued

New threshold

The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' in the definition of 'material'. In the amended definition, therefore, it is clarified that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users.

Primary users of the financial statements

The current definition refers to 'users' but does not specify their characteristics, which can be interpreted to imply that an entity is required to consider all possible users of the financial statements when deciding what information to disclose. Consequently, the IASB decided to refer to primary users in the new definitionto help respond to concerns that the term 'users' may be interpreted too widely.

Other amendments

The definition of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of material in IAS 1 and IAS 8.

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements

The credit union has concluded that all other standards, interpretations and amendments to existing standards which are published but not yet effective or either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no impact on adoption; or certain inconsequential clarifications that will have no material impact when they come into effect.This includes amendments resulting from IASB's ongoing improvements project.

a. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the company will continue to operate in the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations. Should the company be unable to continue as a going concern, the basis of reporting the carrying values of assets may be adjusted.

The accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been applied consistently to all the year's presented, unless otherwise stated.

b. Functional and presentation currency

The financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency.

c. Critical accounting judgement and key sourceof estimation uncertainity

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the statement of financial position date and the income and expenses for the year ended.
The estimates and associated assumptions are based on historical experience and / or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
The significant areas where key assumptions concerning future, and other sources of estimation uncertainty, at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are as follows:

(i) Allowance for losses

In determining amounts recorded for allowance for losses in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable and other financial assets, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired financial assets, including the net realizable value of underlying collateral, as well as the timing of such cash flows. The adequacy of the allowance depends on the accuracy of these judgments and estimates.

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of other generally accepted valuation techniques. Considerable judgment is required in interpreting market data to arrive at estimates for fair values. Consequently, the estimates of fair value arrived at may be significantly different from the actual price of the instrument in an arm's length transaction. It is reasonably possible that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

The preparation of the financial statements in accordance with IFRS also assumes that the Credit Union will continue in operational existence for the foreseeable future. This means, inter alia, that the statement of financial position and the statement of income and expenses assume no intention or necessity to liquidate the Credit Union or curtail the scale of its operations. This is commonly referred to as the going concern basis. The Board and Management believe that preparation of the financial statements on the going concern basis continues to be appropriate.

d. Comparative Information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

e. Translation of monetary assets

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the statement of financial position date. Gains and losses on foreign exchange are recognised in the income statement.

f. Interest income

Interests on loans and investments are stated on the accrual basis. Interest Income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets. The 'amortized cost' of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The 'gross carrying amount' of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses. Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability. Where a financial asset has becomes credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

g. Property, plant and equipment

Items of property, plant and equipment are measured at cost or valuation, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

(i) Subsequent costs:
The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the cash flow to the Credit Union and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

h. Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives.
Annual rates are as follows

Office equipment	20%
Furniture and fixtures	10%
Computer software	33.33%
Computer and equipment	20%

The assets' residual values and useful lives are reviewed periodically for impairment, and adjusted if appropriate, at each statement of financial position date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

h. Depreciation continued

All items of property, plant and equipment are de-recognized upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement comprehensive income.

i. Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent comprises of cash in hand and cash at bank.

j. Trade payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Payables denominated in foreign currency are translated into Jamaican dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in the Statement of Comprehensive income.

k. Financial assets

Recognition and initial measurement

The Credit Union recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Credit Union determines the classification of its financial assets, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Debt instruments are classified as follows:

• Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.

- Fair value through other comprehensive income – Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income is calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

k. Financial assets continued

- Mandatorily at fair value through profit or loss – Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.
- Designated at fair value through profit or loss – On initial recognition, the Credit Union may irrevocably designate financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

The Credit Union measures all equity investments at fair value. Changes in fair value are recorded in profit or loss except where the entity has irrevocably elected at initial recognition, to present in other comprehensive income the fair value gains and losses of an equity investment that is neither held for trading nor contingent consideration acquired in a business combination. In such cases, the cumulative gains and losses recognized in other comprehensive income are not reclassified to profit or loss on derecognition of the investment.

Business model assessment

The Credit Union assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives and how performance of the portfolio is evaluated.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Credit Union considers factors that would alter the timing amount of cash flows such as prepayment and extension features, terms that might limit the Credit Union's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Credit Union reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The Credit Union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments, as well as financial guarantee contracts and loan commitments not measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

k. Financial assets continued

For loans and mortgages the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants and requests to restructure loan payment schedules. For financial assets that are credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial assets;

- For facilities with both a drawn and undraw component where the Credit Union cannot separately identify expected credit losses between the two components, as a deduction from the carrying amount of the drawn component.

Any excess of the loss allowance over the carrying amount of the drawn component is presented as a provision:

- For debt instruments measured at fair value through other comprehensive income, in other comprehensive income. The loss allowance does not reduce the fair value carrying amount of the financial asset in the statement of financial position.

Financial assets are written off when the Credit Union has no reasonable expectations of recovering all or any portion thereof.

l. Financial liabilities

Recognition and initial measurement

The Credit Union recognizes financial liabilities when it becomes party to the contractual provisions of the instrument. At initial recognition, the Credit Union measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.
Derecognition of financial liabilities

The Credit Union derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

m. Investments

Securities acquired or loans granted or other receivables that have a fixed or determined payment and which are not quoted in an active market are measured at amortised cost. An active market is one where quoted prices are readily and regularly available from an exchange dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Debt investments that the Credit Union has the intent and ability to hold to maturity are measured at amortise cost. All other investments are measured at fair value through profit and loss (FVTPL). Loans and receivables and held-to-maturity investments are initially measured at cost and subsequently at amortised cost, calculated on the effective interest rate method, less impairment losses. Where fair value cannot be reliably measured, they are stated at cost. Where the securities are disposed of, or impaired, the related accumulated unrealized gains or losses are recognized in profit or loss. Equity securities are considered impaired when there is a prolonged or significant decline in fair value below the securities costs. Investments are recognized / derecognized on the day they are transferred to / from the Credit Union.

Fair value is determined based on quoted market bid price. Where a quoted market price is not available, the fair value is estimated using discounted cash flow. The estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and condition.

n. Reverse repurchase agreements

A reverse repurchase agreement ("reverse repo") is a short-term transaction whereby the Credit Union buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Reverse repos are accounted for as short-term collateralized lending and are measured at amortised cost.

The Credit Union enters into reverse repurchase agreements to resell substantially identical investments at a certain date in the future at a fixed price. The amounts paid are recognized as "securities purchased under resale agreements" and are collateralized by the underlying securities.
The difference between the purchase and resale considerations is recognized on the accrual basis over the period of the transaction, using the effective interest method, and is included in interest income.

o. Loans to members and allowance for loan losses

(i) Loans to members:

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Credit Union does not intend to sell immediately or in the near term. Loans are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, less allowance for loan losses.

(ii) Allowance for impaired loans:

Assumptions in determining the allowance for expected credit losses - applicable to 2019.
At each reporting period, financial assets are assessed to determine whether their credit risk has increased significantly since initial recognition. In determining whether credit risk has significantly increased, management develops a number of assumptions about the factors which impacts the borrower's ability to meet debt obligations:

o. Loans to members and allowance for loan losses continued

Significant judgements , estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact future events may have on the historical data used to measure expected credit losses.

In estimating expected credit losses, the Credit Union develops a number of assumptions as follows:

- The period over which the Credit Union is exposed to credit risk, considering for example, prepayments, extension options, demand features
- The probability-weighted outcome, including identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes
- The risk of default occurring on loans during their expected lives and during the next 12 months after the reporting date
- Expected cash short falls including, recoveries, costs to recover and the effects of any collateral or other credit enhancements
- Estimates of effective interest rates used in incorporating the time value of money.
- The above assumptions are based on historical information and adjusted for current conditions and forecast of future economic conditions. The Credit Union determines adjustments needed to its historical assumptions by monitoring the correlation of the probability of default and loss rates with the following economic variables:
- Interest rates
- Unemployment rates
- Real Gross domestic product Growth

The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes that are neither best-case nor worse-case scenarios. The Credit Union uses judgment to weight these scenarios

Assumptions in determining the allowance for incurred credit losses - applicable to 2018.

The Credit Union has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as job losses or economic circumstances. In identifying the impairment likely from these events, the Credit Union estimates the potential impairment using the loan type, type of loan security, the length of time the loans are past due and the historical loss experience.

Member loans that have been assessed individually and found not to be impaired and all individually insignificant loans are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The general provision assessment takes account of data from the loan portfolio such as credit quality, delinquency, historical performance and industry economic outlook.

The guidelines stipulated by the JCCUL require the allowance for loan losses to be stipulated percentages of total delinquent loans, the percentage varying with the period of delinquency, before considering securities held against such loans.

The allowance for loan losses required by the PEARLS that is in excess of the requirements of IFRS 9 is treated as an appropriation of undistributed net income and included in a non-distributable loan loss.

p. Other assets

Other assets are stated at amortised cost, less impairment.

q. Other payables and accruals

Other payables and accruals are stated at amortised cost.

r. External credits

External credit is measured initially at cost and subsequently at amortised cost

s. Grants

Grants are recognized at fair value initially as deferred income when there is reasonable assurance that they will be received and the Credit Union will comply with the conditions associated with the grant. Grants that compensate the Credit Union for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized

t. Impairment

The carrying amounts of the Credit Union assets, other than loans to members (see note 3 (f)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale investment recognized previously in equity is transferred to profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the Credit Union's loans and receivables and held-to-maturity investments is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. The recoverable amount in respect of an available-for-sale investment is its current fair value. Receivables with a short duration are not discounted.

(ii) Reversals of impairment:

In respect of loans and receivables and held-to-maturity investments and receivables, the impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Reversals are recognized in profit or loss, except for available-for-sale equity securities, that are recognized in other comprehensive income.

u. Fees and dividend

Fee income is recognized when the related service is provided.

v. Employee benefits

Employee benefits are all forms of consideration given by the Credit Union in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual vacation leave, and non- monetary benefits such as medical care, post-employment benefits such as pensions and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognized in the following manner: Short-term employee benefits are recognized as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

Employee benefits comprising pension asset included in the financial statements have been actuarially determined by a qualified independent actuary, appointed by JCCUL.

The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the Credit Union's pension asset as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.
The employees of the Credit Union participate in a defined-benefit multi-employer pension scheme operated by JCCUL.

The Credit Union's net obligation in respect of the defined-benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the reporting date on long-term government bonds with dates approximating the terms of the related liability. The calculation is performed by a qualified actuary, using the projected unit credit method.
When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in profit or loss on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits are vested immediately, the expense is recognized immediately in profit or loss.

In respect of actuarial gains and losses that arise in calculating the Credit Union's obligation in respect of the plan, to the extent that any cumulative unrecognized actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Where the calculation results in a benefit to the Credit Union, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

w. League fees and stabilization dues

JCCUL has determined the rate of calculating league fees at 0.2% (2018: 0.2%) of total assets. These fees are capped at 10% of the total fees due from the Credit Union movement, calculated by JCCUL. Stabilization dues are computed at a rate of 0.15% (2018: 0.15%) of saving funds.

4. Financial risk management

The Credit Union's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and operational risk. The Credit Union's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Credit Union's financial performance.

The credit union's risk management policies are designed to identify and analyze these risks to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The credit union regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the established and oversight of the credit union's risk management framework. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk,use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Board has established a department headed by a Risk Officer for managing and monitoring risks. In addition to the above, risk is monitored as follows:

(i) The Jamaica Co-operative Credit Union League has established a Risk Assessment Unit which has regular meetings with Risk Officers from within the credit union movement. The objectives of these meetings are to develop strategies to manage risk in member credit unions.

(ii) Supervisory Committee

The Supervisory Committee oversees how management monitors compliance with the Credit Union's risk management framework in relation to the risks faced by the company. The Supervisory Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and hoc reviews of risk management controls and procedures, the result of which are reported to the Supervisory Committee.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate risk and other price risk.

a. Credit risk

Credit risk is the risk of financial loss to P.W.D. Co-operative Credit Union Limited if the counterparty fails to meet its obligation. Credit risk arises from P.W.D. Co-operative Credit Union Limited's operating activities from trade receivables and loan notes and financing activities from cash and cash equivalents, deposits with banks and financial institutions, derivative financial instruments.

4. Financial risk management continued

a. Credit risk continued

The Credit Union takes on exposure to credit risk, which is the risk that its members, clients or counterparties will cause a financial loss for the Credit Union by failing to discharge their contractual obligations. Credit risk is the most important risk for the Credit Union's business; management therefore carefully manage its exposure to credit risk. Credit exposures arise principally from the Credit Union's loans to members, deposits with other institutions and investment securities. There is also credit risk exposure in respect of off-Statement of Financial Position, financial instruments e.g. financial guarantees. The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single member or Credit Unions of related parties and to geographical and industry segments.

There is a documented credit policy in place which provides guidelines for the Credit Union's review process.

Credit review process:

The Credit Union has a Credit Committee whose responsibility involves regular review of the ability of borrowers to meet repayment obligations.

(i) Loans to members.

The Credit Union's exposure to credit risk is influenced mainly by the individual characteristics of each member. The Board of Directors has established a credit policy under which each member is assessed individually for creditworthiness prior to the Credit Union offering them a credit facility.

Loans are not granted to delinquent members, or co-makers of delinquent members.

Loans are not granted for "high risk" investment purposes.

The verification of applicant's income is undertaken e.g. the last three (3) pay slips are reviewed prior to the approval of all loans above shares. The Credit Union reserves the right to request additional information, such as job letter, especially for first time applicants.

Collateral

The Credit Union holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other regulated securities over assets, hypothecation of voluntary shares and deposits 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.

(c) Co-makers are required to have unencumbered (free) voluntary shares or savings which will be hypothecated.
(d) All items offered as security should be fully insured and the Credit Union must be satisfied as to the arrangements in place for the future payments of the insurance premium.
(e) Motor vehicles may be used as security, provided that the vehicle will continue to get comprehensive insurance coverage until the loan is fully repaid.

4. Financial risk management continued

a. Credit risk continued

Approval Limits:

The following persons are authorised to approve loans up to a maximum as follows:

Board of Directors	Unlimited
Credit Committee	$3,000,000
In-House Credit Committee	$200,000
Office Manager	$150,000
loans Officer	$100,000
Accountant	$100,000

Impaired Loans

Impaired loans are loans for which the Credit Union determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan and the security value is insufficient to cover the loan.

Past due but not impaired loans

These are loans where the contractual interest or principal payment are past due but the Credit Union believes that the impairment is not appropriate on the basis of the level of security available or the stage of collection of amounts owed to the Credit Union.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Credit Union has made concessions that it would not otherwise consider. Once the loan is restructured, it is classified and monitored.

Allowances for impairment

The Credit Union established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a Credit Union basis in respect of losses that have been incurred but have not been identified on loans subject to individual assessments for impairment.

The Credit Union establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans and other receivables and investments. The Credit Union addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The Credit Union's average credit period on the loans granted is 36 Months. The Credit Union has provided fully for all past due loans over 365 days based on historical experience which dictates that amounts past due beyond 365 days are generally not recoverable. Impaired Loans to members between 61 and 365 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

4. Financial risk management continued

a. Credit risk continued

(i) Write-off policy

The Credit Union writes off a loan (and any related allowance for impairment losses) when the Credit Union determines that the loans are not collectible. This determination is usually made after considering information such as changes in borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

(ii) Deposits and Investments securities

The Credit Union limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

The Credit Union has documented investment and deposit policies in place, which guide in managing credit risk on deposits and investments. The Credit Union's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

(iii) Guarantees

The Credit Union's policy is not to provide financial guarantees on behalf of other Credit Unions unless the full amount of the guarantee is fully backed by collateral. At 31 December 2019 no guarantee was outstanding (2018: nil).

(iv) Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk (before collateral held) which at the statement of financial position date was:

Maximum Exposure

	2019	2018
Loans to members	291,412,746	288,592,833
Financial investments	17,514,366	13,727,455
Liquid assets - earning	67,381,309	62,225,245
Receivables and prepayments	11,670,173	7,140,280
	387,978,594	371,685,813

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

4. Financial risk management continued

a. Credit risk continued

(v) Receivables

The following table summarizes the Credit Union's credit exposure for receivables at their carrying amounts, as categorized by the customer sector:

	2019	2018
Withholding tax recoverable	544,373	407,675
Interest due on fixed deposits	8,072	3,963
Interest due on loans	1,581,243	1,589,947
Staff loan	429,588	540,254
CUNA Mutual (Death Claim)	5,362,585	2,161,602
Other receivable	85,869	77,437
Prepayments	3,658,444	2,359,402
	11,670,174	7,140,280

b. Liquidity risk

Liquidity risk is the risk that P.W.D. Co-operative Credit Union Limited will encounter difficulty in meeting its short-term obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Credit Union manages this risk by keeping a substantial portion of its assets in liquid form in accordance with regulatory guidelines.

The Credit Union is subject to a liquidity limit of 20% imposed by the Jamaica Credit Union League (JCCUL) 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 cash and 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 the year was 23% (2018: 22%).

The Credit Union is also required to hold a liquidity reserve of 10% of specified liabilities. A minimum of 8% is to be held with JCCUL while a maximum of 2% can be held with approved financial institutions. The liquidity reserve ratio at the end of the year was 22% (2018: 21%).

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

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2019

4. Financial risk management continued

b. Liquidity risk continued

Liquidity risk management process

The Credit Union's liquidity risk management process, as carried out within the Credit Union and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.
(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
(iii) Maintaining committed lines of credit;
(iv) Optimizing cash returns on investment;
(v) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Credit Union. It is unlikely for Credit Unions to be completely matched at any time since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Credit Union and its exposure to changes in interest rates and exchange rates.

Financial liabilities cash flows

The tables below summarize the maturity profile of the Credit Union's financial liabilities including interest payments at 31 December based on contractual undiscounted payments.

	Within 3 Months $	3 to 12 Months $	Total Cash outflow $	Carrying Amount $
As at December 31, 2019				
Liabilities:				
Savings deposits	-	83,724,379	83,724,379	83,724,379
Members' voluntary shares	247,378,061	-	247,378,061	247,378,061
Payables and accruals	19,215,015	-	19,215,015	19,215,015
	266,593,076	83,724,379	350,317,455	350,317,455

4. Financial risk management continued

b. Liquidity risk continued

	Within 3 Months $	3 to 12 Months $	Total Cash Outflow $	Carrying Amount $
As at December 31, 2018				
Liabilities:				
Savings deposits	-	75,608,303	75,608,303	75,608,303
Members' voluntary shares	240,740,369	-	240,740,369	240,740,369
Payables and accruals	15,511,335	-	15,511,335	15,511,335
	256,251,704	75,608,303	331,860,007	331,860,007

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term investments.

The Credit Union has a documented assets and liabilities policy in place that guides the management of its liquidity risks.

c. Market risk

Market risk is the risk that changes in market prices, through foreign exchanges rates, interest rates, and equity prices, will cause fluctuations to the fair values and cash flows of financial instrument holdings. Market risk affects loans and borrowings, deposits, investments, and derivative financial investments.

The Credit Union takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, interest rates and equity prices and will affect the Credit Union's income or value of its portfolio of financial instruments. Market risk is monitored by the General Manager who carries out extensive reviews and monitors the price movement of financial assets on the local markets. 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 foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar. The Credit Union is primarily exposed to the United States dollars (US$). There was no exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Credit Union to cash flow interest rate risk, whereas fixed interest rate instruments expose the Credit Union to fair value interest rate risk.

4. Financial risk management continued

c. Market risk continued

Liquid assets are held for the short term and, accordingly would substantially reflect prevailing interest rates in the financial market. Savings deposits and external credits are accepted from, and loans given to, members at a fixed rate of interest which is fairly stable. Accordingly, there is no significant exposure to interest rate risk.

A summary of interest rate gap position is as follows:

	Within 3 months $	3 to 12 months $	Over12 months	Non- rate sensitive $	2019 $
Assets					
Loans to members	775,692	17,486,497	273,150,557	-	291,412,746
Financial investments	-	-	17,472,467	-	17,472,467
Liquid Assets	67,381,309	-	-	-	67,381,309
Bank and cash, earning	-	-	-	2,698,488	2,698,488
Bank and cash, non-earning	-	-	-	7,663,654	7,663,654
Total assets	68,157,001	17,486,497	290,623,024	10,362,142	386,628,664
Liabilities					
Savings deposit	-	83,724,379	-	-	83,724,379
Members' voluntary shares	247,378,061	-	-	-	247,378,061
Total financial liabilities	247,378,061	83,724,379	-	-	331,102,440
Net interest rate gap	(179,221,060)	(66,237,882)	290,623,024	10,362,142	55,526,224
Cumulative gap	(179,221,060)	(245,458,942)	45,164,082	55,526,224	-

	Within 3 months $	3 to 12 months $	Over 12 months $	Non- rate sensitive $	2018 $
Assets					
Loans to members	1,490,747	8,559,718	278,542,368	-	288,592,833
Financial investments	-	-	13,727,455	-	13,727,455
Liquid assets	62,225,245	-	-	-	62,225,245
Bank and cash, earning	-	-	-	1,575,089	1,575,089
Bank and cash, non-earning	-	-	-	7,123,002	7,123,002
Total assets	63,715,992	8,559,718	292,269,823	8,698,091	373,243,624
Liabilities					
Savings deposit	-	75,608,303	-	-	75,608,303
Members' voluntary shares	240,740,369	-	-	-	240,740,369
Total liabilities	240,740,369	75,608,303	-	-	316,348,672
Total interest rate gap	(177,024,377)	(67,048,585)	292,269,823	8,698,091	56,894,952
Cumulative gap	(177,024,377)	(244,072,962)	48,196,861	56,894,952	-

4. Financial risk management continued

c. Market risk continued

Interest rate profile:

At the reporting date the interest rate profile of the credit union's interest- bearing financial instruments reflected at the average yields by the earlier of contractual re-pricing and maturity dates was as follows:

	2019	**2018**
Fixed rate financial assets:		
Loans to member	5% - 24%	5% - 24%
Liquid assets	1.25%	1.5% - 1.75%
Fixed rate financial liabilities		
Savings deposits:	3% - 5%	3% - 5%

The Credit Union does not account for any fixed rate financial asset and liability at fair value through profit or loss and therefore a change in interest rates at the statement of financial position date would not affect profit or loss or equity. The Credit Union has no variable rate financial instrument at the statement of financial position date.

Sensitivity Analysis

An increase of 100 basis points in interest rates would have increased profit and equity by the amounts shown below. The analysis assumes that all other variables in particular, foreign currency rates remain constant. The analysis is performed on the same basis for 2018.

	2019 $	2018 $
Variable rate instruments	403,954	406,935

An alternative scenario of a decrease of 100 basis points in interest rates would have reduced profit and equity by the amounts shown below.

	2019 $	2018 $
Variable rate instruments	403,954	406,935

Equity price risk

Equity price risk arises from available-for-sale equity securities held by the Credit Union as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Credit Union'S investment strategy is to maximize return on investment.

4. Financial risk management continued

d. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the entity's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to the Finance and Audit Committee This responsibility is supported by overall requirements for the management of operational risk in the following areas:

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring 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.
- Development of contingency plans.
- Training and professional development
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Credit Union policies is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Supervisory Committee, Senior Management and the Board of Directors.

4. Financial risk management continued

e. Capital management

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 for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements. The Board of Directors monitors the return on capital, which the Credit Union defines as net operating income divided by total members' equity. The Board of Directors also monitors the level of dividends to members.

Consistent with others in the industry, the Credit Union monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt

During 2019, the Credit Union's strategy, which was unchanged from 2018, was to maintain the gearing ratio within 75% to 80%. The gearing ratios at 31 December 2019 and 2018 were as follows

	2019 $	2018 $
Total Borrowing (Note 14 and 15)	331,102,440	316,348,672
Less : cash and cash equivalent (note 10 and 11)	(77,743,451)	(70,923,336)
Net debt	253,358,989	245,425,336
Equity	70,257,101	71,477,526
Total capital	323,616,090	316,902,862
Gearing ratio %	78%	77%

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

5. Loans to members

	2019 $	2018 $
Balance as at January 1	294,528,972	304,644,210
Loans granted	82,002,353	83,358,507
	376,531,325	388,002,717
Repayment and transfer	(80,654,869)	(93,473,745)
	295,876,456	294,528,972
Provision for loans losses (expected credit loss)	(4,463,710)	(5,936,139)
	291,412,746	288,592,833

5. Loans to members continued

a. **Loans net of provision for loan losses at December 31 are as follows:**

	2019 $	2018 $
Within 3 months	775,692	1,490,747
From 3 months to 1 years	17,486,497	8,559,718
From 1 to 6 years	273,150,557	278,542,368
	291,412,746	288,592,833

b. **The maximum exposure to credit risk for loans to members as at year-end by type of loans was:**

	2019 $	2018 $
Home Equity	36,425,574	43,433,508
Motor Vehicle	37,326,196	35,721,362
Loans within shares / savings	20,445,262	26,771,045
Unsecured	93,875,081	81,564,343
Others	7,804,343	7,038,814
	295,876,456	294,529,072

c. **The credit quality of loans is summarized as follows:**

	Stage 1 (12 month ECL) $	Stage 2 (Lifetime ECL) $	Stage 3 (Lifetime ECL) $	2019 Total $
Members Loans	291,184,409	248,410	4,443,637	295,876,456
Less Allowance	(283,716)	(159,004)	(4,020,990)	(4,463,710)
Total carrying amount	**290,900,693**	**89,406**	**422,647**	**291,412,746**

	Stage 1 (12 month ECL) $	Stage 2 (Lifetime ECL) $	Stage 3 (Lifetime ECL) $	2018 Total $
Members Loans	287,125,413	6,378,752	1,024,807	294,528,972
Less allowance	(211,596)	(5,039,899)	(684,644)	(5,936,139)
Total carrying amount	**286,913,817**	**1,338,853**	**340,163**	**288,592,833**

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2019

5. Loans to members continued

d. Movements on the provision for expected credit loss on loans to members are as follows:

	2019 $	2018 $
Balance at beginning of year	5,936,139	2,432,253
Impact of adopting IFRS 9 at January 1, 2018 -charged to accumulated surplus	-	1,369,817
Loans written-off	(3,182,256)	(3,385,757)
Increase / (decrease) in provision for the year - charged to profit & loss	1,709,827	5,519,826
	4,463,710	5,936,139

e. Delinquent loans

At December 31, 2019, there were twelve (12) (2018: twenty-five (25)) delinquent loans aged as disclosed below. At minimum, the total loan provision derived below is consistent with loan loss provision rules of League. The total provision for 2019 was not in excess (2018 - was not in excess) of the provision required under the IFRS provisioning rules as indicated in Note 5 (f) below. Theses loans are summarized as follows:

Number of Months in arrears	Total number of loans	Delinquent loans $	Savings held against loans $	Exposure $	Rate %	PEARLS Provision Required 2019 $
Less than 2 months	4	1,195,227	3,850,000	2,654,773)	0%	-
2 to 3 months	1	33,773	-	33,773	10%	3,377
3 to 6 months	4	1,610,968	158,092	1,452,876	30%	483,290
6 to 12 months	3	1,650,570	225,556	1,425,014	60%	990,342
Total	12	**4,490,538**	**4,233,648**	**256,890**	100%	**1,477,009**

Number of Months in arrears	Total number of loans	Delinquent loans $	Savings held against loans $	Exposure $	Rate %	PEARLS Provsion Required 2018 $
Less than 2 months	10	3,885,569	2,736,900	1,148,669	0%	-
2 to 3 months	2	315,719	185,503	130,216	10%	31,572
3 to 6 months	6	1,699,265	341,190	1,358,075	30%	509,780
6 to 12 months	5	1,608,446	588,355	1,020,091	60%	965,068
Over 12 months	2	512,406	177,008	335,398	100%	512,406
Total	25	**8,021,405**	**4,028,956**	**3,992,449**		**2,018,826**

5. Loans to members continued

f. Provision for loan impairment

	2019 $	2018 $
Provision at beginning of year as per IFRS	5,936,139	2,432,253
Additional amounts provided for during the year	1,709,827	6,889,643
Bad debt written off	(3,182,256)	(3,385,757)
Provision for impairment at the end of the year as per IFRS	4,463,710	5,936,139
Provision for impairment in accordance with League provisioning rules	1,477,009	2,018,825

6. Financial Investments

	Over 5 years $	Carrying value 2019 $	Carrying value 2018 $
Fair value through profit and loss			
Jamaica Co-operative Credit Union League:			
Mortgage Fund	2,980,716	2,980,716	2,906,935
Security Deposits	1,156,172	1,156,172	688,360
	4,136,888	4,136,888	3,595,295
Deferred Shares:-			
C&W Jamaica Co-operative Credit Union	4,000,000	4,000,000	4,000,000
	4,000,000	4,000,000	4,000,000
Unquoted shares			
Jamaica Co-operative Credit Union League:			
Ordinary shares	976,740	976,740	976,740
Permanent shares	2,007,555	2,007,555	2,007,555
QNET shares	147,865	147,865	147,865
CUMFCO ordinary shares	3,000,000	3,000,000	3,000,000
Sagicor Select fund	3,245,318	3,245,318	-
	9,377,478	9,377,478	6,132,160
	17,514,366	17,514,366	13,727,455

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2019

7. Investment property

	Land $	Building $	Total $
Cost			
At January 01, 2019 Opening Balance	6,000,000	4,000,000	10,000,000
At December 31, 2019	6,000,000	4,000,000	10,000,000
Depreciation and impairment losses			
Opening balance	-	(400,000)	(400,000)
Charge for the year	-	(100,000)	(100,000)
At December 31, 2019	-	(500,000)	(500,000)
Carrying amount			
December 31, 2018	6,000,000	3,600,000	9,600,000
December 31, 2019	6,000,000	3,500,000	9,500,000

At December 31, 2019 the fair value of the investment property amounted to $13,200,000 (2018 - $13,200,000) The property is located at Lot No. 134, 60 Montgomery Avenue Kingston 10 and was appraised by Wilcan and Associates, Licensed Real Estate Dealers on October 6, 2017.

8. Property, plant and equipment

	Furniture and fixtures $	Office equipment $	IT equipment $	Computer software $	Leasehold improvements $	Total $
At cost or valuation:-						
At January 1, 2019	1,616,498	3,599,980	1,895,931	4,724,661	2,450,156	14,287,226
Additions	-	51,587	83,880	1,746,125	104,300	1,985,892
At December 31, 2019	1,616,498	3,651,567	1,979,811	6,470,786	2,554,456	16,273,118
Accumulated Depreciation:-						
At January 1, 2019	(1,374,944)	(2,940,112)	(1,745,796)	(1,221,436)	(1,453,180)	(8,735,468)
Depreciation	(60,353)	(241,678)	(71,485)	(1,664,780)	(142,505)	(2,180,801)
At December 31, 2019	(1,435,297)	(3,181,790)	(1,817,281)	(2,886,216)	(1,595,685)	10,916,269)
Net book value December 31, 2018	241,554	659,868	150,135	3,503,225	996,976	5,551,758
Net book value December 31, 2019	181,201	469,777	162,530	3,584,570	958,771	5,356,849

9. Retirement benefit asset

a. Pension Scheme

The Credit Union participates in a multi-employer based, contributory defined benefit pension plan, which is open to all permanent employees and is managed by the Jamaica Co-operative Credit Union League. The scheme is funded by eligible employees' contributions of 5% and employer contributions, which is currently at 8% or as recommended by independent actuaries consequent on the annual reviews of the scheme. Retirement benefits are based on average salary for the last three (3) years of pensionable service. The scheme is valued by independent actuaries using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2018 which determined that the scheme was adequately funded at that date. The amounts recognized in the statement of financial position are determined as follows:

	2019 $	2018 $
Present value of funded obligations	41,198,000	60,231,000
Fair value of plan assets	(61,326,871)	(69,041,871)
Change in effect of asset ceiling	12,710,000	1,009,000
Asset recognized in the statement of financial position	(7,418,871)	(7,801,871)

b. Changes in the present value of obligation

Movement in the net liability/(asset) for defined benefit obligations recognized in the statement of financial position.

	2019 $	2018 $
Present value of obligation at beginning of year	60,231,000	50,739,000
Employer's current service cost	915,000	981,000
Employee's contribution	538,000	638,000
Interest Cover	3,718,000	4,047,000
Benefits paid	(14,773,000)	(935,000)
Actuarial (gain) / loss - experience adjustments	(8,603,000)	(648,000)
Actuarial (gain) / loss - changes in demographic assumptions	326,000	-
Actuarial (gain) / loss - changes in financial assumptions	(1,154,000)	5,409,000
Balance at the end of year	41,198,000	60,231,000

9. Retirement benefit asset continued

c. Movement in plan assets

	2019 $	2018 $
Fair value of plan assets at beginning of year	69,041,871	64,686,871
Contribution paid	1,187,000	1,381,000
Expected return on plan asset	4,358,000	5,192,000
Benefits paid	(14,773,000)	(935,000)
Actuarial (gain) / loss on plan assets	1,828,000	(841,000)
Administrative expenses	(315,000)	(442,000)
Fair value of plan assets at end of year	61,326,871	69,041,871

d. Plan assets consist of the following:

	2019 $	2018 $
Equities	14,892,000	11,647,000
Fixed income securities	29,664,000	34,561,000
Real estate	14,300,000	17,076,000
Other	2,470,871	5,757,871
	61,326,871	69,041,871

e. The amounts recognized in the statement of income and expenses are as follows:

	2019 $	2018 $
Current service cost	915,000	981,000
Interest cost	3,718,000	4,047,000
Expected return on asset	(4,357,000)	(5,193,000)
Administrative expense	315,000	442,000
Interest cost on asset ceiling	71,000	405,000
Included in staff cost	662,000	682,000

9. Retirement benefit asset continued

f. The principal actuarial assumptions used were as follows:

	2019 $	2018 $
Discount rate	7.5%	7%
Expected return on plan assets	5%	5%
Future salaries increase	5%	5%

g. Historical information

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Present value of defined obligation	41,198	60,231	50,739	41,327	40,395
Fair value of plan assets	61,327	69,041	64,686	58,289	56,505
Surplus in plan	(20,129)	(8,811)	(13,948)	(16,962)	(16,110)
Experience adjustments arising on plan assets gain / (loss)	1,828	(841)	1,165	(126)	397
Experience adjustments arising on plan liabilities gain / (loss)	(8,603)	(648)	2,781	(550)	(40)

h. Expected pension contributions

The estimated pension contributions expected to be paid into the plan during the next financial year is $560,000 ($740,000).

10. Liquid assets

	Within 3 months $	Carrying value 2019 $	Carrying value 2018 $
Measured at amortised cost			
Jamaica Co-operative Credit Union League: CUMAX	60,416,942	60,416,942	28,318,087
Measure at fair value through profit and loss			
Resale Agreements			
Jamaica Co-operative Credit Union League: Term of Deposits	-	-	27,023,088
Barita Investments	6,964,367	6,964,367	6,884,070
	-	-	-
	6,964,367	6,964,367	33,907,158
	67,381,309	67,381,309	62,225,245

10. Liquid assets continued

The estimated fair value of these resale agreements is assumed to approximate their carrying value. The fair value of the underlying securities at the reporting date was $6,964,366 (2018:33,907,158).

11. Cash and cash equivalents

	2019 $	2018 $
Earning asset		
Sagicor current account	2,698,488	1,575,089
	2,698,488	1,575,089
Non-earning asset		
BNS Current Account	5,402,444	6,827,054
Cash on hand	2,261,210	295,947
	7,663,654	7,123,001
Total cash and cash equivalents	10,362,142	8,698,090

12. Receivables and prepayment

	2019 $	2018 $
Interest due on fixed deposits	8,072	3,963
Staff loans	429,588	540,254
Prepayments	3,658,444	2,359,402
Withholding tax recoverable	544,373	407,675
Interest due on Loans	1,581,243	1,589,947
Cuna Insurance Claim	5,362,585	2,161,602
Other receivable	85,868	77,437
	11,670,173	7,140,280

13. Institutional capital

	2019	2018
	$	$
Other reserve	10,758,139	10,226,155
Permanent Shares (note 17)	5,488,556	5,375,186
Statutory and legal reserves (note 18)	28,056,655	27,909,429
Entrance Fee	3,050	3,100
	44,306,400	43,513,870

Institutional capital forms a part of the permanent capital of the Credit Union and is not available for distribution.

14. Members voluntary share capital

	2019	2018
	$	$
Balance at January 1	240,740,369	231,506,088
Amount subscribed	43,121,657	47,079,581
Withdrawals	(36,483,965)	(37,845,300)
	247,378,061	240,740,369

Members' shares are withdrawable and are eligible to participate in dividend payments as determined by the annual general meeting of the Credit Union. No member may own more than 20% of the members voluntary share capital.

A minimum of one share in the Credit Union gives each member the right to vote at the Annual General Meeting. Shares are transferable to another member or anyone who is eligible for membership with the consent of the Board of Directors. Shares may be withdrawn wholly or partially by the member, but the Board may require a member to give notice.
Voluntary Shares are not a part of risk capital. The following rights and restrictions are attached to Voluntary Shares:

(i) Money paid into Voluntary Shares may be withdrawn in whole or in part on any day when the Credit Union is open for business, but the Board of Directors shall reserve the right at any time to require member to give notice not exceeding six (6) months; provided however that no member may withdraw any shareholding below the amount of his liability to the Credit Union as a borrower or co-maker.
(ii) Voluntary Shares shall be treated as liabilities of the Credit Union.
(iii) Subject to the profitability of the Society, the Board of Directors may recommend the declaration and payment of dividends on Voluntary Shares in amounts and at times as it may determine.
(iv) The Credit Union shall have a lien on all Voluntary Shares and deposits of a member for, and to the extent of, any sum due to the Credit Union from the said member or any loan endorsed by the member.
(v) Voluntary Share accounts are required for members to utilize the products and services of the Credit Union as determined by the Board of Directors from time to time.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2019

15. Savings deposits

	2019 $	2018 $
Ordinary deposits		
Balance as at January 1	61,228,669	57,477,794
Receipts	43,475,547	38,630,989
Withdrawal	(46,311,219)	(37,506,996)
Other Credits	2,822,257	2,626,882
Balance as at December 31	61,215,254	61,228,669
Other deposits	22,509,125	14,379,634
	83,724,379	75,608,303

16. Payables and Accruals

	2019 $	2018 $
Payables	8,906,131	6,113,388
Accrued Interest	3,738,584	4,039,809
Deceased members	5,328,065	2,989,065
Staff vacation accrued	1,023,907	2,061,540
Non members' deposit	218,328	307,533
	19,215,015	15,511,335

17. Permanent share capital

	2019 $	2018 $
Amount subscribed	5,488,566	5,375,186

'Permanent shares' represents equity shares, and forms part of the capital of the Credit Union.

The permanent share capital of the Credit Union is unlimited and divided into shares of no par value. The minimum number of permanent shares that a member can subscribe to is three thousand dollars ($3,000). No member may own more than 20% of the permanent share capital.

18. Statutory reserve

The statutory and legal reserves are maintained in accordance with the provisions of the Co-operative Societies Act which require that a minimum of 20% of net surplus be carried to a reserve fund. Upon application by a Registered Society, the Registrar may allow the required percentage to be reduced, but not below 10%. The transfer is calculated on net surplus net of change in the loan loss reserve.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2019

19. Retirement Benefit reserve

The retirement benefit reserve represents the pension surplus arising on the actual valuation, under IAS 19, of the pension scheme in which the Credit Union participates. Annual changes in the value of the scheme are shown in the profit or loss, and other comprehensive income then transferred to this reserve.

20. Revaluation reserve

Revaluation reserve represents the surplus arising on the revaluation of the Credit Union's furniture and fixtures, office equipment, computers and building (Note 9 and 10).

21. Permanent share transfer fund

This represents amounts transferred to non-distributable reserve from net surplus to provide for the purpose of redeeming permanent shares.

22. Appropriations

	2019 $	2018 $
Donations	40,000	60,000
Honoraria	300,000	330,000
Dividends	107,026	443,719
Appropriations	531,984	2,750,000
Social/ Charitable reserves	580,000	680,000
Retained earnings	-	144,731
	1,559,010	4,408,450

23. Going concern

Impending regulations by the Bank of Jamaica (BOJ) is expected to bring Credit Union Co-operatives Societies under the regulatory ambit of the Minister of Finance and the Public Service and the Bank of Jamaica later this year.

Accordingly, the proposed Credit Union Act contains the substantive prudential requirements to which credit unions will be subject once the regulatory regime comes into effect.

Accordingly, the Credit Union Act will cover, among other things, licensing, capital, reserves, prohibited business, remedial and intervention processes as well as defines the role of specially authorized credit unions.

It is anticipated that small credit unions such as PWD Co-operative Credit Union Limited could experience difficulties complying with capital adequacy and other requirements when the new regulations take effect.

The management of the PWD Co-operative Credit Union Limited is convince that based on the anticipated Credit Union Act and the other stipulations of the Bank of Jamaica (BOJ), PWD Co-operative Credit Union Limited does not foresee any of the pending requirements causing the credit union to cease operation within the next twelve (12) months. The credit union will be hampered mainly by its size, to cope with the changes that will be required when the credit union movement comes under regulation by the BOJ. Some of the increased costs will be in the form of additional specialist personnel that will have to be employed to satisfy the compliance requirements of the new regulator. Other costs involved are technological costs to implement new systems that aid with compliance, disaster recovery and reporting etc.

There are three options that the Board of Directors have been considering for the future of PWD Co-operative Credit Union Limited. The options are:

Remain as a stand-alone credit union, while strengthening the internal capabilities that will be required for licensing

Merge with other smaller credit unions to form a network credit union with PWD Co-operative Credit Union as a branch

Transition to a Thrift Society and remain under the regulation of the Registrar of Co-operatives and Friendly Societies.

While remaining as a stand-alone credit union will evidently be at a higher operating cost under the new regulations, the widening of the bond for membership will drive new business and thereby the credit union will be able to cover the additional expenses.

The merger discussions with the other credit unions, has not yet materialized into forming the network credit union that was an option disclosed a year ago. The option is still available to share back office operations through the Credit Union League. That option will create efficiencies and thereby cost reductions.

24. Volunteers and other related party balances

Related parties include directors, and senior executives, all of whom are referred to as key management personnel as well as Credit Unions closely connected to them and the pension scheme.

Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 Related Party Disclosures as the "reporting entity".

(c) A person or a close member of that person's family is related to the reporting entity if that person
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) the Credit Union is related to the reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both Credit Unions are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or the Credit Union related to the reporting entity;
- (vi) The entity is controlled, or jointly controlled by a person identified in (A);
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(c) At December 31, 2019 19 (2018:18) members of the Credit Union's Board of Directors and Committee members had savings of $16,154,836 (2018: $12,589,494) and loans including interest totaling $30,995,037 (2018: $26,871,219). Loan balances including interest due from members of staff totaled $14,967,305 (2017: $14,767,209). During the year, no director or committee member received any loan, which necessitated waiver of the loan policy. At December 31, 2019, all loans owing by directors, committee members and members of staff were being repaid in accordance with their loan agreement.

(c) Compensation of key management personnel represents short-term employee benefit (note 26). Total remuneration is included in personnel expenses (note 30).

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2019

25. Comparison of ledger balances

	Voluntary shares $	Permanent Shares $	Loans $	Deposits $
Personal ledger	247,378,061	5,488,556	295,874,788	83,455,402
General ledger	247,378,061	5,488,556	295,876,456	83,724,380
	-	-	(1,668)	(268,978)

26. Insurance

a. Fidelity insurance coverage

During the year, the Credit Union had fidelity insurance coverage with British Caribbean Insurance Credit Union Limited. The total premium for the year was $201,214 (2018: $94,912).

b. Life savings and loan protection coverage

During the year, the Credit Union had life savings and loan protection coverage with Cuna Mutual Insurance Credit Union Limited. The total premium for the year was $3,001,330 (2018: $3,007,955).

27. Key management compensation

Key management compensation is as follows:

	2019 $	2018 $
Salaries, bonus and employee benefits (included in staff cost and project expense)	6,259,528	6,420,778

Key management personnel compromises the following positions:

(a) Office Manager
(b) Assistant Office Manager/ Accountant

28. Commitments

(c) At December 31, 2019, there were loan commitments to members totaling NIL (2018: $NIL) for the Credit Union.
(d) At December 31, 2019, total capital commitments by the Credit Union amounted to $NIL (2018: $NIL).

29. Fair values

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

Many of the Credit Union's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realizable in an immediate settlement of the instruments.

The fair values of cash resources, securities purchased under resale agreements, other assets, other liabilities, are assumed to approximate their carrying values due to their short-term nature.

The fair value of the quoted equities is determined based on their quoted bid price at the balance sheet date. The fair value of Government of Jamaica securities is estimated by discounting the future cash flows of the securities at the estimated yields at the reporting date for similar securities. The estimated fair values of loans to members are assumed to be the principal receivable less any allowance for loan losses.

The fair value of external credits and deposits payable on demand or after notice are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits payable within a year are assumed to approximate their carrying values, due to their short-term nature.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or 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 or the asset or liability that is not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
December 31, 2019				
Measured at FVTPL- Financial assets	-	17,514,366	-	17,514,366
December 31, 2018				
Measured at FVTPL- Financial assets	-	13,727,455	-	13,727,455

There were no financial assets valued using the level 1or 3 hierarchy in the current or previous year.

REPORT OF THE NOMINATING COMMITTEE
TO THE 72ND ANNUAL GENERAL MEETING

At a meeting of the Board of Directors held in January 2020, the Board in accordance with Rule 62 (1) appointed the following persons to be the members of the Nominating Committee:

Mr. Norris Gilbert - Director
Mrs. Dawn Simmonds - Staff Member
Mr. Damon Escoffery - Member

NOMINATIONS

BOARD OF DIRECTORS

The following shows the officers retiring and date of retirement from the present Board of Directors (Rule Nos. 29 & 30):

Retiring 2020

- Mr. Bernard Allen
- Ms. Karen Arscott
- Mrs. Kaydian Gordon
- Ms. Cheryl Hawkins
- Ms. Paula Brown

Retiring 2021

- Mr. Damon Escoffery
- Mr. Norris Gilbert
- Mrs. Annette Hemmings
- Mr. Everton Walker

Mrs. Annette Hemmings resigned in July 2020 and therefore created another vacancy on the Board for 2020.

The following members are being nominated by the Nominating Committee after expressing their willingness to serve on the Board of Directors:

- Mr. Bernard Allen
- Ms. Karen Arscott
- Mrs. Kaydian Gordon
- Ms. Cheryl Hawkins
- Ms. Paula Brown
- Mr. Romoyne Watson (1 year)

Board of Directors
The Nominees

MR. BERNARD ALLEN

Mr. Bernard Allen is a retired Financial Controller of the Ministry of Works, and is currently engaged, as an Executive Officer at the Integrity Commission of Jamaica. He has a wealth of experience serving the Credit Union in various capacities,withover 50 years membership. He has served as Credit Committee Chairman and on the Board in the capacities of Vice President and Treasurer and Chairman of the Delinquency Committee.

MS. KAREN ARSCOTT

Ms. Arscott is currently an Assistant Manager, Management Accounts at the National Works Agency and has been a member of the Credit Union for over 25 years.Ms. Arscott was first elected to the Board in June 2009. She has served as Board Secretary of the Credit Union from 2009 to 2015, President in March to July 2017 and Vice-President 2017 to present. Ms. Arscott is a past student of University of Technology where she obtained her Batchelor of Business Administration.

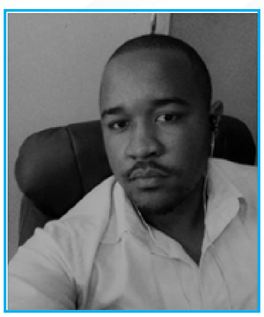
MRS. KAYDIAN GORDON

Mrs. Kaydian Gordon is a Training and Development Officer at the National Works Agency. She has been a member of PWD Cooperative Credit Union for over ten years. She is currently the Assistant Secretary of the Board. Mrs. Gordon holds a Master of Science Degree in Human Resource Development and a Bachelor of Science Degree in Psychology both from the University of the West Indies, Mona. She is married, and sings on the church choir, she also likes listening to music.

MISS CHERYL HAWKINS

Miss Cheryl Hawkins is the Director of Planning and Administrative Services in the Ministry of Finance and the Public Service (MOF&PS). Cheryl has been a member of the Credit Union since 2000 and has served as a member of the Credit Committee during the period June 2015 to June 201. Miss Hawkins holds a Master of Science in Human Resource Development and a Bachelor of Science in Management Studies from the University of the West Indies. She also holds a certificate in Project Management and has been exposed to various training in Risk Management.

MISS PAULA L. BROWN
Miss Paula L. Brown is the Transport Planner in the Ministry of Transport and Mining. She has been a member of the Credit Union since 2005. Ms. Brown is committed to public service and her core interests are in government innovations, public administration, public policy and planning, particularly for developing countries. She earned a BSc. from the University of the West Indies, Mona, Jamaica with a dual concentration in International Relations and Psychology as well as a MSc. in Social Research Methods and Statistics from the University of Manchester, United Kingdom. In 2016, she earned her Masters in Public Administration from Harvard University, John F. Kennedy School of Government, USA.



MR. ROMOYNE WATSON
Mr. Romoyne Watson is the Acting Network Manager at the Ministry of Transport and Mining and has over five (5) years of ICT experience working in both the public and private sectors. He has been a member of the PWD Credit Union since 2015 and currently serves on the Credit Union's ICT Committee. Mr. Watson holds a Bachelor's Degree in Management Information Systems (MIS) and many international professional ICT certifications. He is a result-driven individual with an excellent work ethic and a passion for cyber-security.

CREDIT COMMITTEE
The members of the Credit Committee retiring in 2020 and 2021 are as follows (Rule No.41);
Retiring 2020:

- Mr. Patrick Rose
- Ms. Janet Stewart

Retiring 2021

- Mr. Alric Blake
- Mr. Wayne Walton
- Ms. Kerriann Clarke

On expressing their willingness to serve, these members are being nominated by the Committee:

- Mr. Patrick Rose
- Ms. Janet Stewart

MR. PATRICK ROSE
Mr. Patrick Rose is currently the Director of Planning and Research at the National Works Agency. He holds a Bachelor of Science Degree in Civil Engineering from the University of West Indies and has been a member of the Credit Union since 1992 and has served on the Board between the period June 2006 to June 2016. Mr. Rose is single and a father of two. He enjoys table tennis and football and in his spare time he plays dominoes.

MS. JANET STEWART
Ms. Janet Stewart is currently employed as a Senior Finance Officer at the National Works Agency. She has been a member of the Credit Union since 1997 and has served on the Credit Committee on many occasions. In her spare time, she enjoys crossword puzzle and surfing the internet.

SUPERVISORY COMMITTEE
The members of this Committee are elected to serve for a period of one year.

The following members were elected at the last Annual General Meeting and are therefore retiring:

- Mr. Lenson Lee
- Mrs. Sonia Cole
- Mrs. Althea Cole-Martin
- Ms. Angelina Brown
- Mr. Melvin Young

On expressing their willingness to serve, these members are being nominated by the Committee:

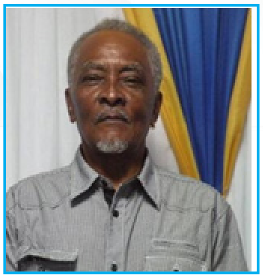
- Mrs. Sonia Cole
- Ms. Angelina Brown
- Mr. Lenson Lee
- Mrs. Althea Cole-Martin
- Mr. Melvin Young

MRS. SONIA COLE

Mrs. Sonia Cole is a retired Administrative Manager of the National Works Agency and a member of the Credit Union since 1995. She currently serves as Chairman of the Supervisory Committee. Mrs. Cole is a past student of Kingston Technical High School and International University of the Caribbean. She holds a BSc. in Guidance Counselling.Mrs. Cole is a widow. Her hobbies are singing and baking.

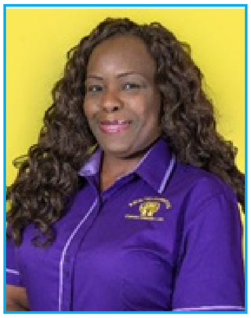
MISS ANGELINA BROWN

Miss Angelina Brown is currently employed to the National Works Agency and has been a member of the Credit Union since 1996. Miss Brown holds a Bachelor's Degree in Business Administration from the University of Technology. She is the mother of two children and enjoys watching a good movie in her spare time.



MR. LENSON LEE

Mr. Lenson Lee is a retired Auditor from the Ministry of Local Government. He has been with the Credit Union since 1976 and a volunteer for over 8 years. He is currently a member of the Supervisory Committee. He is a past student of Excelsior High School and MIND. He holds an Accounting Certificate from MIND. Mr. Lee enjoys watching sports and playing football.



MRS. ALTHEA COLE-MARTIN

Mrs. Althea Cole-Martin is an Administrative Assistant to the Manager of Communication & Customer Services at the National Works Agency. She has been a member of PWD Cooperative Credit Union since 2000. Mrs. Cole-Martin is a current member of the Supervisory Committee. She is the Public Relations Officer for the Jamaica Association of Administrative Professionals, Kingston Chapter.

MR. MELVIN YOUNG

Mr. Melvin Young is currently employed as a Senior Auditor in the Ministry of Transport and Mining and has been a member of the Credit Union since 1998. Mr. Young is a past student of Calabar High School and is a former track athlete. He is currently pursuing a BSc. in Business Administration. Mr. Young is married and his hobbies are playing dominoes and watching sports.

Delegates to the Jamaica Cooperative Credit Union League Limited (JCCUL)

The Jamaica Co-operative Credit Union League allows member Credit Unions to be represented by two (2) members delegated in accordance with Rule 55 (ii) (d). At least one of these members delegated shall be elected from the serving members of the Board of Directors of the Credit Union.

The following members are nominated for election as Delegates to the Jamaica Co-operative Credit Union League:

1. Mr. Norris Gilbert
2. Ms. Cheryl Hawkins

The Nominating Committee would like to thank the volunteers for their service over the years, as well as to implore those who are seeking office at this Annual General Meeting to uphold the standards that are established. As such, in meeting this objective, we anticipate the continuous advancement of the Credit Union towards achieving greater success.

Norris Gilbert
Chairperson

PICTORIALS – 2019
YEAR IN REVIEW